

**Working Paper 289**

**The Gambian Tourist Value Chain and  
Prospects for Pro-Poor Tourism**

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Views expressed are those of the authors alone and do not necessarily reflect the views of the Commonwealth Secretariat.

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## **Acronyms**

F&B	Food and Beverage
GATS	General Agreement on Trade in Services
GCAA	Gambia Civil Aviation Authority
GDP	Gross Domestic Product
GoG	Government of The Gambia
GTA	Gambia Tourism Authority
HRD	Human Resource Development
LDC	Least Developed Country
LPB	Luang Prabang, Lao PDR
PPG	Pro-Poor Growth
PPT	Pro-Poor Tourism
TDA	Tourism Development Area
VFR	Visiting Friends and Relatives



## Executive summary

This study examines the current state of tourism in The Gambia, West Africa, and proposes a series of practical measures to enhance the flow of benefits to the poor. It is based on a framework of international ‘best practice’ for boosting benefits for the poor, combined with innovative local economic analysis that maps the current flows of benefits to a range of stakeholders from the tourism value chain in The Gambia.

The Gambia is a well-established ‘winter sun’ tourism destination with 110,800 international arrivals in 2005. Almost all tourists are holiday-makers and 84% are on holiday packages that generally include flights, transfers and bed and breakfast accommodation in a hotel.

Tourism is a significant sector in the Gambian economy, representing about 16% of national income and well over 30% of all export earnings. As our focus is pro-poor tourism, though, it is the nature of linkages between tourism and the local economy that are critical – rather than just the aggregate size of the tourism sector.

**Applying value chain analysis to the tourist package itself suggests that most of the value is absorbed by the international tour operator, the airline company and the hotel at the destination.**

The share of the package that each of these three stakeholders receives varies depending upon demand conditions. In periods of low demand, hotels may receive only about one-fifth of the package price but during the peak almost one-third of the higher priced winter package – a more positive scenario than some of the ‘leakage’ pessimists have asserted. The Gambia will capture more of the tourist package value, if it stimulates demand by destination marketing and takes steps to improve the current imbalance between supply and demand for lower end hotel accommodation during the low season.

**The holiday package part of the tourist value chain (flights, plus bed and breakfast accommodation) largely by-passes the poor** – the only significant linkage being the wages paid to non-managerial hotel staff. There are changes that could enhance the pro-poor impact of this value chain, such as increasing hotel staff wages and/or reducing seasonality effects to improve job security for hotel workers.

The great achievement of Gambian tourism is the scale of the **pro-poor benefits derived from the relatively high levels of out-of-pocket, or discretionary, expenditure by tourists.** Items such as food and beverages, shopping and excursions account for less than one-third of the tourism value chain but are highly pro-poor in their impacts. Most of these expenditure items relate to Gambians who sell goods and services directly to tourists, such as craft market stall holders, fruit and juice sellers, taxi drivers and guides. The pro-poor impact of these activities (meaning the wages earned or revenue received by the informal sector and employees) make up between one-quarter to one-half of expenditure on these items.

We know a lot less about the indirect linkage between the demand for food from tourist hotels and restaurants and the supply from the farmers and fishermen, some of whom appear to be accessing the tourism value chain. It seems that this linkage could involve large numbers of very poor people – probably even greater numbers than those with direct links to tourists and certainly spread geographically beyond the tourist ‘enclave’. In addition, and critical in terms of scale of pro-poor impact, is the fact that the demand for food generated by tourists is such a large component of total tourist discretionary expenditure. There is a strong case for investigating further the indirect impacts of this value chain, and how strongly the link between agriculture/livestock/fisheries and tourism could be forged.

The success with which the Gambian poor have captured this discretionary part of the tourist value chain has not been achieved by accident. It appears to be the result of **sustained efforts by Gambian**

**non-governmental organizations, with international support, in reducing barriers to entry for small entrepreneurs** to develop linkages with the tourism value chain, through collaborative work.

This analysis questions a central focus on the Master Plan strategy of targeting more up-market tourists as a means of benefiting the poor. **Whilst some hotel owners and the Gambian economy as a whole may benefit somewhat from a move up-market – and the destination should diversify its product – the poor may not** because the discretionary expenditure of tourists is similar across different standards of package. A similarly sceptical view of All-Inclusive resorts, another key proposal in the Master Plan, is maintained because these may undermine the central mechanism by which resources are transferred from tourism to the poor - namely discretionary spending. Experience from the Caribbean suggests that the procurement policies of AI resorts can have a positive local economic impact, which could potentially off-set the loss of tourist out-of-pocket expenditure. However, this is not automatic and is reliant upon on the commitment and competence of resort management to the local economy and poor people within it. Overall removing constraints and working to increase the demand and supply is a key to Gambian growth and poverty reduction, and a growth orientation strategy focused around specific pro-poor dimensions should continue to generate and increase benefits for The Gambia.

**There is a great deal that public and private organisations can do to strengthen the relationship between tourism and the poor in The Gambia.** The basis for a meaningful collaboration is that all parties (the tourist industry, government and the poor) share a mutual interest in a sustainable increase in the number of tourist arrivals and encouraging as much discretionary expenditure on quality catering, shopping and excursions as possible. Gambia has a clear competitive advantage in terms of providing a Black African experience that is relatively safe, friendly and can involve the purchase of goods and services that are of reasonable quality directly from the local population with pro-poor impacts. This competitive advantage matters because Gambia has undertaken commitments on the General Agreements on Trade in Services in twelve service sub-sectors – including tourism – that expose its tourist sector to the full force of global competition. Gambia is one of the least-developed countries to have undertaken such significant commitments in the context of the Uruguay Round and subsequent negotiations.

**The enabling environment for tourism requires urgent attention.** The high level policy commitment to tourism is unusually prominent and tourism policy is generally sound – the problem is that these policy commitments are not always implemented rigorously. **There is urgent need for action on:**

- provision of adequate infrastructure;
- broadening the range of accommodation available;
- human resource development;
- setting health and safety standards;
- destination marketing;
- reducing the seasonality of tourism demand;
- enhancing accessibility; and
- effectively implementing tourism policy.

# 1 Introduction

## 1.1 Purpose of the study

The objective of this study is to examine the economic relationship between tourism and the poor in The Gambia and demonstrate concrete and practical measures that can be taken to improve the pro-poor impact of tourism. The analysis will place The Gambia within its international context in terms of various performance measures and international 'best practice'. See Annex A for further details of the Terms of Reference.

## 1.2 Research methods

This research study uses a heterogeneous research approach.

First, full use has been made of the rich vein of existing research on tourism in The Gambia. Existing research has not been recycled uncritically but, where robust analysis exists, it has been fully utilised. Work conducted by Adama Bah and Harold Goodman as part of the DFID-financed responsible tourism project 2001 to 2003, the Draft Tourism Development Master Plan of 2005 and an impressive research study from Fontys University in the Netherlands have been particularly useful sources of information (Pubben and Verstappen 2005).

Second, the report authors visited The Gambia to collect data in June and September 2006. During these missions, some 40 key tourism stakeholders – from officials or politicians to hoteliers, in-bound and international tour operators to small entrepreneurs – were interviewed to develop an understanding of local viewpoints on tourism and the flow of benefits from the sector (see list of interviewees in Annex B).

## 1.3 Definitions and conceptual approaches

What has become known as the 'World Bank' definition of pro-poor growth is used in this research – namely, that tourism is pro-poor if it results in increased net benefits flowing to the poor. The use of this definition springs from our primary concern to maximise tourism benefit flows to poor people which, practically as well as conceptually, is a rather different aim than trying to reduce inequality (see Annex C).

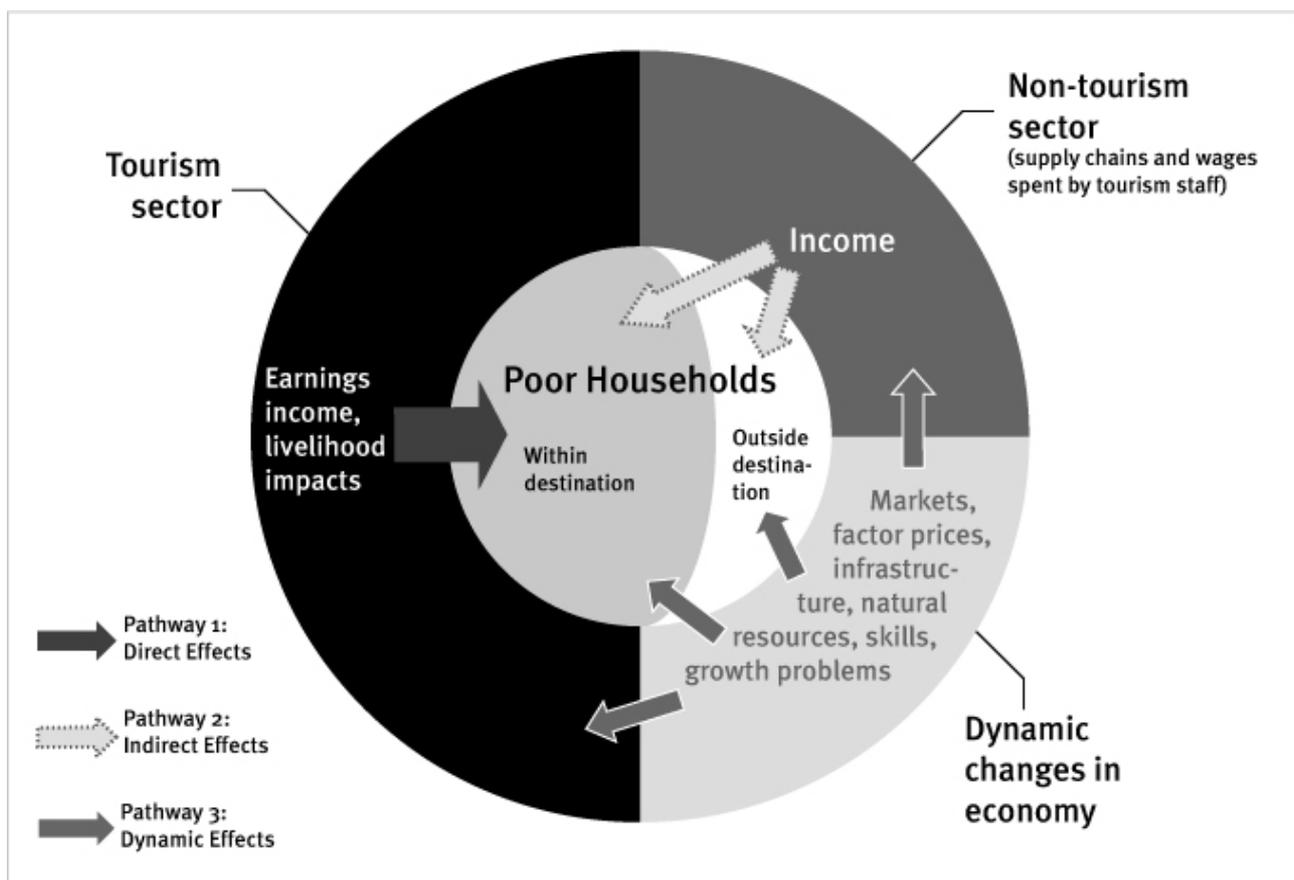
Using a local economic development approach reflects the concern to combine growth with redistribution. **Leakages** are generally defined as the proportion of total holiday price that does not reach or remain in the destination. Some leakages happen at the destination, when a tourist or hotelier pays for goods or services that are imported. Others have sought to include in 'leakages' the external payments that never make it to the destination country – such as travel agent commissions, tour operator payments and foreign airlines. Defining these payments as a 'leakage' is misleading (Mitchell & Ashley, 2007a).

Local economic **linkages** will tend to reduce leakages - although recent research by Lejarraja and Walkenhorst suggests that linkages, whilst linked, are not the exact opposite of leakages (2006). Linkages are shorthand for the way in which tourist businesses can build links with others in the local economy. As will be demonstrated in this study, these linkages can be direct, or within the tourism sector (e.g. tourists using a taxi). Linkages can also be indirect or intra-sectoral (e.g. hoteliers buying food and beverages from the agricultural sector and indigenous drinks manufacturers).

Local linkages cause money to circulate around the local economy (through the induced spending of wages earned in the tourism industry or from the receipts of other goods and services sold to tourist enterprises) in a way that creates **multiplier** effects. Multipliers – normally described as either output, income or job multipliers – express the total impact of an economy as a whole, of creating a new job or unit of economic activity by tracing through all the induced and indirect effects.

In the past, most studies examining the impact of tourism on the broader economy have focused on the direct impacts, with some consideration of the indirect impacts. What almost all studies have missed are the longer-term **dynamic effects** of tourist development, such as skills development and the exposure of indigenous entrepreneurs to international tastes – as a precursor to export diversification. Not all dynamic effects are necessarily positive and there is an emerging literature on the economic consequences of rapid growth of inbound tourism which can create effects not unlike Dutch disease – normally associated with natural resource supply orientated ‘shocks’ in the economy (Norwak 2007).

**Figure 1.1: Different types of linkage between tourism and the poor**



Adapted from Mitchell & Ashley 2007b

Value chain analysis is a tool that enables the identification of stakeholders along a chain of transactions, from conception through production to consumption and after-use. The analysis helps structure ideas around what are the key processes and agents working within and outside the chain and where the benefits of the chain flow. The application of value chain analysis to the tourism sector is fairly new.<sup>1</sup> In this analysis, value chain analysis (VCA) is used to help describe tourism as it currently operates in The Gambia and how this can be improved for the benefit of the industry as a whole, the Country and poor people within it. This paper does not have a central focus on the role of governance and institutions.

<sup>1</sup> The World Bank is piloting value chain analyses in Ethiopia and Mozambique to examine competitiveness issues and, in the case of Ethiopia, measure what proportion of tourist expenditure accrues at different parts of the tourism value chain. In addition to The Gambia, ODI has undertaken pro-poor tourism value chain work in Laos and Vietnam.

### **1.3.1 Brief socio-economic overview**

The Gambia is a small, poor, young and heavily indebted West African country. The population of 1.4 million people live in Africa's smallest country and participate in an economy of US\$400 million, equating to a gross national income of US\$270 per person – ranked 189<sup>th</sup> in the world in 2003 (World Bank, 2005). The median age of a Gambian is 19.8 years (The Economist, 2006). Total external debt was US\$629 million in 2006, representing about 160 percent of national income. The traditional productive mainstays of the economy are groundnuts and tourism. About three-quarters of the labour force subsists in agriculture, and this sector represents about 30 percent of GDP. The fisheries sector is also significant in the economy at about 8 percent of national income. Manufacturing is undeveloped, at only about one-tenth of the economy with the import-export trade making a large contribution to the economy and, particularly, export earnings.

A recent International Finance Corporation report into business regulation has identified The Gambia as following one of the more successful reform strategies to cut red-tape barriers to enterprise (Guha, K, 2006). The Gambia has undertaken commitments on the General Agreements on Trade in Services (GATS) in twelve service sub-sectors – including tourism - making it one of the few LDCs that has undertaken such significant commitments in the context of the Uruguay Round and subsequent negotiations.

Government's primary policy objective is to substantially reduce poverty and this can only be done by channelling budgetary resources to those sectors that have a direct bearing on the poor (GoG, 2006). The 2006/07 Budget allocates 59.2 percent of total funds, excluding debt service but including donor funds, to poverty reduction programmes. Applying international poverty benchmarks, which are higher than the national poverty line, 59.3 percent of the population in 1998 were living in extreme poverty at below US\$1 per day and 82.9 percent were poor and living on less than US\$2 per day (World Bank, 2005). Whilst numbers vary for other measures of poverty adopted, it remains clear that the numbers of poor people in The Gambia is very high and has been rising fast.

Tourism is crucial to the macro-economy of The Gambia. The tourism sector contributed 13 percent to national income in 2004 – a figure which has now risen to 16 percent (World Bank, 2005). Well over 30 percent of total export earnings and about 20 percent of all private sector formal jobs are generated by the tourism sector.

## 2 Tourism and poverty

The potential for tourism to accelerate economic growth and reduce poverty in many poor countries is gaining recognition. However, the negative impacts associated with tourism, such as reduced access to resources and negative social and cultural impacts, sometimes threaten to overshadow the benefits that a vibrant tourism industry can generate.

### Box 2.1: Advantages of tourism in delivering pro-poor growth

- It is generally labour-intensive – although less than agriculture – and therefore can impact on a large number of lives through the labour market;
- Tourism has considerable potential linkage, especially with agriculture and fisheries, which can minimize the ‘leakage’ effect. Due to the high income elasticity of demand for international tourism, it can offer a relatively rapidly growing market;
- Tourism provides opportunities for off-farm diversification, particularly in areas that do not attract other types of development options;
- Tourism can provide poor countries with a significant export opportunities where few other options are viable;
- It may create initial demand for a good or service that can itself develop into a growth sector;
- Tourism products can generate demand for assets such as, natural resources and culture, to which the poor often have access;
- Tourism delivers consumers to the product rather than the other way around; and
- Infrastructure associated with tourism development can provide essential services for local communities.

Adapted from Roe, Ashley, Page & Meyer (2004)

### 2.1 The economic significance of tourism

Like most economic activities, international tourism is concentrated in rich countries. However, in 2005 about one-third of international tourists arrived in a developing country. In the developing world, middle income countries capture the lions share of the international tourist market – although about 8% of international arrivals are in the poorest or Least Developed Countries (LDCs).

**Table 2.1: Tourism statistics for LDCs with significant tourism industries**

Country	International Arrivals 2000 ('000s)	International Arrivals 2004 ('000s)	Tourism as % of GDP 2004 (%)	Tourism as % Exports 2003 <sup>3</sup> (%)
Benin	1,068	845	3.0	16.4
Cambodia	466	1,055	14.7	17.1
Cape Verde	115	157	17.2 <sup>1</sup>	n/a
Ethiopia	136	210	5.7	24.5
<b>Gambia</b>	<b>79</b>	<b>90</b>	<b>13.0</b>	<b>30.5<sup>o</sup></b>
Lao PDR	737	895	4.9	12.8 <sup>o</sup>
Lesotho	302	304	2.5	14.6 <sup>o</sup>
Malawi	228	471	2.5 <sup>1</sup>	9.4
Mali	86	113	3.0	10.1
Nepal	464	385	3.9	21.8
Senegal	400	373	4.1	13.8
Uganda	193	512	4.5	25.8
Tanzania	501	583	5.6	28.1
Vanuatu	106	99	25.7 <sup>1</sup>	n/a

Source: WTO (2006) Compendium of Tourism Statistics, 2006 Edition

Notes: 1) 2003 figures; 2) Gambia Tourism Development Master Plan 3) World Bank (2005) World Development Indicators; <sup>o</sup> 1995 figure.

Whilst small in terms of global share of the international tourism market, tourism has a disproportionate economic impact on very poor countries as Table 2.1 illustrates. Ironically, international tourism is often the primary export sector in many of the poorest countries in the world, with tourism generating significant export earnings for 40 out of the 50 LDCs (Roe et al, 2004). The Gambia demonstrates a heavy reliance on tourism, notwithstanding the comparatively low arrival numbers.

## 2.2 Tourism and development

The analysis above illustrates that tourism is a large sector in many poor countries – but is it developmentally benign? Whether the benefits of tourism actually remain in poor countries, or reach poor people within them, is hotly disputed. Much of the western tourism studies literature asserts that potential benefits of tourism ‘leak’ out of the local economy because large foreign tourist companies control the sector and are offered incentives by governments to the detriment of their tax base and the welfare of tourism workers (Broham 1998). A striking feature of these claims of the elitist distributional consequences of tourism is the lack of sound empirical analysis to support them. Findings of a recent review of the literature that are based upon empirical data and established social science analytical methods provide a firm basis for questioning largely unsubstantiated claims that international tourism does not benefit either the host country or the poor within it (Mitchell & Ashley 2007b). On the contrary, tourism expansion is associated with accelerated economic growth, job creation, and welfare, improved exports and public finances. Consequently, the depiction of international tourism as a neo-colonial activity with huge ‘leakage’ of the benefits from the host receives little empirical support.

However, tourism should not be seen as a panacea for pro-poor development in the South and it is certainly not equally appropriate for all countries. Rather, there are reasonable grounds for hypothesising, at the macroeconomic level, that tourism generally has a benign developmental impact on host countries (Mitchell & Ashley, 2006).

## 2.3 A framework for analysing pro-poor tourism

Annex D includes a detailed outline of our framework for analysing pro-poor tourism- together with examples of international ‘best’ and ‘worst’ practice. This short section simply introduces the skeleton of the framework to help guide the reader through the detailed empirical work from The Gambia. Our hypothesis is that there are two broad ways that the impact of tourism on the poor can be increased.

- Strengthening linkages between tourism and poor people in the local economy can increase the size of the slice of the tourist cake enjoyed by the poor (whether or not tourism, as a whole, is growing); and / or
- Expanding the tourism sector to increase the demand for goods and services provided by everyone. In this scenario the poor can benefit from increasing the size of the tourist cake as a whole – provided their share is not diminished as the sector grows.

### 2.3.1 Strengthening linkages with the local economy

Strengthening linkages between tourism and the local economy is one of the most effective ways to promote pro-poor tourism because it directly engages with building linkages between the tourism sector and poor people. Unlike other approaches, a linkages approach aims to actually enhance the relationship between tourism and poor people.

The linkage between tourism and poor people can be strengthened by:

- expanding the share of the tourism market that benefits the poor (e.g. assisting informal sector guides as an alternative to conventional excursions);

- upgrading the production capacity of the poor for more added value (e.g. supporting the production of better craft for sale to tourists); or
- facilitating poor producers to enter the tourism value chain (e.g. helping poor farmers to supply hotels with agricultural products).

The nature of these benefit flows vary in different places with different types of tourism. Normally this involves looking at people who may benefit directly from tourist expenditure, such as hotel/restaurant staff, taxi drivers, guides, craft market stall holders or communities in partnership arrangements with tourist investors. In addition, the indirect effects – for instance better engaging farmers who can access tourist hotel and restaurant agricultural supply chains – can be just as important for the local economy as direct linkages.

### **2.3.2 Expand the tourist sector**

Where tourism is inherently pro-poor, simply increasing the size of the tourism sector – through increasing tourist arrivals, their length of stay or expenditure per day – will automatically benefit poor people. Whilst it cannot simply be assumed that tourism is pro-poor, expanding tourism as an element of a pro-poor tourism strategy is important both conceptually and practically.

The artificial dichotomy between pro-poor tourism and mainstream tourism fails to recognise that growing the tourism sector ‘cake’ as a whole will also increase the size of the ‘slice’ enjoyed by the poor. This dichotomy obscures the likelihood of mutual interests between pro-poor tourism and mainstream tourism stakeholders.

It is for this reason that our study of pro-poor tourism in The Gambia will examine tourism links with the local economy and also identify obstacles to the development of the tourism sector as a whole and propose a range of practical measures to expand tourism.

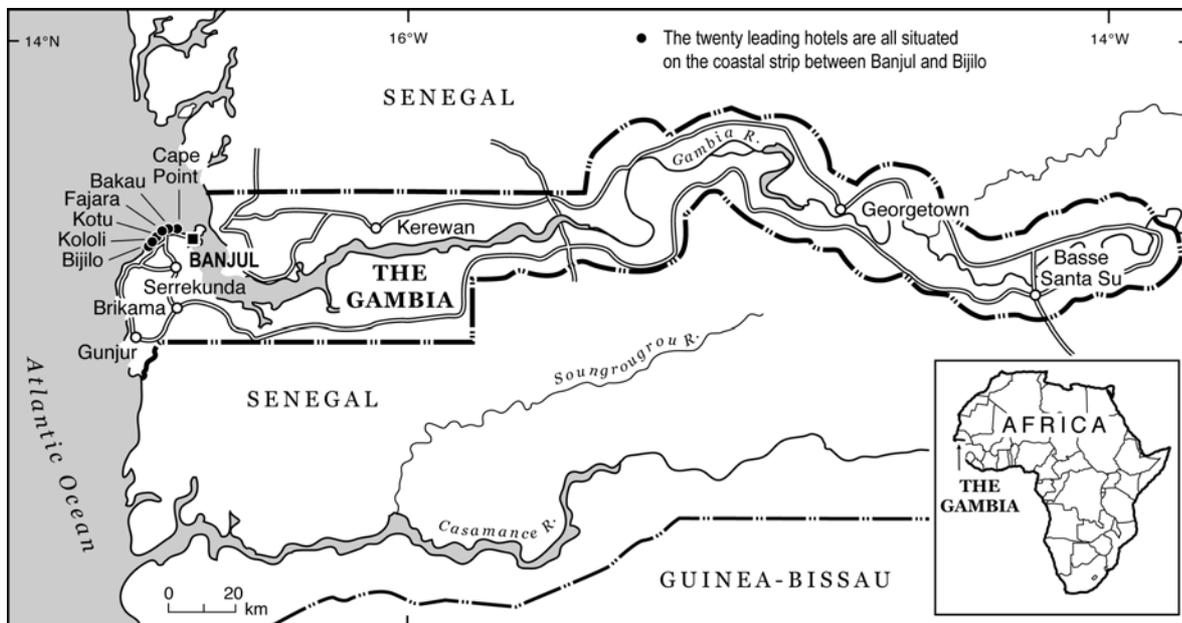
### 3 Overview of tourism in The Gambia

The tourism sector contributes 16% to national income, well over 30% of total export earnings and about 20% of all private sector formal jobs. Tourism is of vital importance to the macro-economy of The Gambia.

#### 3.1 Supply

The tourism industry is geographically concentrated along a 10km strip in the Greater Banjul Area – from Cape Point to Bijilo. Even for the smallest country in Africa, this degree of spatial concentration in one corner of the richest part of the country is striking and has implications for the geographical spread of pro-poor impact of tourism.

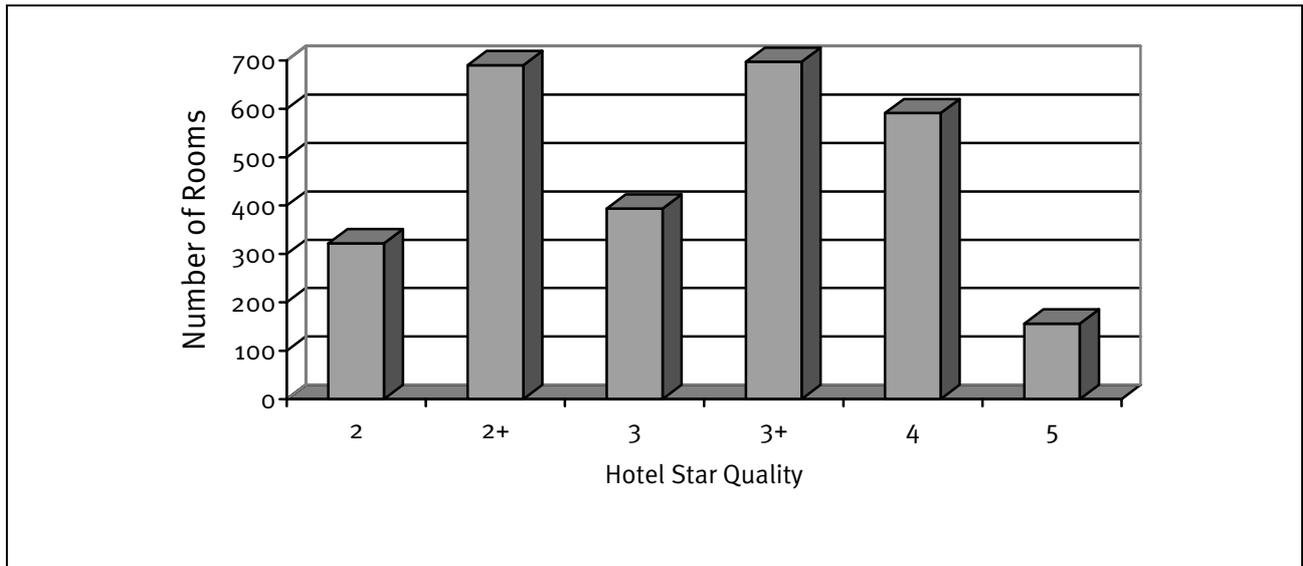
Figure 3.1: The Gambia: Location and main tourist hotels



Source: Mitchell and Faal (2007) © Development Southern Africa

The Gambia is a small, well-established destination with a total of 7,000 beds and 3,000 rooms (EMG Deloitte, 2005). As well as being geographically concentrated, tourist activity is focused on a small number of large hotels. Almost 90% of the tourist accommodation available in the country is located in 20 large hotels – with well over half the national bed stock in the seven largest establishments. Most of the remaining beds not accounted for in Table 3.1 can be found in ten further hotels ranging in size from 20 to 90 beds. The remainder of Gambia's accommodation is spread across a plethora of smaller guest houses, camps, inns, lodges, motels, apartments and rest houses.

The hotel stock is of variable, and quite modest, quality. At present, there is no national classification system, so the tour operators run their own quality assessment. There is, therefore, no guarantee that the quality standards for Gambian hotels would match those in other destinations. As Figure 3.2 illustrates, almost half of the national bed stock is of 3 'star' or lower quality. Part of the reason for this is the relatively old age of much of the hotel stock. Several of the larger hotels were some of the first tourist hotels built in The Gambia in the 1960-70s.

**Figure 3.2: Star quality of room stock in major hotels**

Sources: GTA (2001), EMG (2005)

An important positive development is not captured in this snapshot. There are a number of small deluxe establishments – such as Ngala Lodge, Coconut Residence and Mandina Lodges. Whilst small, these hotels demonstrate that there is a market for high quality accommodation in The Gambia, when it is available.

### 3.1.1 Supply pipeline

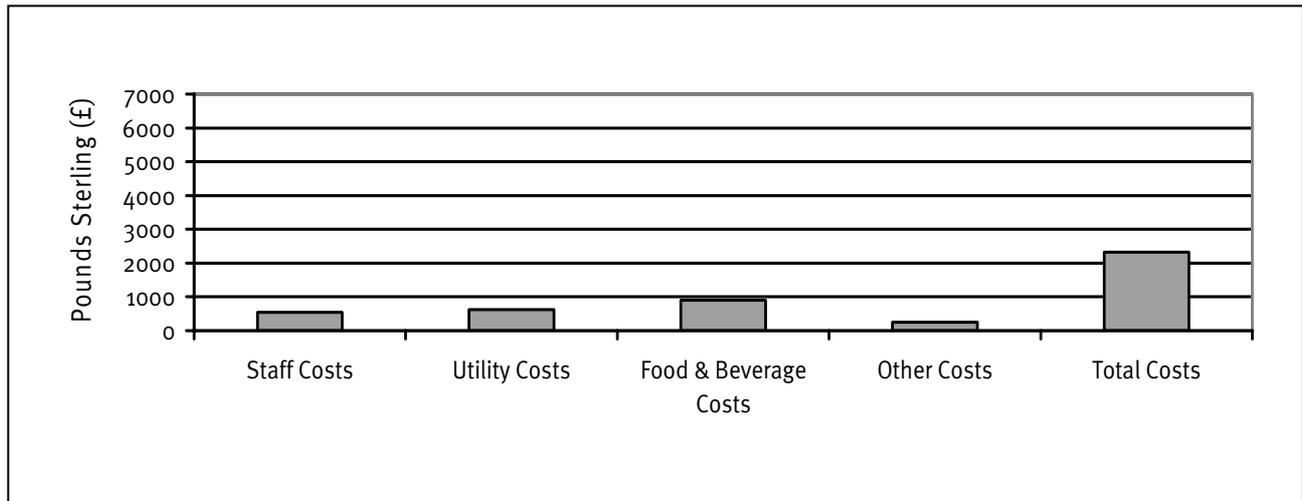
The Gambia has an abundant supply of relatively low quality accommodation. This has the impact of dampening occupancy rates and placing hotel owners in a weak position vis-à-vis international tour operators when negotiating room rates. Whilst the Sheraton Hotel (which opened in early 2007) will double the number of 5 star quality rooms in The Gambia, there is also a significant increase in modest quality accommodation in the supply pipeline. This undermines existing government policy to diversify the tourism product away from predominantly low to mid-range accommodation in this one corner of the Country.

There have been significant investments in product development and in upgrading existing hotels. These positive developments are crucial in attempts to fill the low season ‘summer hole’ in tourist activity.

### 3.1.2 Viability of the accommodation sector

There is widespread concern in The Gambia that the accommodation sector is marginal. Due to low occupancy levels and low room rates negotiated with international tour operators, it is claimed that insufficient returns are being made to maintain the bed stock – let alone improve, the quality of accommodation.

**Figure 3.3: Typical room rates paid by tour operators to hoteliers**



Source: ODI Hotel interviews

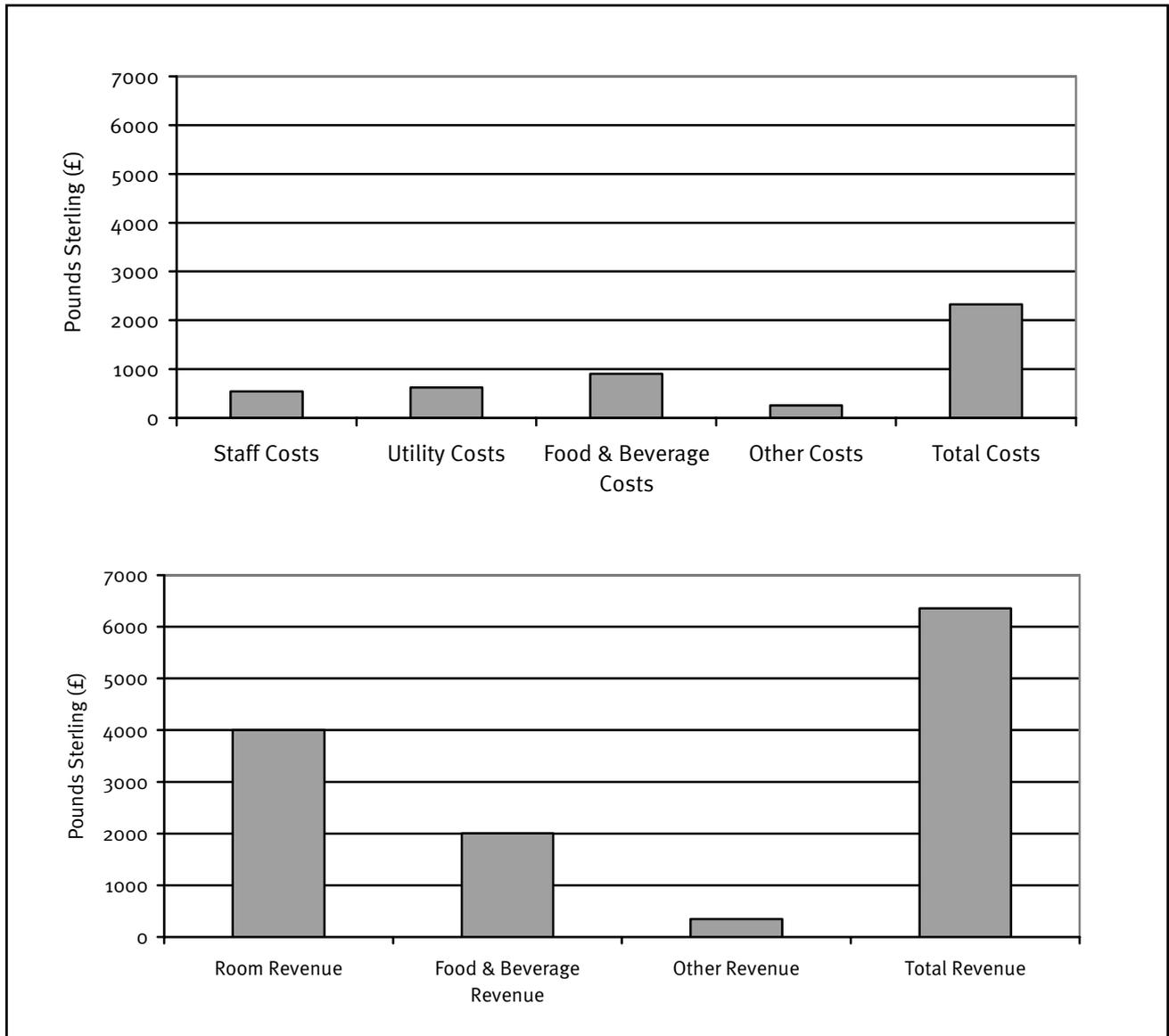
Note: Each set of bars refers to one hotel. One of the 3 star hotels did not have a low season rate because the hotel closed outside during this period.

The hotel survey revealed average low season contracted room rates with tour operators of about £9 per room per night and high season room rate on a bed and breakfast basis of £19. Whilst the rates at which tour operators are contracting hotel rooms may seem low, and are much lower than the rack rates paid by the small percentage of independent visitors, the figures should be seen in context. First, research in Tunisia has revealed very similar contract rates of £9 and £19 for three star half-board hotel accommodations (£13 and £31 for five star) compared with those in The Gambia (UNCTAD 2007). As a destination, Tunisia's international tourism market is 50 times larger than the Gambia and more developed in terms of quality and diversity of product. Unpublished evidence suggests contracted room rates for 5 star All-Inclusive accommodations in Egypt's Red Sea area as low as £14 per night. This lends little support to the keenly-felt notion in The Gambia that the destination is being uniquely harshly treated by international tour operators within an African context (Ministry of Tourism & Culture, 1995).

Second, the results of the hotel manager interviews suggest that hotels in The Gambia are operating at healthy gross margins. Detailed financial data was provided for about half of the national bed-stock. The average total cost of running a hotel room for a year in the Gambia is about £2,070 – striking on the cost side are the low labour costs, high utility costs and absence of indebtedness amongst hoteliers. The average revenue generated by each room per year is about £5,670 – a figure comprising almost two-thirds of room revenue, one-third food and beverage revenue and a small contribution from 'other' sources (e.g. laundry). This implies gross margins of about 60 percent for the hotel sector and provides ample support for the extent of upgrading of existing hotel accommodation and the demand for new build accommodation.

The fact that most hotels surveyed were debt-free may reflect their healthy viability. It could also reflect the highly adverse local capital market, with annual interest rates at times exceeding 30 percent. The lack of access to capital – clearly illustrated by wealthy individuals having to purchase hotels with cash – is obviously a constraint to development for the bulk of the population with few financial assets. This means that the largest hotels are owned either by Gambians, who have worked in the sector since the 1970's and grown with it, or wealthy immigrants or corporations. This is in marked contrast with the evidence from Tunisia, where hoteliers are generally Tunisians who have responded to investment incentives, and are often finding the viability of their assets threatened by debt service costs.

**Figure 3.4: Costs and revenues per hotel room per year**



Source: Hotel Manager Interviews

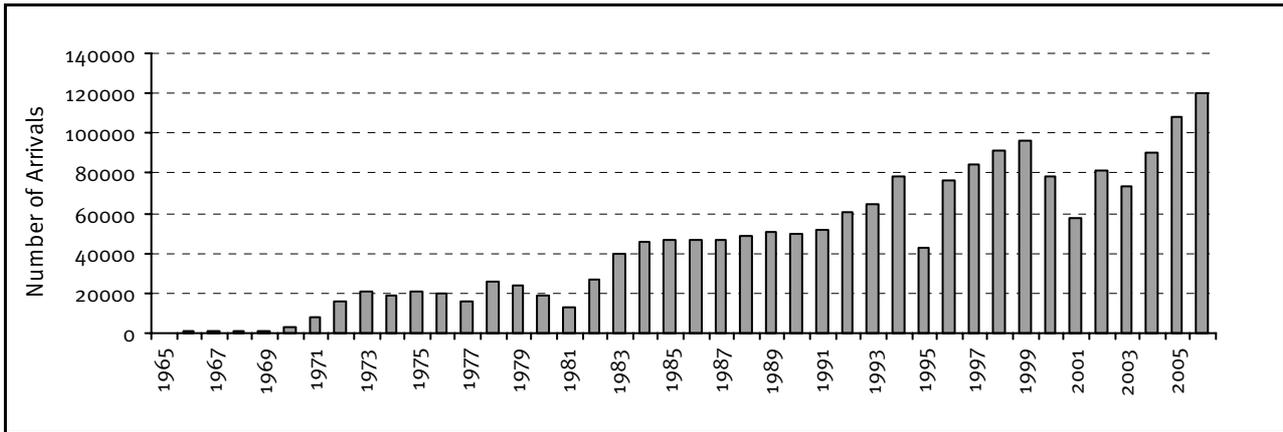
### 3.2 Demand

The Gambia is overwhelmingly a holiday destination with 99% of tourists stating ‘holiday’ as their purpose of visit in the official statistics – with ‘business’, ‘conference’ and ‘visiting friends and relations’ together making up the small number of other arrivals.<sup>2</sup>

A survey of 2,000 tourists in hotels in 2004 indicated that 99% used air transport to reach their destination, with road and sea arrivals together only constituting 1% of total arrivals. Not only are visitors dependent upon air travel, but the dominance of organised packages is clear. In the Airport survey, some 84% of all tourists are on package tours – a figure that rises to 87% when visitors travelling for business and VFR are excluded (EMG Deloitte, 2005).

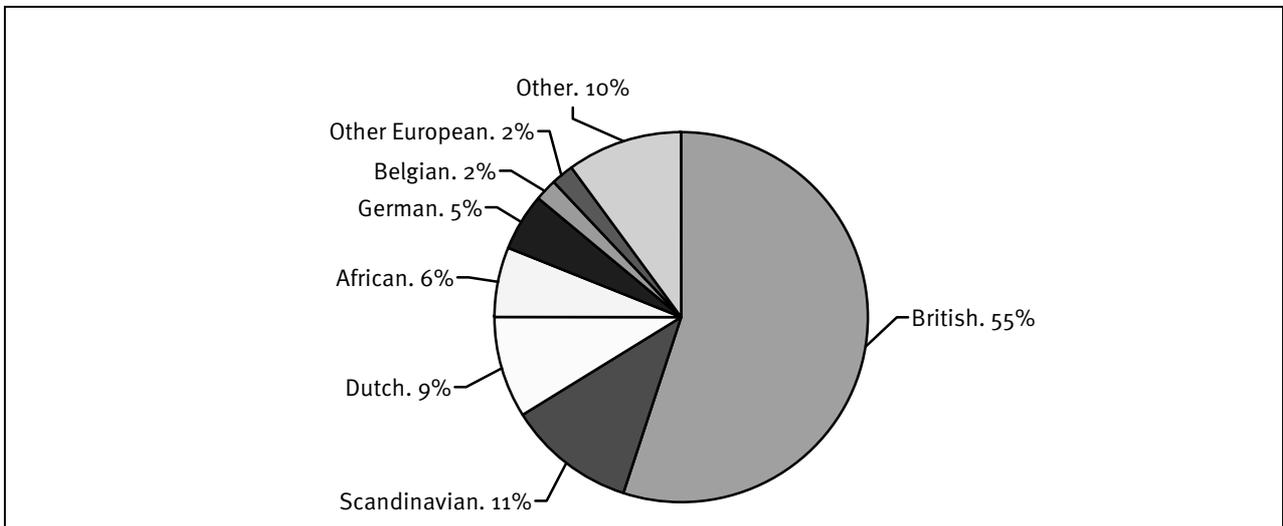
<sup>2</sup> A detailed survey of 2,000 tourists at Banjul Airport in 2004, as part of the Master Plan process, confirmed the dominance of recreation as the purpose of visit – but suggested about 5% of guests were travelling for business or visiting friends or relations (VFR).

**Figure 3.5: Tourism growth<sup>3</sup>**



Sources: 1965 to 1984: World Bank (1986)  
 1985 to 1994: Ministry of Tourism and Culture (1995)  
 1995 to 2005: EMG (2005)  
 2006: Gambian Civil Aviation Authority (2006)

**Figure 3.6: Air-charter tourists by nationality, 2003**



Source: Gambia Tourism Authority  
 Note: Figures for 2003 are provisional

Visitor numbers grew steadily, if unspectacularly, in the 1980s and 1990s (although the coup in December 1994 roughly halved tourist arrivals in 1995). Arrival statistics in the new Millennium show an erratic pattern. Long-haul international tourism has faced serious recent challenges with the threat of terrorism, SARS, avian flu scares and an increasing Islamophobia in the UK and Netherlands – two important source markets for The Gambia.

However, international arrivals in The Gambia appear to be on an upward trajectory. Air charter arrivals have increased from about 57,000 in 2001 to 120,000 in 2006. In 2006 official figures indicate that 193,000 aircraft seats flew into The Gambia (GCAA 2006). As these flights only carried 120 000 passengers, the figures suggest a rather modest average aggregate loading of about 60%, with 73,000 empty seats flying to The Gambia last year. It further suggests considerable scope for the encouragement of independent travellers to help charter and scheduled operations increase their occupancies.

<sup>3</sup> This dependency of tourism in The Gambia on package tours has resulted in the use of air charter arrival statistics as the most accurate proxy for tourist arrivals in the absence of reliable official statistics.

These arrival statistics are important because, when compared with the 7,000 hotel beds available (implying 2.55 million bed nights available per year), they suggest a broad-brush estimate of aggregate occupancy levels of about 51%. This aggregate figure however conceals a highly seasonal pattern with very low occupancy figures during the summer and almost full occupancy in the winter 2006/07 season.

Air arrivals at Banjul International Airport are overwhelmingly Northern European with the British arrivals making up half the total.

Table 3.1 provides clear evidence that The Gambia's dependence upon the British market is not unusual – but it is also not inevitable. Table 3.2 shows that generally Europeans travel to African countries with which they have a shared history and/or language. So, French visitors tend to be the predominant market for Francophone Africa. However, some countries have broken out of this post-colonial pattern. Many Germans travel to Tunisia and Cape Verde, both competitor destinations to The Gambia and neither have any Germanic cultural legacy.

**Table 3.2: African Inbound Tourism from Larger EU Markets, 2003**

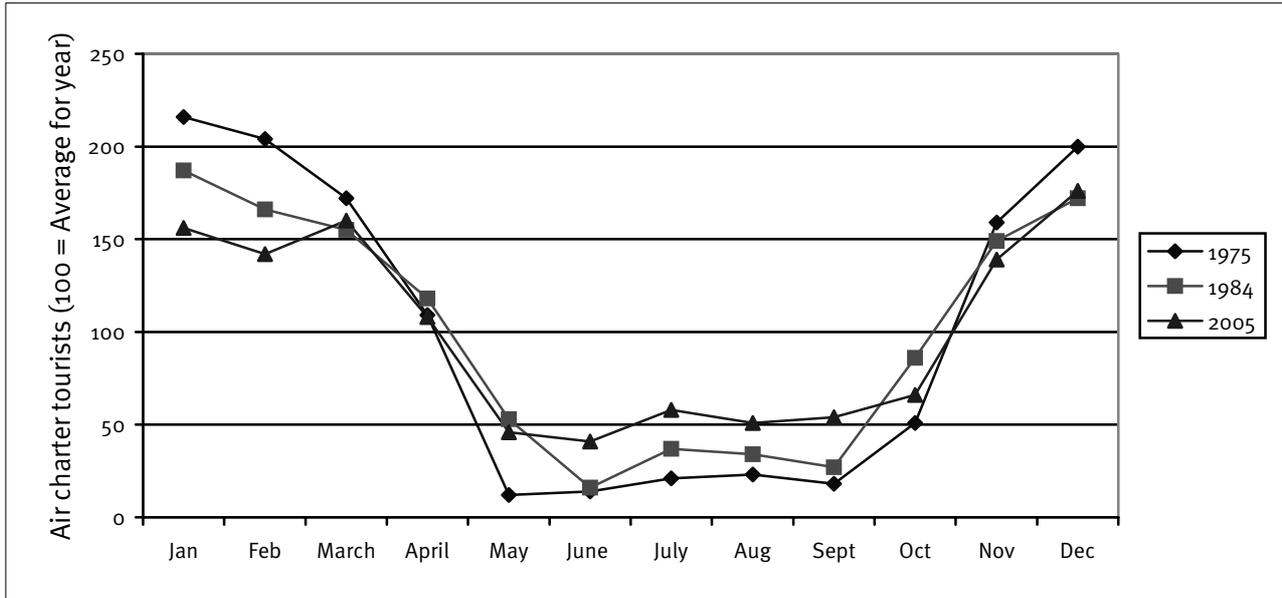
Rank	Country:	France	UK	Germany	Italy	Spain	Belgium	Netherlands	Total
1	Tunisia	833,989	223,189	488,481	379,773	78,223	132,596	44,490	2,180,741
2	Morocco	916,147	134,059	129,391	100,001	231,156	80,062	66,486	1,657,302
3	S. Africa	127,760	456,468	257,018	49,818	25,597	42,735	120,933	1,080,329
4	Kenya	55,057	177,339	180,156	61,428	11,667	7,424	20,933	513,589
5	Mauritius	200,229	91,210	53,970	39,774	9,081	10,170	4,403	408,837
6	Senegal	181,470	3,063	7,985	9,279	12,682	0	0	214,477
7	Nigeria	50,149	31,310	48,915	53,166	16,886	5,537	4,349	210,312
8	Algeria	106,042	4,549	7,049	10,571	8,600	3,801	1,525	142,137
9	Tanzania	22,103	43,656	19,222	24,675	9,565	6,497	15,272	140,990
10	Zimbabwe	12,504	58,354	25,902	18,682	3,891	0	0	119,333
11	Namibia	9,364	19,291	58,036	8,809	4,448	4,197	11,778	115,923
12	Cape Verde	12,847	1,140	18,095	54,278	7,679	9,702	0	103,741
13	Seychelles	25,990	18,765	15,903	17,771	2,062	1,392	978	82,868
14	Zambia	4,050	64,970	5,627	3,025	0	0	0	77,672
15	Burkina Faso	47,663	2,475	4,683	3,215	0	4,984	2,734	65,754
16	Lesotho	0	39,470	25,991	0	0	0	0	65,461
17	<b>Gambia</b>	<b>653</b>	<b>40,872</b>	<b>4,253</b>	<b>200</b>	<b>0</b>	<b>1,707</b>	<b>7,262</b>	<b>54,947</b>
18	Mali	22,539	1,460	2,412	3,476	2,637	0	0	32,524
19	Botswana	2,730	14,445	6,584	2,168	2,097	0	4,181	32,205
20	Uganda	3,022	17,176	3,519	1,924	0	1,748	2,474	29,863
21	Ethiopia	5,482	8,976	5,719	6,348	0	1,70	3,044	29,571
<b>Total</b>		<b>2,639,790</b>	<b>1,452,239</b>	<b>1,368,911</b>	<b>850,192</b>	<b>426,269</b>	<b>313,922</b>	<b>310,427</b>	

Source: Global Development Solutions (2006) *Value Chain Analysis for the Tourism Sector in Ethiopia* based on WTO statistics

Note: Highlighted squares show the largest EU Market for a particular African country.

As we have seen, seasonality is an important feature of Gambian tourism and central to explaining the hitherto low aggregate occupancy figures. 'Winter sun' destinations focus activity into a peak season from November to April and often suffer a 'summer hole' in tourist demand. Hotel managers reported average occupancy levels of 71 percent in the 2005/06 high season and 25 percent in the 2006 low season. This seasonal pattern does impact on the viability of fixed assets (like hotels) in the destination trying to make a return during the low season, and places product owners and managers in a weak bargaining position vis-à-vis international tour operators when supply greatly exceeds demand during this trough. Seasonality also affects those whose livelihoods depend on tourism, particularly the poorest participants.

Figure 3.7: Seasonality of tourism demand (average monthly arrivals in each year = 100)



Sources: World Bank (1986) & Gambia Tourism Authority

Although the seasonality effect is significant, a longer term perspective suggests that the depth of the summer 'hole' may be diminishing somewhat. In the past, proportionately, the peaks were higher and the troughs were lower than they are now.

The causes of this gradual filling in of the summer 'hole' of the Gambian tourist year is due to the increasing trend for charter flights to keep flying to The Gambia during the summer low season.

## 4 Mapping the tourism value chain and benefits to the poor

### 4.1 International tour operators

Three-quarters of tourism to The Gambia is accounted for by British, Scandinavian and Dutch tourists. This reflects the dominance of charter companies from these source markets operating in The Gambia. The impact of international tour operators is illustrated by the collapse of a German tour operator, Frosch Touristik International, during 2000 and 2001. This single company failure resulted in the abrupt 'loss' of over 20,000 premium value air charter tourists – at least one-fifth of the total tourist market to The Gambia in 24 months.

Over 80% of the Gambian package tourist market is dominated by seven international tour operators: three British operators – Serenity Holidays (trading as Gambia Experience, who charter Monarch and Astraesus aircrafts), First Choice and Thomas Cook; an operator active in Scandinavia and the UK, My Travel; a Dutch operator, Olympia; and a Spanish operator. As the interlocutor between 120,000 tourists and 7,000 hotel beds, this small number of international tour operators has significant economic power in the Gambian tourist market. There are legal requirements for each international tour operator to work with a Gambian-owned Inbound Tour Operator. As a result, there are 4 inbound tour operators, who essentially have a monopoly on excursions, which has protected the quality, but limited the competition.

Figure 4.1: Economic power of tour operators

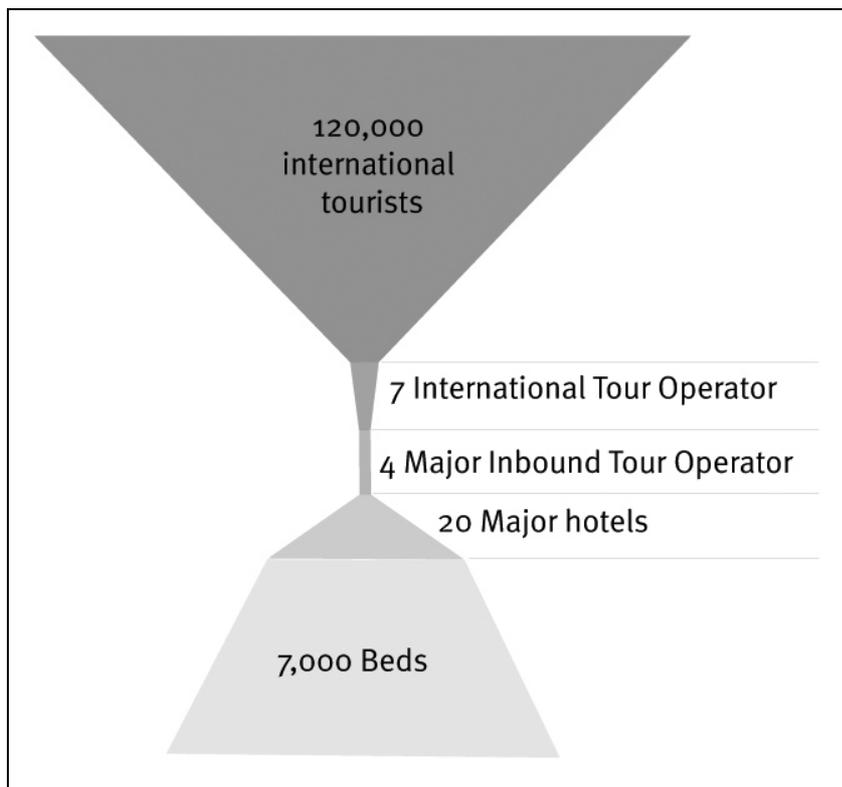


Table 4.1 suggests that airline capacity to The Gambia is a significant determinant of tourist arrivals. No special marketing effort was made last year by either tour operators or the Gambian authorities yet, simply by flying more seats to the destination, the numbers of arrivals increased significantly from 108,400 in 2005 to 119,700 the following year. Load factors are higher for the traditional British and Dutch markets than for other markets. This suggests significant latent demand for holidays in The Gambia from these markets that becomes effective when the destination becomes accessible.

**Table 4.1: Tourism arrivals and flight accessibility**

Airline	Origin	Arrivals 2005	Arrivals 2006	No of Flights 2006	Seat Capacity* 2006	Arrival to Capacity Ratio 2006
Monarch	UK	24,846	19,972	73	26,134	0.8
Astraeus	UK	9,594	15,195	118	17,464	0.9
First Choice	UK	9,376	12,119	59	13,747	0.9
Thomas Cook	UK	11,678	10,780	73	12,690	0.8
Atlantic Express	UK	566	-	-	-	-
Excel Air	UK	-	2,731	17	3,961	0.7
My Travel	Scandinavia/UK	10,724	10,700	63	13,293	0.8
Finnish Air	Scandinavia	432	834	6	1,398	0.6
Holland Excel	Holland	11,783	-	-	-	-
Transavia	Holland	9,357	7,715	57	10,602	0.7
Arke Fly	Holland	-	11,038	61	16,836	0.7
Condor	Germany	3,431	7,332	76	18,468	0.4
Span Air	Spain	7,322	8,864	88	15,840	0.6
Europa	Spain	-	215	4	744	0.3
North American	USA	-	1,481	38	10,488	0.1
Iberworld	Spain	-	834	12	2,160	0.4
SN Brussels	Belgium	9,333	9,874	93	33,294	0.3
<b>Totals</b>		<b>108,442</b>	<b>119,684</b>		<b>197,119</b>	<b>0.6 (Average)</b>

Seat capacity is calculated by multiplying the number of aircraft passenger seats x number of flights  
Source: 2005 figures: Gambia Immigration Department (2005); 2006 figures: GCAA (2006)

With the increase in online bookings and with the rise of independent travellers, ‘flight only’ tickets are becoming viable for package tour operators to offer to The Gambia. Astraeus now offer ‘scheduled service’ seats on their chartered flights. For the first time, this now offers hotel owners in The Gambia the chance to link directly with larger numbers of tourists booking accommodation without working through the intermediary of international tour operators. This is an important opportunity for hotel owners to develop initiatives to increase room rates and encourage demand outside the peak winter season.

## 4.2 Value chain analysis

This examines the share of tourism expenditure spent on different tourist services and helps us understand the share of benefits from tourism reaching the local economy and different groups of people. On the basis of information collected from hotel managers, inbound and international tour operators and other sources the following ‘typical’ package value chains were generated. These examine the flow of benefits from standard holiday packages to The Gambia purchased in the largest source market, the UK.

Figure 4.2: Low season package value chain = £530 (excluding tourist discretionary expenditure)

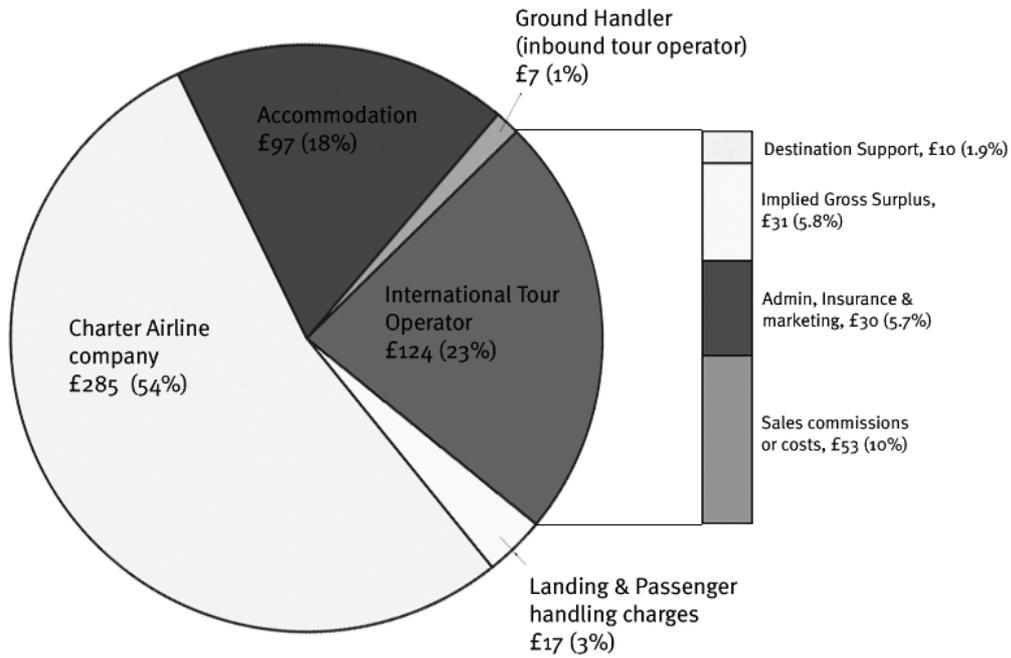
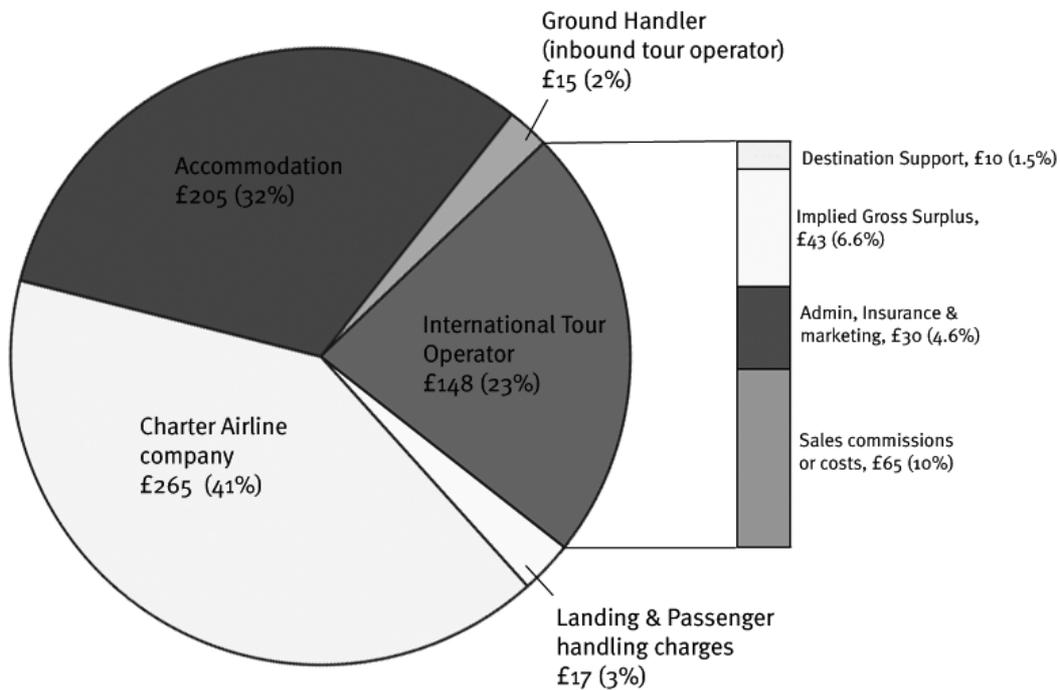


Figure 4.3: High season package value chain = £650 (excluding tourist discretionary expenditure)



A number of striking points emerge from this analysis of the international package value chain to The Gambia.

The difference in the local capture of benefits during periods of high and low tourist demand is dramatic. During the peak season hoteliers can capture nearly one-third of the value of the more expensive peak season package – more than doubling the revenue that accrues per bed night compared with during the low season. The attraction of ‘winter sun’ holidays to existing international

tour operators is that the peak season coincides with a relatively quiet period for European destinations. Thus premium prices can be charged to customers at a time when the largest cost component in the value chain (e.g. flights) is lower than during the low summer season.

Notwithstanding this, tour operators can make reasonable returns during the low season. A 5% return is an aspiration for most large operators in the UK, many of whom are currently facing challenging trading conditions. The surpluses reported in this analysis of 6%-7% reflect a composite between the larger operators (who trade huge volume on small margins) and the specialist operators (who generally make healthier margins on smaller turnovers). This analysis does, however, indicate that tour operators can make reasonable returns during the low season – which is why international operators are increasingly looking to engage with The Gambia on a year-round basis.

This analysis illustrates a number of important points relevant to the tourist sector in The Gambia. First, Gambian tourism is dominated by two small specialist operators, Gambia Experience in the UK and Olympus in the Netherlands. Small specialist operators need to make a relatively larger margin than the mainstream operators because they are trading on lower volumes. In contrast, the larger operators within the sector can function at much lower margins because they trade at such large volumes (MyTravel has an annual turnover roughly fifteen times larger than The Gambia's GDP).

**Table 4.2: Recent financial performance of international operators, 2005**

Name	Gambia Experience	First Choice	My Travel
Turnover	£25.1m	£2 578.6m	£2 928.9m
Cost of Sales	£18.5m	£2 221.2m	£2 438.4
Administration	£3.3m	£266.5m	£451.0m
Operating Profit before tax	£2.9m	£90.9	- £18.3m
Gross Profit %	11.5%	3.5%	- 0.6%
Share of Gambian market	43%	10%	11%

Source: Company Financial Statements

The extent of vertical integration in the value chain is significant for a number of the international tour operators. For instance, most operators have in-house retail operations (with high street travel agents and telephone and internet booking facilities); several have their own dedicated aircraft (such as First Choice and Thomas Cook), and at least one of the major hotels is owned by a tour operator. All international tour operators have contracts with in-bound tour operators that regulate the flow of benefits from activities such as excursions. This is how tour operators are able to extract value throughout the chain.

This type of value chain analysis has often been misunderstood by researchers in the past and lead to some rather dramatic claims about the 'leakage' of the benefits of tourism from developing countries. For instance, evidence from the low season value chain could be taken to suggest that over three-quarters of the benefits from package tourism do not even reach the destination – being absorbed by the international tour operators and airline companies. Even a proportion of the less than one-quarter of the package that involves stakeholders in the destination may remain or be repatriated in the form of expatriate salaries, profits for foreign-owned hotels and imported food, beverages, fuel and revenues held in off-shore accounts.

The Gambian case study is interesting, partly because it would be a challenge to conceive of a destination less likely to retain benefits from tourism for anyone and, particularly, the poor. As we have seen, the tourism market is dominated by international tour operators serving a low end European package market. The tourism product is largely foreign-owned and concentrated in a small enclave in the most affluent part of the country. There is little else in terms of export earnings as The Gambia only has an embryonic manufacturing base and far-from-buoyant agricultural sector.

However, the reality is different and altogether more uplifting. First, as Adama Bah has suggested in the economic annex to the *Tourism Development Master Plan*, much of the debate around ‘leakage’ from tourist destinations is based upon the erroneous assumption that somehow the destination ‘owns’ the whole value chain (EMG Deloitte, 2005). Without international tour operators and airline companies, there would be no tourists and no value chain. It is rather far-fetched to assume that the benefit derived from an international tour operator marketing and selling a holiday package to a tourist in London or Amsterdam should in some way be transferred to the Gambia to avoid becoming a ‘leakage’.

Second, the oft-cited concern about the destination being tour operator-driven is valid but begs the necessary supplementary question about what would be the health of Gambian tourism if there were no tour operators? Given the almost complete absence of any destination marketing by anyone other than tour operators and the lack of nationally-based scheduled flights other than SN Brussels, tourism would cease overnight were the sector not driven by tour operators (as demonstrated graphically in the aftermath of the coup in December 1994 where tourism would have stopped completely had the Gambia Experience not continued operations – see Figure 3.5). It could be argued that, in the face of somewhat equivocal support from government, it has been the tour operators who have kept tourism going. Indeed a competitive advantage<sup>4</sup> of The Gambia is precisely that there are dominant stakeholders in the value chain for whom Gambia remains an important market, and they cannot easily disengage from the destination.

Third, the main problem with drawing negative conclusions about the distributional implications of the tourist package value chain is that it only looks at one side of the coin. It fails to recognise the important difference between tourism and other types of trade – namely that tourism involves people interacting directly with the market through out-of-pocket or discretionary expenditure. Through the Master Plan exercise, we have robust data on out-of-pocket expenditure which indicates that this averages £26 per tourist per day – or £280 per tourist over the average length of stay. This is high both internationally and also in comparison with the cost of the holiday package, to which it should be added. The £31m of out-of-pocket expenditure in The Gambia makes up almost one-third of the total Gambian tourist value chain and well over half the tourism turnover relating to goods and services provided in the host country.

**Table 4.3: Tourist out-of-pocket expenditure in 2005**

Direct local expenditure:	Package Tourists (%)	Non-Package Tourists (%)	All (weighted average %)	Est. 2005 Total £ m
Food & beverages	51.8	39.9	49.4	£15.4m
Shopping	14.0	9.3	13.0	£4.0m
Excursions	13.1	4.0	11.3	£3.5m
Accommodation	3.0	25.2	7.5	£2.3m
Local passenger transport	3.5	4.2	3.6	£1.1m
Guides	3.7	1.2	3.2	£1.0m
Recreation / entertainment	2.9	4.8	3.2	£1.0m
Cultural activities	1.0	1.7	1.2	£0.4m
Car hire	0.5	1.2	0.7	£0.2m
Other	6.5	8.4	6.9	£2.1m
<b>Total</b>	<b>100%</b>	<b>99.9%</b>	<b>100%</b>	<b>£31.0m</b>
<i>Average out-of-pocket expenditure</i>	<i>£24.91</i>	<i>£32.92</i>	<i>£25.98</i>	

Source: EMG (2005) The Gambia Tourism Development Master Plan Technical Volume No.3 Visitor Survey at Banjul Airport

Note: Expenditure figures were based upon multiplying visitor survey per person by the average stay of 10.8 days and tourist arrival figures in 2005 of 110 815. The Dalasi: Sterling exchange rate was taken at 56.2:1

<sup>4</sup> By way of contrast, in Tunisia the dominance of very large international tour operators working across twenty or more countries – together with their lack of ownership of financial or social assets in the destination – make it relatively straightforward to simply ‘drop’ the destination in next years’ brochure.

Figure 4.4 integrates these two elements of tourism expenditure, the package value chain (based on an annual average between high and low season) and discretionary expenditure of package and non-package tourist. This illustrates that the airline companies capture one-third of the whole tourism value chain. Hoteliers in The Gambia benefit from almost one-fifth of the value chain and food and beverages served in hotels and restaurants one-sixth. Tour operators command only slightly over one-tenth of the value chain. Activities such as shopping, excursions and local travel are smaller components of the value chain – but extremely important in terms of benefits to the local community.

Calculating the sizes of the different nodes of the international tourism value chain is like putting together a large jig-saw puzzle (see Annex E). The total number of pieces in the puzzle is known - the analogy being total tourist package and discretionary expenditure. This can be estimated from the fairly robust information available from tour operators and public authorities (including number of packages and expenditure split between retail, flight, ground-handler, accommodation and destination management functions). The large scale tourist expenditure surveys conducted as part of the Master Plan process enabled researchers to corroborate information on the package cost and provided detailed information about the composition of discretionary expenditure. Interviews with hotel managers provided information about the amount of tourist expenditure taking place in the accommodation node, and also revealed the size and nature of hotel supply chains. With these different sources of information it was relatively easy to estimate the size of the different elements of the tourism value chain. Also, importantly, it was possible to triangulate estimates from more than one source to increase our confidence in the results (in short, although the assumptions in Annex E are estimates, they have an unusually firm empirical base).

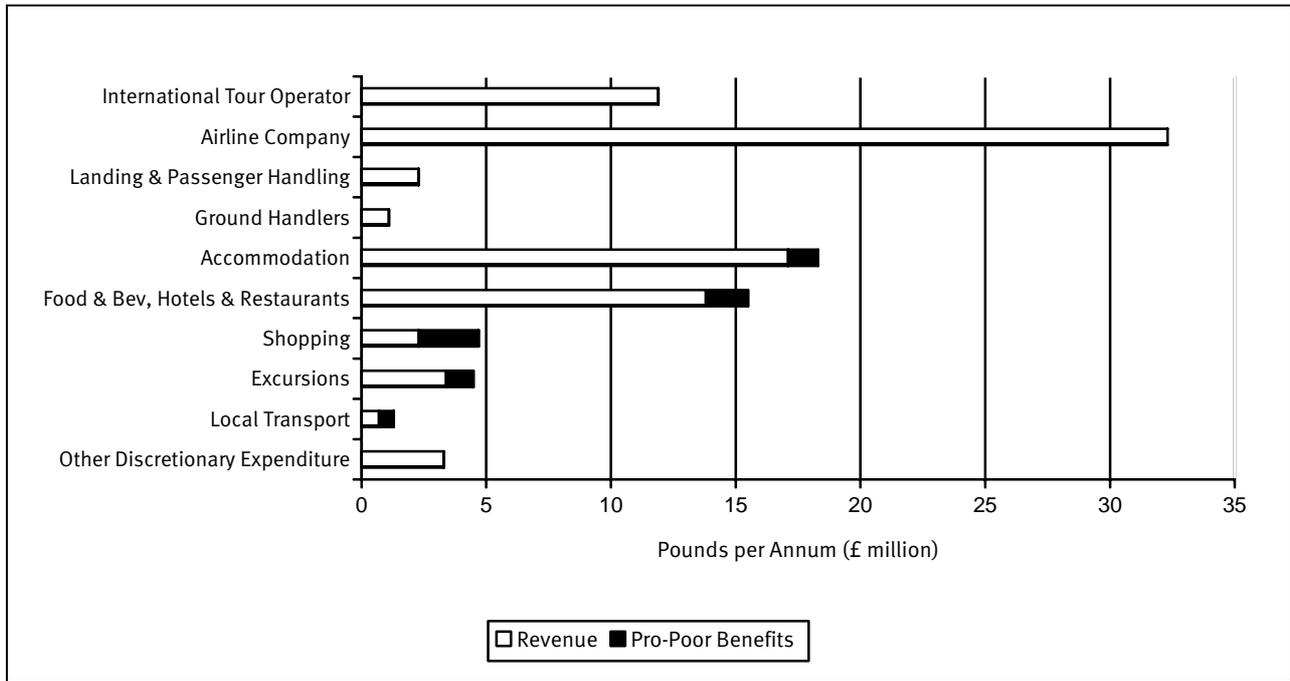
A first attempt has been made to move beyond simply quantifying the different elements of the tourist value chain, and to estimate their pro-poor impacts. The basis of these estimates is outlined in Annex F.

Estimating the pro-poor impact of different parts of the tourist value chain is an innovation and necessarily contains a margin of error. The information on which these estimates were based is derived from a range of sources, including hotel manager interviews; existing analysis based upon primary data collection and interviews with poor people engaged in the tourism value chain. Attributing pro-poor benefits to economic activity is difficult because the nature of the basic parameters – namely, ‘poverty’ and ‘benefits’ are contested definitions. As a contribution to the debate we are explicit in Annex F about the assumptions underlying our analysis of the pro-poor impact of different parts of the tourism value chain.

This analysis suggests that:

- **Critical to pro-poor tourism is discretionary tourist expenditure**, rather than the two-thirds of resources spent on the ‘big ticket’ items in the holiday package (such as the tour operator, flights and accommodation). For instance, spending on shopping generates twice as significant flows into poor communities as the much larger amounts spent on accommodation;
- **A large share of several small expenditure items in the value chain**, such as shopping, excursions and transportation, **are highly pro-poor**; and
- **The two larger elements of the value chain with some existing pro-poor impact**, and also most scope for increase in the future, **are the agricultural supply chain for the food or beverage sales to tourists and accommodation**.

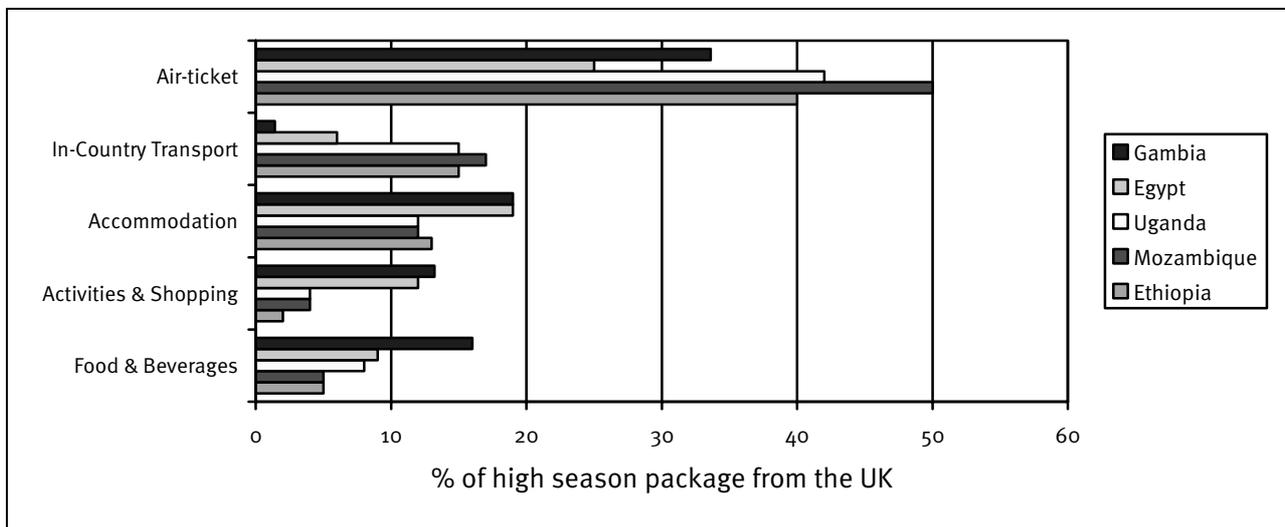
**Figure 4.4: Components of total Gambian tourism value chain (£96m in 2005)**



Refer to Appendices E and F for further detail on values

To illustrate these points and introduce an international comparative analysis, Figure 4.5 compares the tourism value chain for The Gambia in Figure 4.4 to the different components of a high season 12 day package from the UK to four African destinations.<sup>5</sup> It should be noted that the information from Egypt, Uganda, Mozambique and Ethiopia is based upon one specialist, high-end tour operator.

**Figure 4.5: Comparative cost allocation for a 12 day high season package from the UK to various African destinations**



Sources: Global Development Solutions (2006) except Gambian figures, EMG (2005)

What this reveals clearly is the rich mix of local linkages in the Gambian tourist economy relative to the other African destinations. It is perhaps not surprising in emerging markets like Ethiopia, Mozambique and Uganda that out-of-pocket or discretionary expenditure on items like shopping and eating out is low – simply reflecting the lack of quality goods and services available.

<sup>5</sup> Note that the Gambian figures are for the average holiday of 10.8 days (rather than 12) and throughout the year (rather than just the high season). Looking at slightly longer holidays that are 100% high season rather than 70% high season, we would expect the air ticket element to be smaller and the accommodation element to be a little higher.

However, the local linkages in the Gambian tourism product compares favourably with Egypt – Africa’s second largest economy with a highly sophisticated tourist infrastructure. The Gambia captures at least as big a share of tourist spending on accommodation, shopping, excursions and food and drink as Egypt (Global Development Solutions, 2006). As is argued later, this achievement has a significant impact on the flow of benefits from tourism to poor people in The Gambia.

It is also interesting to note that, contrary to the assertions of the ‘leakage’ pessimists – in which most of the benefits of tourism are taken by tour operators and airline companies – the cost of air transportation to The Gambia and tour operators returns are not a disproportionate share of the total package cost, compared with other African destinations.

To conclude this analysis of the Gambian tourism value chain and flow of benefits to the poor, our hypotheses about the importance of tourism to some poor countries and the fact that some benefits are accessed by the poor has been largely substantiated. First, the full tourism value chain in The Gambia, including discretionary as well as package spending, is extremely important to the macro-economy. Just over half of the £96m tourism value chain relates to goods and services consumed in The Gambia – international tour operators and airline companies account for about 46% of the total tourism value chain and a negligible amount of these funds reach the destination.

This suggests that if ‘leakages’ from Gambian-based activities were reduced to zero (meaning that if all the funds relating to activities taking place in The Gambia remained in the Country – a level of autarky that is neither realistic nor necessarily desirable), the tourism sector could potentially contribute about £52m to an economy with a current national income of about £200m per year – about one-quarter of total national income. However, taking the most pessimistic assumptions possible for ‘leakages’ (i.e. all payments for tourist goods and services taking place in The Gambia leave the Country unless it can be demonstrated that they are used to purchase local goods and services), suggests that the worst possible ‘leakage’ figure for The Gambia is 50% (Mitchell and Ashley, 2007a). In other words, it is inconceivable that less than half of the £52m spent on tourism in The Gambia remains in the Country – so ‘leakage’ figures in excess of 50% are simply implausible.

Our estimate that a minimum of £26m from tourism each year remains in-country, equates to about 14% of the national economy. This closely mirrors macro-economic estimates of the contribution of tourism to the Gambian economy, which range from 13% to 16% - further corroboration that our ‘leakage’ estimates are robust.

Second, our analysis suggests that at least 7% of the total Gambian tourism value chain – and some 14% of the Gambian-based part of the value chain – flows directly into the hands of the poor. Our hypothesis that tourism is inherently pro-poor has been supported and in addition, the extent of local linkages seems to be particularly rich and well-developed in The Gambia compared with other destinations. This is particularly the case for the smaller items of the value chain, such as shopping and excursions. The challenge presented by the larger elements of the tourism value chain, such as accommodation and food and beverages, is to increase the pro-poor share of spending on these activities.

In the following section, the issue of how to strengthen linkages between tourism and the poor will be structured around the components of the tourism value chain.

## 5 Strengthening pro-poor impacts of tourism

This section will be structured around the main elements of the Gambian-based tourism value chain: accommodation; food and beverages; shopping; excursions and local transport.

### 5.1 Accommodation

The most obvious link between the tourist accommodation and the poor is through the employment of large numbers of non-managerial staff (the direct effects in Pathway 1 of Figure 1.1). Each hotel room generates a weighted average of 0.9 full-time equivalent (FTE) jobs. This suggests that a destination with 3,000 hotel rooms will generate some 2,700 FTE jobs – almost two-thirds of all formal tourism jobs in The Gambia. The average monthly wage for hotel workers is £46 (or D2 600). This equates to about 7 percent of total estimated hotel turnover when managerial wages have been excluded. What this analysis excludes, however, is tourist tipping of hotel staff – which managers estimated at up to 100 percent of the wage for front-of-house staff. This represents another example of the impact of discretionary tourist spending impacting directly on poor people. Generous tipping may also explain why non-managerial hotel staff still work for rates that are about half the rate in the informal sector – itself an unusual pattern.

Average household size in the Gambia is 8.5 members per household, and the dependency ratio<sup>6</sup> is 65% (The Gambia Bureau of Statistics, 2006). This suggests that the 4,126 full-time tourism jobs – impact on an additional 22,800 people.

**Table 5.1: Direct tourism workers**

Category of Worker	FTE number	Average monthly earnings in £
<i>Formal Sector</i>		
Hotel workers	2,700	£46
Ground handlers	289	n/a
Public officials	50	£80
<i>'Informal'/ Self-employed Sector</i>		
Licensed craft retailer	384	£71
Licensed guides	75	£107
Tourist taxi drivers	453	£103
Fruit sellers	150	£89
Juice pressers	75	£89
<b>Total</b>	<b>4 126</b>	

Notes: **Hotels:** based on hotel survey with average of 0.9 FTE staff per room and estimate of 3,000 tourist rooms. Salary based on hotel survey plus estimate of 50% addition to D2,600 average wage through tips from tourists. **Other restaurant workers:** Pubben and Verstappen (2005) Quid Pro Quo – the net economic added value of tourism for the Gambian economy estimate that 46.7% of food and beverage expenditure was in hotels, 47.1% in restaurants and bars and the remaining 6.2% is spent in the informal economy on juice pressers and fruit sellers. This implies annual expenditure of D406m in restaurants and bars outside hotels. Actual figures were unavailable at the time the report was published. **Ground handlers:** Estimate of numbers employed based upon Gambia Tourism Master Plan Technical Report No.1 The economic impact of tourism. **Public officials:** Estimated figures from Human Resources Manager of GTA. **Craft retailers:** worker numbers based upon 384 licensed craft stalls and observed average of one worker per stall (formally each shop has two sellers and one assistant). Earnings estimate based upon average daily earnings of D200 derived from Concern Universal estimate. Licensed **guides** based upon number of GTA licensed guides. Earnings based upon interview with representative of official guide association. Licensed **taxi driver** numbers based upon GTA licensed tourist taxis. Earnings are based upon annual tourist spend on local transport of D62.9m divided by the number of taxis and assuming a gross profit margin of 50%. **Juice pressers** and **fruit sellers:** numbers are based on estimates from the juice pressers association. Earnings of juice pressers are based upon estimates from the same source and it is assumed the earnings of the fruit sellers are the same.

<sup>6</sup> Dependency ratio reflects members of the population considered unable to work (children under the age of 15, and adults over 65).

There are four key ways in which the linkage between the tourist accommodation sector and the poor could be increased: increasing the tax take from the accommodation sector; reducing seasonality of tourist demand; increasing wages for workers; and the ‘Gambianisation’ of hotel management.

First, there is evidence of rather lax tax morality in the tourist accommodation sector in The Gambia. Our hotel survey estimates a gross annual surplus of about £10.8m (D600m) being generated by hotels that should be generating an annual tax take for government of about £3.7m (or D210m). With a strongly redistributive Budget, these funds could have an important impact on poverty in The Gambia – and they equate to £2.60 per Gambian per year. In reality, however, the Master Plan estimates the annual tax take from the tourist sector is only about £0.8m (D50m) – which implies tax morality of only about 24%.

**Box 5.1: Pro-poor tourism recommendation # 1**

An important role of the state is to redistribute a share of the resources from profitable enterprise to the poor. There is evidence that poor implementation of the Income Tax Act is only generating about one-quarter of the total potential tax-take. An important mechanism by which resources should be being transferred from the tourist sector to the poor is currently operating ineffectively and tax morality should be improved.

Improving tax morality is a difficult and long-term aim that needs to be achieved with a mixture of ‘carrots’ (e.g. amnesties on unpaid tax which is declared and reducing tax rates as payment rates increase) and ‘sticks’ (more effective enforcement of tax legislation). In return, there is also a need to demonstrate to hoteliers some link between taxes paid and benefits received. For instance, a drastic improvement in basic service delivery such as waste disposal and energy supply, would demonstrate to hoteliers that government was not regarding the tourist sector simply as an easy target for raising taxes without having to account for their application.

**Box 5.2: Pro-poor tourism recommendation # 2**

Tax morality is unlikely to increase if the tourist sector is perceived as a ‘cash cow’ from which resources can be extracted without any return. Hotel managers in the TDA are currently being presented with local government tax bills with very low and sporadic levels of basic municipal service delivery. The delivery of services to support the tourism sector should be an important priority and a delivery mechanism streamlined.

Second, the seasonality of tourism demand in The Gambia has two very deleterious impacts on the poor. The first of these is that large numbers of tourist workers are made redundant during the low season. FTE employment figures fluctuate at +/- 13 percent due to seasonality, with low-skilled workers being the most affected by demand volatility. This means that filling the summer ‘hole’ would have a significant impact on the labour market and tourism’s poverty impact. The second impact of seasonality is that it undermines livelihood security in the tourist sector, particularly for the poor.

**Box 5.3: Pro-poor tourism recommendation # 3**

The branding of Gambia as a ‘winter sun’ holiday destination is a serious constraint on the stability of benefit flows from tourism to the poor. There are encouraging signs that the ‘summer hole’ in occupancies is beginning to be filled, although progress is slow. Destination marketing could have a strong role in re-branding The Gambia. Under the Gambia Tourist Authority Act of 2001, the Authority has the marketing mandate, which could be fulfilling this mandate more effectively.

Third, increasing wage levels in the hotel sector would have a direct positive impact on the poor. With both managerial and non-managerial wages representing only 8.5 percent of turnover (and 23 percent of costs) in the hotel sector, there can be little doubt that there is scope for a wage increase above the current monthly level of £46 (GMD2 600) without damaging the overall viability of the accommodation

sector. The encouragement and support of effective, functioning labour unions and better investment in human resources should bolster increasing returns to hotel labour.

**Box 5.4: Pro-poor tourism recommendation # 4**

Encourage the rapid enactment and implementation of the new Employment Act, to facilitate the formation of labour unions voicing the interests of workers in the tourist sector.

Fourth, the need for the ‘Gambianisation’ of hotel management has been a consistent theme in tourism policy for many years. Whilst replacing an expatriate hotel manager with a Gambian professional will have no direct impact on poverty, it is reasonable to anticipate the indirect and induced impacts to be more pro-poor for local staff. There is already an elaborate regulatory framework to discourage the employment of non-Gambian staff, from the Pay Roll Tax levied on employers who hire expatriate staff to the Expatriate Quota Authority that allocates employers quotas to hire foreign workers. Although non-Africans comprise only 0.7 percent of the workforce, some estimates have put their share of total salaries and wages at over 15.5 percent (Pubben & Verstappen, 2005). These figures suggest that little progress has been made with the localisation of hotel management over the past twenty years. In 1986 the proportion of expatriate workers was exactly the same as it is today (World Bank, 1986).

**Box 5.5: Pro-poor tourism recommendation # 5**

Ensure that the Pay Roll Tax and Expatriate Quota Authority are consistent with Gambia’s recent commitments to ECOWAS.

An unusual feature of the West African tourism is the high proportion of men employed by the sector. Anecdotal evidence suggests that the expenditure patterns of women’s earnings have a more developmental impact than for men’s earnings. There is a developmental case, therefore, for the state focusing upon training women and reducing barriers to entry to the formal tourism labour market.

In a number of the Southern African settler states, sophisticated models of partnerships between private sector tourism stakeholders and poor, often rural, communities are becoming increasingly common. This reflects the nature of their ecotourism product and the fact that significant tourism potential exists on land which is held communally. This can be an additional source of benefit flow from tourist accommodation to poor communities, beyond the creation of jobs. In The Gambia circumstances are different. Tourism has traditionally been urban and either on private land or on land which the state expropriated from communities to form the TDA.

Notwithstanding this, as the nature of the Gambian tourist product diversifies into poorer and more rural locations, it is likely that the form of partnership through which the Sandale Eco-retreat is being developed can be replicated. As the landowner in the TDA and with a practice of effectively giving away valuable tourism plots, the state is also in a very strong position to incentivise some form of ‘community gain’ through a partnership agreement on tourist developers. This could involve guarantees of local employment; a percentage of revenue or profit being distributed to a community trust for social investment or the community holding an equity position in the development, either from the onset or in the form of a transfer after a fixed period. The publication of guidelines for the design of these types of partnerships can facilitate their adoption.

**Box 5.6: Pro-poor tourism recommendation # 6**

GTA consider whether to study international ‘best practice’ on partnerships between tourism developers and local communities and publish guidance to encourage this practice in The Gambia.

The international experience suggests that these partnerships can work in stable, often rural, environments. However, such partnerships can exacerbate tensions within communities and the record suggests the delivery of benefits to the community is often much less than expected. Managing expectations is an important aspect of the success of community partnership agreement with two-way accountability.

## 5.2 Agricultural supplies for food and beverages

The purchase of agricultural supplies by hotels and restaurants is an important element of a pro-poor tourism strategy in The Gambia for several reasons.

First, generating demand for local agricultural produce is a key mechanism by which tourism can impact on the livelihoods of large numbers of poor people. In a country where 70 percent of the workforce is engaged in agriculture, boosting agricultural supplies to hotels and restaurants is more likely to be successful in improving livelihoods than, for instance, transferring labour from the agricultural sector to a limited tourism sector. Improved capacity within the agricultural sector could potentially supply other sectors outside of tourism, or build upon cross-border relations with Senegal.

Second, there is patchy evidence that the agricultural sector in The Gambia is relatively good at supplying the tourism sector and that performance is improving. In 1986, it was estimated that 65 percent of hotel foodstuffs were imported (World Bank, 1986). By 2006 it is estimated that 45 percent to 50 percent of all fresh fruit and vegetables were locally supplied – although estimates do vary. Our hotel survey corroborated a 45 to 50 percent figure for food and beverages and highlighted the variance in sourcing in different establishments – with some hotels procuring 90 percent of their supplies locally and others procuring virtually none. This diversity of practice suggests scope for improving future aggregate performance.

Third, food and beverages expenditure is by far the largest component of expenditure by tourists – accounting for almost half of all out-of-pocket expenditure. This is because packages in the Gambia tend to only include breakfast, rather than the half-board, full-board or All Inclusive arrangements common at many beach holiday destinations. Although the pro-poor impact of food and beverage expenditure is assessed to be only 11 percent, this impact is very significant financially (already amounting to £1.7m a year) with the potential to expand as the trend towards Gambian production for the tourist sector deepens.

Fourth, we suspect – but do not know – that the pro-poor impacts of tourism agricultural supply chains could impact upon many more poor people than other elements of the tourism value chain. This assertion is based upon the fact that some of the larger and more efficient horticultural producers in The Gambia do not supply the tourist sector because all their output is exported to reduce the rate of pilferage. This implies that the tourism supply chain will tend to be accessed by numerous, small producers. In addition, evidence from the Gambia is Good (GiG) programme – which is strengthening links between the fruit and vegetable sector and tourist industry – provides some snippets of evidence on the distributional impact of extending the tourism supply chain into the agricultural hinterland. A recent survey of GiG beneficiary households indicates that the Programme has raised the incomes of participating household significantly – by up to five times from around £81 to £458 per year. Income gains of this level suggest a profound poverty reducing impact.

The analysis suggests that one of the biggest pro-poor impact from tourism on the poor – in terms of the number of households affected – either is or could be through agricultural linkages. For instance, the estimated £1.7m of locally-purchased food by the tourist sector is likely to translate to about £1m sales at the farm gate. If the average farming household accessing the tourism agricultural supply chain benefits to the extent revealed by the GiG survey above – this implies as many as 2,600 out of an estimated 160,000 farming households could be already benefiting from supplying hotels and restaurants with agricultural supplies. This estimate is arrived at by piling several, relatively shaky

assumptions, on top of each other and so needs to be treated with great caution. However it does, at the least, demonstrate the potential scope for tourist demand to stimulate rather broad-based activity in the agricultural hinterland.

It is also the case that agricultural supplies travel rather more extensively than tourists in The Gambia. Therefore the pro-poor impacts of agricultural supplies could potentially reach areas, like the impoverished North Bank District, that would otherwise derive little other benefit from tourism.

There is emerging ‘best practice’ experience relating to aspects of market facilitation exercises in the agricultural supply chain that are described in Annex D – namely by working on both the supply and demand end of the supply chain to facilitate a viable market interface between poor rural farmers and large urban hotels and restaurants. The pro-poor impact of sales of agricultural produce to the tourist sector would obviously be enhanced if the local content of agricultural supplies increased higher than the current estimate of 45% to 50%. There have been calls to prevent the tourist sector importing agricultural products that are available locally. This coercive approach is not recommended because it limits the freedom of hotel and restaurant managers to select the best goods available and contradicts Gambian commitments to liberalisation. It also diverts attention from an enabling approach of supporting Gambian farmers, through GiG-like interventions, to encourage local agricultural supplies to the tourist sector.

**Box 5.7: Pro-poor tourism recommendation # 7**

As agriculture has the potential to be the most broad-based linkage between the tourist sector and the poor in the destination, there is a strong case for scaling up the support currently provided by NGOs who work with small farmers and assist them in accessing hotel and restaurant agricultural supply chains on mutually satisfactory terms. Small farmers should be supported to comply with food safety regulations to avoid this constituting a barrier to entry of the tourism value chain for the poor

An important regulatory function of government is to regulate the quality of food served to tourists in the interests of tourist health. The legal annex to the Master Plan suggests that tourists are not currently being adequately protected from unhygienic foodstuffs. This could have an important developmental impact because unhealthy food could encourage tourists to eat at the more up-market establishments which, the hotel survey found, tended to have the highest propensity to import.

**Box 5.8: Pro-poor tourism recommendation # 8**

Government needs to protect tourist health by implementing existing health and safety standards that regulate the quality of food preparation and storage effectively to minimise the risk of ill-health.

## 5.3 Retail

A high proportion of retail sales are in the informal sector, despite shopping failing to rate highly in the VFR survey. More positively, though, the pro-poor impact of the retail sector reflects a great deal of effort that has gone into establishing regulated craft markets and supporting traders to design and manage their stalls and products more professionally (Goodwin, 2002).

The high proportion of craft which is produced locally is also a great achievement for a country surrounded by others with an exceptionally strong tradition in cultural and heritage products – such as Mali and Senegal. Government support to the Roots Festival<sup>7</sup> is a positive sign of official commitment to this sector.

<sup>7</sup> The Roots Festival is a biennial event designed to attract those of African descent in the Diaspora to celebrate their ancestral identity. - [Hhttp://www.rootsgambia.gm/introduction.htm](http://www.rootsgambia.gm/introduction.htm)H. Accessed 30.01.07.

The scale of job creation in the informal sector in The Gambia is a significant achievement and credit to the activities of Association of Small Scale Enterprises in Tourism (ASSET) and the DfID-funded support of this organisation. Particularly striking is the evidence that wages and organisation in the informal sector are similar to those in the formal sector. This ‘formalisation’ of the informal sector is an unusual and positive feature within a developing country context.

The capture of half of total retail expenditure by the informal sector is remarkable and the largest single transfer of resources from the tourist sector to the poor. Realistically, it is unlikely that the informal sector will capture a much greater proportion of tourist retail expenditure and all efforts should be focused upon trying to defend this success. Sustainability depends on improved quality of the retail experience, product development, further support from the GTA and maintaining the self-regulatory mechanisms in ASSET.

**Box 5.9: Pro-poor tourism recommendation # 9**

GTA should, within the existing licensing and HRD framework, consider ways to further support the informal retail sector and encourage excellence in order to defend this important flow of resources from tourist expenditure to the poor.

Visitor surveys indicate two clear, and contradictory, messages relating to tourist interaction with Gambian people. First, the friendliness of the Gambian people is consistently ranked as one of the key attractions of the destination. Second, hassle from ‘bumsters’ is considered a serious problem by about two-thirds of departing tourists. Regulations seeking to reduce the hassling of tourists are extremely tough<sup>8</sup> and tourists still complain of hassle. This suggests that either the existing regulations are not being implemented, or they are being implemented and do not work. Either way, the danger of enacting increasingly rigorous anti-hassle legislation is that one of the unique selling features of Gambian tourism – the easy-going interaction and trade with local people – will be lost.

## 5.4 Local transportation and excursions

Local transportation represents only about 1.5 percent of the tourism economy, £1.3m (D75m). It comprises two elements, a small car hire component – which has little pro-poor impact – and tourist taxis, where it is assumed that 50 percent of the gross local transportation revenue accrues to taxi drivers – some 43 percent of total turnover in this activity.

Excursions are a potentially powerful mechanism for linking the tourism sector to the poor. Spending on excursions in The Gambia was about £4.5m (D255m) in 2005. Although this only represents one twentieth of the total tourism economy it is important because it takes place at the destination and has significant links with the poor – with an estimated 25 percent of all excursion expenditure being within the informal sector (Bah & Goodwin, 2003).

There are two types of excursion available to tourists in The Gambia. The formal sector product is organised by the ground handlers and is generally purchased through commissioned holiday representatives. These excursions will typically involve a 20-25 percent commission to the international tour operator with a lesser share (20 percent) to the local supplier allowing the ground handler to absorb the remaining 55-60 percent of the excursion cost for organising, insurance and transport. This is obviously not a particularly pro-poor model and reflects the economic power in the destination of the four inbound tour operators compared with the suppliers of excursion services.

<sup>8</sup> There are allegations of suspected bumsters being held at army camps for up to 72 hours without charge

**Box 5.10: Pro-poor tourism recommendation # 10**

Government should consider lowering the barriers to entry for inbound tour operators to encourage the development of a more competitive market for excursions without compromising tourist safety. This should reduce the likelihood of ground handlers dictating low prices to suppliers of excursion services and adopting anti-competitive practices in setting excursion prices offered to tourists.

There are signs that some international tour operators are interested in developing more progressive excursions that may have a greater developmental impact than the conventional model.

**Box 5.11: Pro-poor tourism recommendation # 11**

Offering more pro-poor excursions from the formal sector should be incentivised to encourage excursions that have a greater developmental impact. These could include fiscal incentives or joint marketing arrangements between government and both international and in-bound tour operators.

The other type of excursion involves linking with the informal sector when a tourist directly commissions an official trained guide who is then likely to sub-contract transport services to a tourist taxi – an almost entirely pro-poor tourism product, apart from the cost of petrol.

Aside from the pro-poor impacts, two key regulatory issues emerge from this analysis. First, tourists are often not receiving value-for-money when the value of their excursions may only represent a small fraction of the price paid. This is due to the high barriers of entry to being a tour operator and thus the lack of an effectively functioning market. This model also opens the opportunity of excursion piracy selling uninsured 'cut-price' excursions. Second, there is a legitimate concern amongst tour operators that tourists will be hurt using poorly-maintained taxis. There is a need to look at licensing of taxis which would include minimum quality standards that ensure that safer vehicles can be used, and the supply of taxis matches the demand for them (EMG Deloitte, 2005). Support should ideally be given to existing tourist taxis to meet higher standards, rather than implementing impossible barriers of entry, that could potentially cut off their source of livelihood, and intensify the current problems with 'pirate' excursions.

**Box 5.12: Pro-poor tourism recommendation # 12**

GTA should include minimum quality standards and restrict tourist taxi licence numbers sufficiently to allow drivers to make sufficient return to maintain their vehicles so that safety is not compromised.

In general, there is a need for tourists to be offered excursions that reward local suppliers with a more significant return and do not place the tourist in danger.

## 6 Expand the tourism sector

One important consequence of tourism in The Gambia generating significant direct and indirect benefit flows to poor people would be that it is in the interests of the poor for tourism to flourish and grow. Expanding the tourism sector will increase the demand for goods and services provided by everyone engaging directly or indirectly with the tourism value chain in The Gambia, including the poor. As described above, the poor are already accessing a significant slice of the tourism value chain and, with well-implemented and targeted interventions; the size of this slice could increase significantly.

In this section some of the key obstacles to the growth of tourism in the example of The Gambia will be outlined – together with some suggestions as to how they may be overcome. These obstacles have been separated into supply, demand and governance overarching themes, which tend to feed into each other, and as such need to be tackled simultaneously.

### 6.1 Supply

#### 6.1.1 Poor and unreliable infrastructure

The economic infrastructure for tourism is very poor in The Gambia. Earlier this year the World Economic Forum index of travel and tourism competitiveness ranked the business environment and infrastructure for tourism in The Gambia as 106<sup>th</sup> out of 124 countries – worse than Nigeria but just better than Mongolia. These are not conducive conditions in which to develop a mainstream tourist destination.

Poor economic infrastructure impedes the expansion of tourism in two different ways. First, the absence of some types of infrastructure - such as roads - provides an effective block to tourist development. For instance until recently, most of the Tourism Development Area (the TDA is the entire coastal strip of The Gambia) was not serviced by tarred roads and so could not be developed.

Second, the absence of other types of infrastructure does not preclude tourism, but makes achieving and maintaining service standards more difficult and expensive. The failure to provide adequate bulk services to the tourist sector, even in the TDA within the boundaries of the existing urban area, is alarming. This imposes a significant financial burden on the tourist sector. For instance, hotel reported having grid electricity for only about 8 hours a day, so all hotels need their own generators and about one-quarter of total hotel operating costs are absorbed by utility costs.

#### Box 6.1: Pro-poor tourism recommendation # 13

GTA should highlight the costs imposed upon the tourism sector arising from the poor service standards offered by government-run utilities and service-providers and make the case for an urgent improvement in standards.

In policy statements, The Gambia has committed itself to a rapid increase in visitor number and increasing numbers of up-market tourists – yet is apparently unable to provide, or operate, the corresponding infrastructure on which this increased demand depends. It is clear from the analysis of the supply pipeline for new hotels that the inability to expand the bulk supply network is effectively forcing almost all new investors to remain in the already crowded tourism ‘enclave’.

A twin-pronged solution to infrastructure provision should be considered in The Gambia. First, the functioning of the utility parastatal should be urgently improved – it is understood that some form of concessioning process is underway. Second, the initial concept of the state-owned TDA was that part of the ‘betterment’ value (incremental increase in land values resulting in approving tourism development proposals) should provide a source of funding for infrastructure. This potential source of funding has

been eroded by not increasing the fees paid by developers for tourism land since the creation of the TDA three decades ago.

#### Box 6.2: Pro-poor tourism recommendation # 14

GTA should investigate means to finance the provision of bulk infrastructure that would encourage a more diverse tourism product with higher service standards. The obvious source for funds would be to utilise a higher proportion of the betterment value of approved tourism sites than the current £177 per Ha (D10,000) which has been unchanged for the past three decades. Accessing these funds ties in the necessary overall improvement of better collection and effective re-distribution.

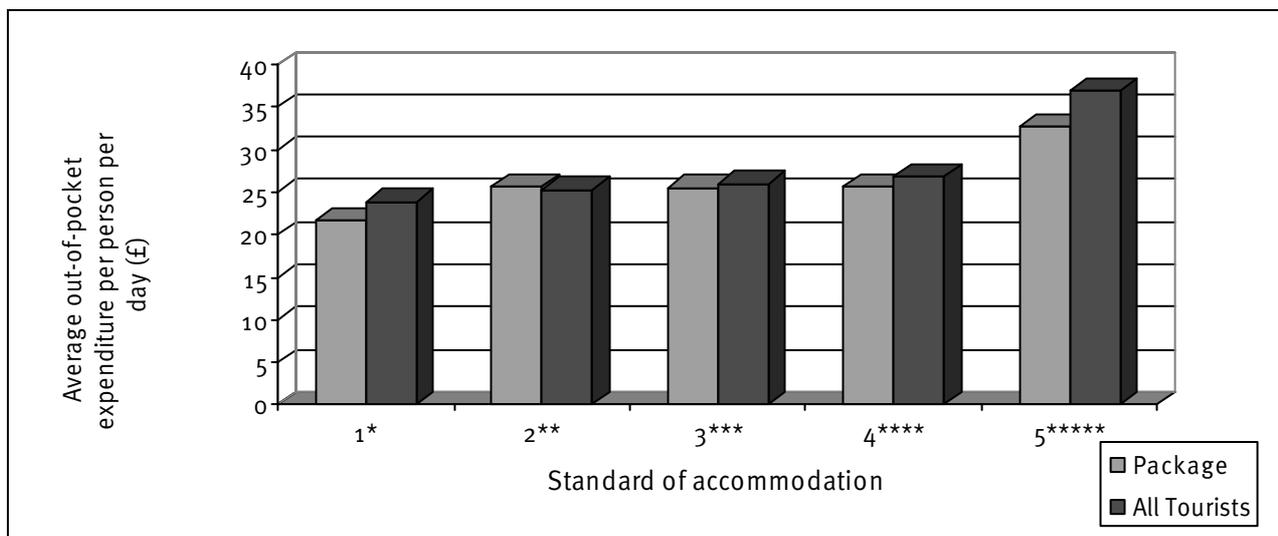
#### 6.1.2 Lack of choice in accommodation

Gambian tourism relies on a relatively uninspiring menu of modest quality accommodation and a 'winter sun' product. The need to diversify the tourism offering to incorporate different niche markets (birding, fishing, ancestry for those in the diaspora, etc) and to develop up-country tourism product has been identified in tourism policy for the past twenty years.

Through existing development control, land ownership of the TDA and marketing powers, the Government has many of the regulatory levers to encourage diversification of the tourism product. So far, poor use has been made of these potential mechanisms to generate diversity. TDA activity has been exercised in a way that exacerbates, rather than reverses, the existing limited range of tourism product.

Whilst it is likely that tourism in The Gambia would benefit from a more diverse product, many of the arguments supporting a move up-market are based on assumptions that have a weak empirical base. For example, the Master Plan strongly advocates the development of All Inclusive resorts for The Gambia when, although this is not inevitable, the likelihood is that this would reduce the out-of-pocket expenditure which is the vital link between tourists and the Gambian poor. Evidence from exhaustive tourism expenditure surveys in The Gambia demonstrate that out-of-pocket discretionary expenditure on all items other than accommodation is not significantly different between budget and up-market tourists and package and independent tourists – for the 90% of tourists staying in the range of 2 to 4 star accommodation. Attracting up-market and independent travellers successfully does not, in itself, guarantee an increased in pro-poor impact.

Figure 6.1: Average out-of-pocket spending per person per day (£)



Source: EMG (2005)

In addition, a strategy to encourage a more up-market tourist product – an important element of the Master Plan proposals – is likely to necessitate corresponding enhancements to the tourist infrastructure. Perhaps reflecting the modest standard of current Gambian tourism and hence modest expectations of tourists themselves, there is evidence of wide-spread satisfaction with current tourist infrastructure. Visitor surveys suggest that only transport and shopping in The Gambia fail to be rated highly by tourists. A danger inherent to focusing solely on an upgrading strategy is that, if it is successful, a widening gulf opens between the service standard expectations of visitors and the ability of the destination to meet them, would limit its sustainability.

The same infrastructural issues rise when considering small, up-country tourist product. This has been advocated as being more pro-poor than the current product. Simply because poverty rates are higher in Eastern rather than Western Gambia does not, in itself, justify a strategy to channel tourist development into this area, **without** ensuring that the necessary accompanying infrastructure to support development is in place.

**Box 6.3: Pro-poor tourism recommendation # 15**

Government should not base a strategy to go ‘up market’ or All-Inclusive, on the assumed benefits to the poor because they are unlikely to be a beneficiary of such a strategy.

**6.1.3 Training and human resource development (HRD)**

Improving human resources in the tourism sector has been an urgent policy priority in The Gambia since the mid-1980s and is normally framed as the transformation of the Hotel School into some form of training institute.

The policy has not been implemented. The result is a quality of human resource availability in The Gambia that is very poor. In the World Economic Forum competitiveness index human resources is ranked at 107 out of 124 countries – placing The Gambia between Nepal and Madagascar in terms of competitiveness on this criteria. The consequences of not having demonstrable progress in HRD is a continuation of developmentally adverse trends in the tourism sector, including expatriate managers of the major hotels, poor wages for tourism workers and an under-representation of women in the workforce.

In some destinations, such as the Caribbean, government and private sector have worked together to develop certifiable training for staff, establishing HRD of a minimum quality standard and give staff transferable skills. It is also useful tool to encourage career development, and broadening of opportunities.

**Box 6.4: Pro-poor tourism recommendation # 16**

Government should urgently seek to enhance HRD in the tourism sector in the quickest and most effective way possible, which is most likely to be in conjunction with the hotel and restaurant sector as well as via ASSET and excursion product suppliers.

**6.2 Demand**

**6.2.1 Malaria**

There is evidence that public authorities, and some tour operators, are not taking full account of the risks to tourists of malaria. The SWOT analysis for the Tourism Strategy of 2002 made no mention of malaria – which the largest tour operator in The Gambia identified as the biggest single risk facing the destination.

This is particularly important in the mainstream tourist market because heavily discounted and late bookings carry a disproportionate risk of malaria. Tourists may not have time – or be inclined – to purchase the expensive malaria prophylactics. Also, as The Gambia successfully develops into a year-round destination, this will inevitably result in more tourists arriving during the summer season, which carries greater malaria-risk because of the rains.

The Government of The Gambia should work with tour operators to ensure that tourists are aware of the risks of malaria and how these may be ameliorated and, if necessary, treated.

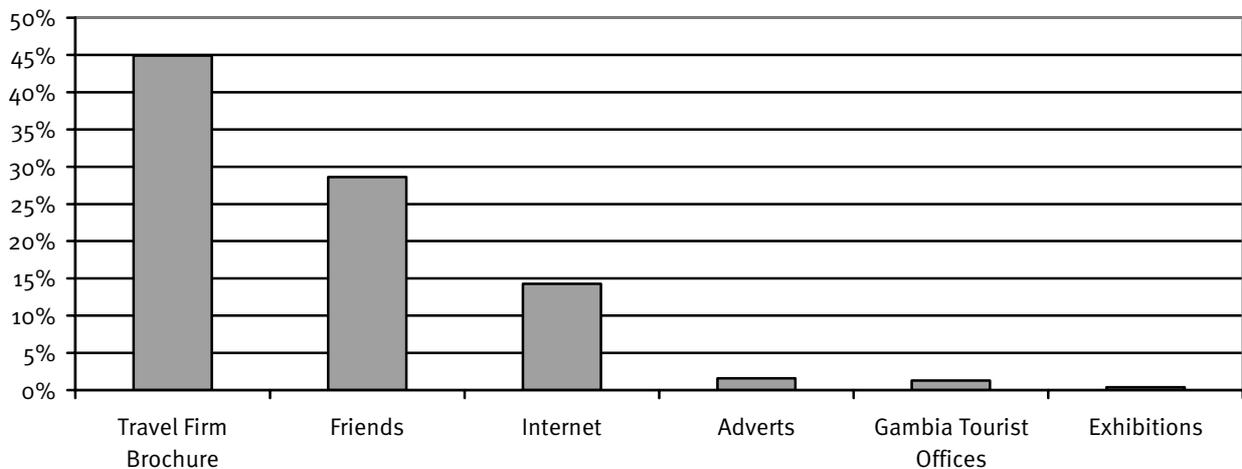
**Box 6.5: Pro-poor tourism recommendation # 17**

GTA should actively investigate means to minimise the risk posed by malaria to tourists, including working with tour operators and hoteliers to maximise awareness of tourists of the risks and ensure the availability of prophylactics and rapid diagnosis and treatment at the destination.

**6.2.2 Lack of marketing support**

The need for marketing of Gambia as a tourist destination is clearly critical to expanding tourism and has been recognised in tourism policy and strategy documents for the past twenty years. At present, effective marketing activities are firmly in the domain of international tour operators and word-of-mouth recommendations from returning tourists. Visitor surveys indicate that over half of visitors heard about The Gambia through a travel or tour firm brochure and most of the rest on the basis of personnel recommendations by friends or family.

**Figure 6.2: Visitor response to ‘How did you come to know about Gambia?’**



Source: EMG (2005) The Gambia Tourism Master Plan Technical Report No.3 Visitor Survey at Banjul Airport

The marketing activities pursued by the Gambia Tourism Authority (GTA) appear to have had little impact on the profile of the destination. A recent survey of specialist Africa tour operators in Europe indicated the low profile of The Gambia – and ranked the destination with the 13<sup>th</sup> most prominent profile in Africa (between Rwanda in 12<sup>th</sup> place and Ethiopia in 14<sup>th</sup> place).

**Table 6.1: Low profile of The Gambia to specialist African tour operators in Europe**

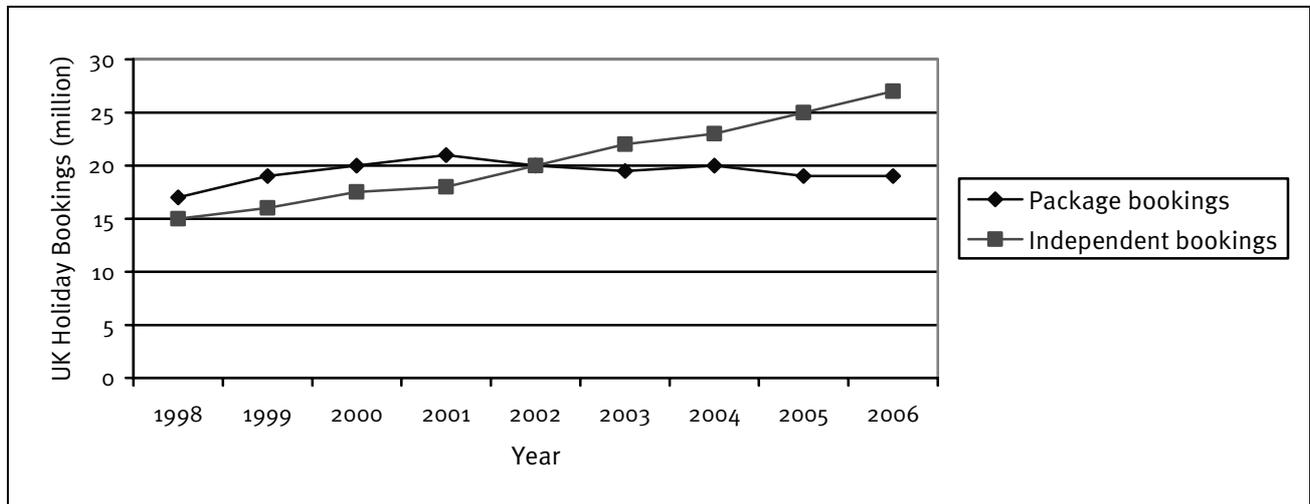
1	South Africa
2	Kenya
3	Tanzania
4	Botswana
5	Namibia
6	Zambia
7	Zimbabwe
8	Mozambique
9	Uganda
10	Ghana
11	Senegal
12	Rwanda
<b>13</b>	<b>Gambia</b>
14	Ethiopia

Source: Global Development Solutions (2006) Value Chain Analysis for the Tourism Sector in Ethiopia

Note: Based upon a survey of 360 specialist African tour operators in Europe assessing how many of them had regular itineraries to different Sub-Saharan countries.

So, why the failure to market the destination when this is clearly in the self-interest of The Gambia? A lack of resources in one of the poorest countries in the world in the midst of a process of improving public finances, could explain the lack of attention to destination marketing. However, even where funds are ring-fenced for marketing activities they tend not to be spent effectively (for example, the 2006 CNN advertisement which cost \$220 000 for an eight week run).

The internet offers two important marketing opportunities for the tourist sector in The Gambia. First, it provides a quick and inexpensive link between a distant destination and the source markets which have moved decisively towards using this method of booking holidays. In fact virtually all growth in overseas travel from the UK since 2000 has been due to independent bookings and almost 1.5 independent tourists left the UK for each package tourist last year.

**Figure 6.3: UK Holidays Abroad (million bookings per year)**

Source: The Independent 13th February 2007

The stagnation of the package market, combined with increasing price competition, has important implications for a destination like The Gambia which is heavily-dependent upon package tourists.

However, the opening of charter flights to independent travelers combined with the high repeater rate for tourists to The Gambia and the preparedness for tourists in the major source market to use the internet to book holidays, creates interesting opportunities for The Gambia.

The Gambia is implementing marketing and booking services such as the *World Hotel Link* to tap into this burgeoning independent market. This has the potential to help hoteliers achieve higher room rates, help increase the low flight occupancy figures and would allow The Gambia to reduce its dependency on the tour operator-driven ‘holiday package’ model.

World Hotel Link ([www.worldhotel-link.com](http://www.worldhotel-link.com)) marketplace network model offers a way for accommodation owners to link directly with independent travelers without facing large up-front marketing costs. The business grew out of a project initiated by the Mekong Private Sector Development Facility – an International Finance Corporation (IFC) funded project to assist small and medium scale accommodation providers to access the internet in 2002. Each destination needs a network partner who can be any suitable partner at the destination who speaks English, has computer skills and cares about building a sustainable tourism industry. Partners can be the tourist authority or a tour company or any other type of organization that is able to deliver the service required. This partner then provides the interface between the tourist and the accommodation providers (and receives a commission in the form of a share of the revenue generated by bookings).

As part of this study process, an introduction between the WHL and Gambian tourism stakeholders has been facilitated and a WHL link to The Gambia has now been established.

#### **Box 6.6: Pro-poor tourism recommendation # 18**

GTA can operationalise its marketing mandate and finance a significant destination marketing strategy without needing to utilise government funds and should do so in collaboration with private sector tourism stakeholders, and international travel service providers. It is crucial that it better targets emerging markets and consolidates existing ones.

### **6.2.3 Seasonality of demand**

From a destination perspective, a major constraint on tourism development is the seasonality of tourism demand. Strategies to reduce seasonality include marketing to re-brand the destination and offering a diversity of tourism product that feed into many of the parallel themes in this section.

### **6.2.4 Accessibility**

Accessibility in this context relates to the almost complete control international tour operators have over the destination, as the access from the major source markets is through charter aircraft. The Master Plan, and previous tourism policy documents, identifies this external control on the supply of incoming seats as impeding the growth of tourism – a constraint that can possibly be overcome with a competitive scheduled service for The Gambia. In our interviews, UK tour operators suggested that the growth of the tourism sector is constrained by a lack of demand, rather than accessibility. Nevertheless, there was still an increase in the number of flights offered by these tour operators, for winter 2006/07 and visitor numbers have increased significantly in response. Further, in 2006, a ‘scheduled’<sup>9</sup> service was opened between London and Banjul, under the Gambia Experience which opens the destination to independent travelers.

Existing markets, particularly in the UK, have therefore developed better accessibility. The focus should now be placed on improving accessibility to emerging or marginal markets, such as North America and Southern Europe. There is a wide-spread view in The Gambia, echoed in the Master Plan, that tour operators are restricting air access to The Gambia and that this is restricting tourist development in the destination. Evidence from the Civil Aviation Authority for 2006, a year when the number of flights to The Gambia was significantly increased, could question this received wisdom. GCCA data indicates there was only 60% seat occupancy for 2006 (and only half this figure for the one genuine scheduled service provided by SN Brussels). This suggests that serious constraints on tourism growth in The Gambia are likely to be found on the demand, as well as the supply, side – particularly for the newer

<sup>9</sup> ‘Scheduled’ because independent tourists were offered seats on a chartered air service

source markets. It further supports the need to tackle demand constraints as well as, expand and improve accessibility for emerging and marginal markets – which is vital to reducing seasonality.

**Box 6.7: Pro-poor tourism recommendation # 19**

GTA should, in conjunction with the GCAA, examine whether there are any barriers to entry for scheduled carriers and carriers from a range of destinations to serve The Gambia. However, the key supply side issues for Gambian tourism appear to relate to domestic tourist infrastructure – rather than air accessibility.

### 6.3 Policy-making and governance

Policy-making and governance issues, are relevant to both supply and demand issues, and in the context of this section, focusing on some of the regulatory issues, governance needs to be considered separately.

Tourism policy in The Gambia is quite voluminous, generally useful and appears to be largely bypassed when it comes to implementation. The quantity of tourism action plans from various sources is impressive with several sound policy and strategy initiatives in the past two decades. Many action plan proposals have a strong ‘echo’ between the different periods.

The overwhelming problem is that many of the proposals that have been eloquently advocated since the 1980s have simply not been implemented. Indeed, one of the only examples found of policy being implemented was Government divesting itself of ownership of several hotels, to the point where the State now retains equity in only one major hotel.

The World Economic Forum Travel and Tourism Competitiveness Index ranked 124 countries in terms of the competitiveness of their tourist industries. This index is useful because it allows observations on The Gambia to be placed within an international context.

The Gambia is ranked a lowly 84<sup>th</sup> out of 124 countries. This is surely worrying, given the twin dependency of The Gambia on tourism as an economic sector and on foreign tour operators who can be very mobile in terms of the destinations they support (Blanke & Chiesa, 2007). Interestingly, The Gambia ranks quite strongly for the regulatory framework (rank 52). This reflects strong prioritisation of tourism by government and good environmental and safety regulation.

The performance of The Gambia as a place to do business is particularly weak with respect to air transport infrastructure; tourism infrastructure and ICT infrastructure – with slightly less bad scores for price competitiveness and ground infrastructure. The human, cultural and natural resources contain a very positive score for the perception of tourism by nationals (rank 25), but very bad scores for human and natural and cultural resources. It is sad that the tourism policy debate in The Gambia is so preoccupied by the ‘bumster’ issue and the drawbacks of package tourism – when the positive view of Gambian people about tourism and involvement of mainstream tour operators in a relatively difficult environment are two of the main assets that the destination currently has. The challenge for government is to move from the broad policy support for tourism to specific implementation of the (well known and well documented) actions that will improve the very poor human resources and infrastructure constraints on the tourist sector in The Gambia.

**Box 6.8: Pro-poor tourism recommendation # 20**

GTA should focus on demonstrating its implementation capacity on specific practical high priority tasks to support the tourism sector.

**Table 6.2: The cycle of tourism policy**

Focal Area	Tourism Impact Study 1986 (Action Plan)	National Policy for Tourism Development 1995 (Action Plan)	Sector Export Strategy Tourism Sector 2002	Draft Masterplan 2005 (Action Plan)
Withdrawal of Government from hotel sector	<ul style="list-style-type: none"> <li>Financially restructure hotels from which GoG is withdrawing and careful use of government guarantees on hotel investments</li> </ul>			
Effective regulation of hotels & tourist enterprises	<ul style="list-style-type: none"> <li>Enhance financial reporting, tax compliance and GHA;</li> <li>Establish data collection system;</li> <li>Strengthen Ministry of Tourism (increase budget, efficient licensing function; tourist guards; and, statistics);</li> <li>Strengthen Tourism Licensing Board (increase budget, contacts with private associations, national coverage, maintain standards);</li> <li>Issue regulations (hotel classification, hygiene standards; sanctions; environmental protection; incentives for compliance); and</li> <li>Increased revenue (raise airport tax, tax concessions for those using locally-produced goods; tax relief for training Gambians).</li> </ul>	<ul style="list-style-type: none"> <li>review and streamline existing legislation to be more tourism-responsive and transfer licensing authority to Ministry of Tourism (MIT);</li> <li>improve service and supply quality standards with the provision of subsidies; support to small producers; hotel classification; rehabilitate the Airport;</li> <li>tighten tourism security on beaches, craft markets, hotels and tour sites;</li> <li>institutional strengthening of MIT and Tourism Office for a more responsive planning, implementation, monitoring, research and data collection;</li> <li>Adequately resource the tourism sector;</li> <li>Education campaigns to minimise negative acculturation of Gambians by tourism;</li> </ul>	<ul style="list-style-type: none"> <li>Adequate standards are set for industry and adequately regulated by GTA;</li> <li>Ensure quality of service through fast-track classification of hotels;</li> <li>GTA manpower and financial capacity strengthened to carry out marketing, regulatory, HRD, responsible tourism mandate;</li> <li>Capacity of ASSET strengthened to meet quality of service requirements; and</li> <li>Use education and public awareness to address the 'bumster problem'.</li> </ul>	<ul style="list-style-type: none"> <li>Institutional strengthening of DOSTC &amp; GTA in marketing, statistics, planning and policy;</li> <li>Needs assessment of 'bumsters' and implement recommendations;</li> </ul>
Development of tourist industry & diversification of tourism activities	<ul style="list-style-type: none"> <li>Increased utilisation of local produce (use of local construction materials and agricultural produce);</li> <li>Refinancing Gambia Hotel School;</li> <li>Development of tourism in interior &amp; along River Gambia (tax concessions &amp; guarantees for new ventures, including rest camps, camping sites and</li> </ul>	<ul style="list-style-type: none"> <li>quantitative growth of tourism to 150 000 arrivals and 10 000 beds by 2000 through diversification of tourism product, attracting higher spending tourists and improving standards of infrastructure and new hotels;</li> <li>maximise economic returns by import substitute Gambianisation; providing</li> </ul>	<ul style="list-style-type: none"> <li>Increase arrivals to 200 000 by 2007 through product improvement, hotel bed expansion and aggressive marketing by GTA &amp; industry (\$4.5m budget 2003 to 2007);</li> <li>Diversify and improve tourism product by moving into niche markets;</li> <li>Encourage major investment in high quality hotels through</li> </ul>	<ul style="list-style-type: none"> <li>Increase air access to The Gambia from major source markets;</li> <li>Institutional support to producer organisations to encourage agricultural linkages;</li> <li>Upgrading Gambia Hotel School;</li> <li>Product development to revitalise existing resorts, but also longer-term vision to develop tourism ten TDAs along</li> </ul>

	<p>navigational enterprises);</p> <ul style="list-style-type: none"> <li>• Develop Gambian artisans (craft markets);</li> <li>• Promotional activities (widen tour operator, international publicity; promote cultural activities)</li> </ul>	<p>incentives for investors (including direct subsidies to tourism); reducing the tax burden on hoteliers and operators, diversifying tourism product and devolving licensing authority to MIT;</p> <ul style="list-style-type: none"> <li>• develop a human resource development plan; redesignate Hotel School as a 'Tourism Development Institute' strengthen the curriculum, staff, physical infrastructure and organise training protocols;</li> <li>• reduce tourism 'leakages' through the recruitment of Gambian managers;</li> <li>• de-enclave tourism from its coastal confinement by developing up-country tourism;</li> <li>• explore alternative tourist source markets in Europe, America and West Africa; and</li> <li>• publicity campaigns to introduce alternative forms of tourism.</li> </ul>	<p>incentives;</p> <ul style="list-style-type: none"> <li>• Strengthen linkages with rest of the economy;</li> <li>• Facilitate access to tourism by all and support handicraft sector;</li> <li>• Upgrade Hotel Training School to hotel training and management institute;</li> <li>• Develop a public – private sector relationship based on common economic objectives and stakeholder associations;</li> <li>• Improve infrastructure in TDA and at airport.</li> </ul>	<p>River Gambia;</p> <ul style="list-style-type: none"> <li>• Destination marketing;</li> <li>• Infrastructure (stream pollution control, Green Hotel programme, NAWEC)</li> </ul>
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## 7 Conclusions

The analysis in this paper indicates that mainstream holiday package tourism in The Gambia has important pro-poor benefit flows. About half the total tourism value chain is captured by the destination – in this case the smallest and one of the poorest Countries in Africa (the remainder flows to international tour operators and airline companies). This is a much higher degree of local benefit ‘capture’ than researchers were expecting.

The analysis then went further to identify how, and how much, the poor were benefiting from tourism in The Gambia. On aggregate about 14 percent of the Gambian part of the tourism value chain flows to poor people – through retail markets; the agricultural supply chain; non-managerial hotel workers; guides and taxi drivers in descending order of significance. The outstanding features of these pro-poor benefit flows are the importance of out-of-pocket expenditure and also the large pro-poor impact of comparatively minor elements of the tourism value chain. In addition, the importance of the role of organisations, such as ASSET, in supporting micro-enterprise to access the tourism value chain appears to have been invaluable.

Practical improvements to the pro-poor impact of tourism are proposed for the further strengthening of linkages in the accommodation, agricultural supply, retail and excursions. Engaging agricultural supply was identified as having the largest propensity for increasing the pro-poor impact of tourism. This could be accomplished by scaling up the NGO projects which act as intermediaries or provide support for farmers supplying hotels, bars and restaurants.

The constraints that are holding back the growth of the Gambian tourism sector are well-known and can be mitigated with the implementation of relatively straightforward policy measures. The implementation of policy is now urgently required. Implementation should focus on creating a more conducive enabling environment particularly with respect to the general infrastructure, business environment and human resources. More specifically, there is an urgent need to improve product diversity and marketing of the destination. These are issues where the government should take a lead, in close partnership with the private sector.

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## Annexes

### Annex A : Terms of reference for this study

The Consultant shall:

- (a) Review the relationship between tourism and poverty in developing countries and the effectiveness of previous initiatives to enhance the pro-poor impact of the tourism sector, providing a broad framework of international 'best practice' for pro-poor tourism in developing countries, with particular emphasis on LDCs and small states
- (b) Collect and examine available data on the tourism sector of The Gambia, establishing where The Gambia is located within the international market, with a view to facilitating the presentation of a range of hypotheses (applied rather than academic) demonstrating measures that may be taken to increase the pro-poor impact of tourism in The Gambia. The presentation of hypotheses should provide reasoned argumentation establishing the basis for the effectiveness of measures proposed, as supported by the available data
- (c) Travel to The Gambia to hold consultations with relevant stakeholders and Government Authorities, as required
- (d) Conduct interviews to gather additional information and obtain views from key stakeholders in the tourism sector of The Gambia
- (e) Prepare a report on the basis of (a), (b) and (d) above, highlighting the significant features of the tourism sector in The Gambia, evaluating strengths and weaknesses in light of 'best practices', and to the extent possible from data obtained and in consultation with ELS, presenting an analysis of the costs and benefits of implementing reforms with a view to increasing the pro-poor impact of tourism in The Gambia. The report should provide concrete and practical recommendations. These should address, *inter alia*, regulatory measures that would likely enhance linkages within the economy with a view to promoting pro-poor growth and development through tourism in The Gambia.
- (f) Present the report and the consultant's findings to the ELS team

## Annex B: List of interviewees

Name	Role
Public Sector	
Susan Waffa-Ogoo	Secretary of State Tourism & Culture
Suleman Samba	Permanent Secretary, Dept. of State for Trade, Industry and Employment
Amadou Ceesay	Director Tourism Human Resources, Gambia Tourism Authority
Binta Jobe	Director of Quality Control & Licensing, Gambia Tourism Authority
Fatou Biyai Raji	Manager Development, Investment & Cultural Development, Gambia Tourism Authority
Momodou S. Jobe	Director of Development, Investment and Cultural Unit, Gambia Tourism Authority
Noah Touray	Deputy Permanent Secretary, Dept. of State for Tourism & Culture
Sheikh Tejan Nyang	Master Plan Study Coordinator
Kaliba Senghore	Director General, Gambia Tourism Authority
Lamin Dampha	Principal Economist, Industrial Division, Dept. of State for Trade, Industry & Employment
Lamin Saho	Acting Director Marketing, Gambia Tourism Authority
3x	Dept. of State Agriculture
Alieu Ndour	Director Central Statistical Office
Fatou Mbenga Jallow	Director, Investment Promotion & Marketing, GIPFZA
Baboucar Cham	Director of Commerce, Gambia Civil Aviation Authority
Private Sector	
Charbel Hobeika	MD, Gambia Tours
Joyce Stavroulakis	Gambia Experience
Batch Samba Fye	Proprietor, Gamtours
Bunama Njie	GM, Sunset Beach Hotel
Ebrima Bojang	GM and Owner Bijilo Beach & Cape Point Hotels
Abdel Hakim El Nahry	GM Kairaba Hotel
Kurt Vogel	GM Sunbeach Hotel & Resort
Sammy Lai Mboge	Proprietor / MD Palm Beach Hotel
Lucien Gibiser	GM Ocean Bay Hotel & Resort
Alieu Sering Secka	GM Golden Beach Hotel and Chair of Gambia Hotel Association
Wilma Schaken-Vrins / Peter Engels	GM / Owner, Ngala Lodge
Lamin S.T. Jammeh	Sales Executive, Corinthia Atlantic Hotel
Victor Zahra	GM, Corinthia Atlantic Hotel
Jackie Burdock	GM Palm Grove Hotel
Marcel Hendrix / Salma Abourzk	GM/Finance Manager, Kombo Beach Hotel
Francis A. Njie	GM, African Village Hotel
Geri Mitchell	GM, Safari Garden Hotel and developer of Sandale Eco-Retreat
James & Lawrence	GM, Mandina Lodge, Makasutu Forest
Chris Rowles	Serenity Holidays
Ardy Sarge	CEO, Sarge's Hotel & Bungalow Beach Hotel
Essa Kassama/	Human Resources Manager, Mansea Beach Resort
Small Business	
Adama Bah	Business Development Consultant Gambia is Good (GiG)
Modou (Fred) Jaileh	Senegambia Craft Market Committee Member
Gibril Sanyang	Vice-President Senegambia Craft Market
Abdoulie Camara	Official Tourist Guide
Sheriff Mballow	Official Tourist Guide
Justice Kabiru Lamahra	President Beach Bar Association
Pa Abdou Sarr	Secretary General Beach Bar Association
Harold Goodwin	Greenwich University International Centre for Responsible Tourism

## Annex C: Pro-poor growth and other conceptual issues

### Box 1: Definitions of pro-poor growth

The debate in development circles is between those with a 'restrictive' who argue that pro-poor growth describes a situation where incomes for the poor benefit disproportionately more than the aggregate average (so, if the economy grows by 5%, incomes of the poorest quintile must grow by more than 5%). What this means is that growth can only be pro-poor if it reduces income inequality. At risk of over-simplification, this definition emphasises equality above growth.

A less restrictive definition is that sometimes described as the 'World Bank' position namely, that pro-poor growth is simply growth that has a positive impact on the incomes of the poor – without the stipulation that the poor have to benefit disproportionately more than society as a whole. The emphasis is rather more on growth than redistribution. By this definition, growth is 'pro-poor' even where the incomes of the poor are growing at 7% in the context of 9% aggregate economic growth – as is the case in China at present. In this example, there is dramatic poverty reduction (about 0.8bn Chinese people left poverty over the past decade) even though income inequality is increasing.

This debate has generated an excellent literature although no consensus has yet emerged from it (see Ravallion, 2004 and Kakwani, 2004).

For the purposes of this study, we will adopt the looser 'World Bank' definition of pro-poor growth. This is partly for conceptual reasons and partly for practical reasons.

Conceptually, the focus of this study is to examine how changes in one part of the economy – tourism - can impact positively on incomes of the poor. Our primary focus is not to reduce inequality. If this study motivates changes that benefit poor people in The Gambia through developing a more vibrant tourist sector and also benefits already-affluent hoteliers and restaurant-owners, this presents us with no conceptual quandary. In the context of a tourism sector in The Gambia that is struggling, it would be irresponsible to focus on redistribution without considering the health of the industry itself. Such a myopic strategy simply risks spreading the pain from a possible future down-turn in the tourism industry into a great number of households on the margins of poverty.

There are also practical difficulties with determining the precise distributional impact of changes in tourism between different income quintiles in a context where data is not easily available. In most of the recommendations contained in this study we are simply unable to state with any confidence whether the poor will benefit proportionately more or less than the non-poor.

**Pro-poor tourism:** our definition of pro-poor tourism follows that of pro-poor growth. Namely, that tourism is pro-poor if it benefits poor people. The issue of who are the poor in The Gambia is important, so that we are clear about our beneficiary group.

### Box 2: Value chain analysis

Value chain analysis emphasizes the different ways in which activities along the chain are coordinated. It defines chain governance as the process of specifying, communicating and enforcing compliance with key product and process parameters along the chain.

- At any point in a value chain, the three parameters to be specified are:
- What is to be produced: product design and specifications;
- How it is to be produced: process specifications; and
- How much is to be produced and when: production scheduling and logistics.

Basic tools in a value chain analysis include the following:

- Value chain mapping, which enables the identification of stakeholders of key processes and agents within (and outside) the chain who can impact on the chain's performance. It also defines characteristics of different markets and marketing channels, through the identification of different needs of different types of buyers;
- Identifying the challengers facing agents (producers, intermediaries and processors) in the chain; and
- Explicit consideration of the different ways in which knowledge and skills gaps can be filled.

Source: Humphrey, J (2005)

The application of value chain analysis to the tourism sector is fairly new. The World Bank is piloting value chain analyses in Ethiopia and Mozambique to measure what proportion of tourist expenditure accrues at different parts of the tourism value chain and to examine competitiveness issues (Global Development Solutions, 2006). ODI has also undertaken some innovative analyses (Ashley, 2006; Velde & Schreckenberg, 2005). In this analysis, we use value chain analysis (VCA) to help describe tourism as it currently operates in The Gambia and how this can be improved for the benefit of the industry as a whole, the Country and poor people within it.

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## Annex D: A framework for analysing pro-poor tourism

### D1 Introduction

Pro-poor tourism recognizes that different types of tourism have a different pattern of benefit flows to the poor with a specific focus on strengthening linkages with the local economy and local people within it. In addition, as our understanding of the social and economic impacts of tourism increases, the extent to which tourism is inherently pro-poor becomes clearer. Simply by growing the tourism sector will, almost inevitably, benefit some poor people – virtually whatever the model of tourism being promoted. This may be achieved by increasing the volume of tourist arrivals and/or increasing the expenditure made by each tourist.

### D2 Strengthening linkages with the local economy

Strengthening linkages between the tourism sector and local economy has the greatest direct impact on poverty reduction. It also spreads the benefits of tourism further, throughout the economy and is not just retained within the sector. Linkages are often difficult to establish to start and maintain, however, long-term benefits are more sustainable, once a scheme is up and running. Government should encourage linkage strategies that cut across sectors, in order to strengthen policy linkages that can support linkages across sectors, so there is a reduced dependency on imports and a wider spread of economic benefits.

Figure D1 represents the variety of such linkages schematically. Improving the quality of goods and services targeting the tourist market and raising a tourist's awareness about what goods and services are available outside of their hotels are important ways of strengthening linkages. Government can support the strengthening of linkages through creating incentives to change business practices of established operator and by supporting small and medium enterprise.

Figure D1: Local tourism linkages



Source: Ashley et al, 2004

#### D2.1 Staffing

Employing local staff and adhering to wage and employment regulations is often one of the largest linkages between the tourist sector and the local economy. In some Caribbean islands, for example, direct and indirect employment through the tourism sector is estimated to be 35% - 50% of all employment in the Virgin Islands, Jamaica and the Bahamas (Karagiannis & Witter, 2004).

Having a regular salary can also help reduce vulnerability for individuals and allow them to plan for the future through savings and access credit. Whilst, hotels may recruit locally, there is usually room for more employees and/or for the training of local employees to enhance their skills. Whilst tourism employs 8% (Ashley et al, 2006) of the world labour force, comparing it with other sectors highlights lower wages, higher proportion of unskilled and part-time workers, younger workers and more females (ILO 2001) – which is precisely why the pro-poor impacts of tourism employment are so important. Seasonality of tourism destinations may cause irregular employment patterns particularly for the unskilled and poorest workers. More stable demand throughout the year can reduce job insecurity and the vulnerability of employees.

#### **Box D1: Training in Tunisia**

In Tunisia, the government offers a combination of tax incentives for new investors employing Tunisian employees, training staff and encouraging Tunisian investors in tourism. Hoteliers can opt to pay for training directly, and deduct this from the training tax that the government levies. Training is recognised as a priority as hotels have to meet EU Hygiene and Critical Control Point standards, resulting in a skilled work force available for the sector.

There is also a minimum wage. The enforcement of limited-period contracts to 4 years, however, encourages a high staff turnover as employers avoid costs, by not extending contracts past 4 years. This allows them to adapt to seasonality, but limits the individual's ability to become a permanent employee and access associated benefits. This employment security legislation has had the perverse impact of undermining the job security of Tunisian workers.

Sources: Tunisian Ministry (2003) and UNCTAD (2007)

Training is a means by which to build human capital and give people transferable skills that can enhance their opportunities and make the local economy more attractive to investment. The Sandals Resorts, a Jamaican-owned chain operating across the Caribbean, have a programme to train young people from the local community, on every aspect of running resorts (Ashley et al, 2006). Upon completion, participants are awarded certificates and references for employment in nearby hotels or employed by the Sandals Resort. It assists in developing the human and social capital locally and builds good links between the community and the private sector. Trained staff can then increase their incomes, and attract a higher starting salary. Sandels spend an average of US\$100 per annum on training staff members (Ashley et al, 2006).

Government can contribute by either requiring employees train up staff to certification level, setting and implementing minimum wages or encouraging that employees offer a certain quota of staff position to members of the local population. By increasing the volume of poor and/or local people earning a living wage from the tourist sector, the pro-poor impact of the tourist sector may also be increased.

#### ***D2.2 Local procurement***

The most direct impact on the poorest in developing countries is through strengthening linkages between agriculture and tourism, as often about 30% of tourist expenditure is accounted for by food and beverages (Meyer 2006).

The majority of poor people within LDCs depend on subsistence agriculture, for their income. Historically, hotels in developing countries have found their demand cannot be met by the local supply, and have tended to import their food and beverage. This trend is turning with better practice within the sector (for example in the Caribbean), and the recognition that procuring locally, can reduce costs, improve quality, impact the local economy and can help develop and preserve skills.

Although enhancing agricultural linkages to the tourism sector may have the largest potential impact on poor people, it is difficult to implement and often requires a far-sighted private sector partner to initiate the programme. Successful initiatives are those that mediate effectively between farmers and the hotels – by way of market facilitation. 'Gambia is Good' is effectively supplying about 10% of hotels and restaurant demand for fresh produce. There are different issues with strengthening the linkages

between tourism and agriculture. These are supply-related, demand-related, marketing/intermediary factors and government policy<sup>10</sup> and are expanded on in Box 2.

Government can direct efforts through building strong linkages between tourism boards and the agricultural sector, so that they can work together in assisting farmers and hoteliers and restaurateurs to match demand and supply. An essential element for the success of local procurement is the existence of adequate infrastructure. The infrastructure required includes transport, irrigation, storage facilities, access to seeds and markets, and adequate training for stakeholders. The tourism sector can be the kick-start to the development of a viable and evolving sector, which can also supply local markets, improving livelihoods.

Failures of several projects to strengthen linkages in Cancun, Mexico attributed failure to the lack of an approach that worked on the interface between supply and demand, with the projects focusing either on farmers (the supply side) or hotels (the demand side) (Torres 2004). Alongside this, there was low levels of strategic alliances, general mistrust between stakeholders, poor planning and expecting a 'trickle down' effect rather than sufficient and timely program investment. Building sustainable linkages requires a multi-faceted approach including investment, marketing, training, alliances, infrastructure and proper planning.

With increased dependency on local economies, it is vital sectors such as agriculture do not become solely dependent on the tourist sector. This is to reduce vulnerability in case of unforeseen incidences that cause the tourism sector to drop (e.g. Sept 11<sup>th</sup>). Developing the agricultural sector or infrastructure should ideally be with a national strategy in mind, rather than basing its development solely on the strengthening linkages with the tourism sector.

Protecting farmer's rights on issues such as communal land, and contractual arrangements, requires clear legislation that can protect both parties. Having an already-established agricultural sector in place certainly allows the accessing of local production by hotels easier and quicker (e.g. the Dominican Republic banana export industries).

Although linkages between agriculture and tourism are important, other linkages, such as transport, light manufacturing, services and construction, can spread the pro-poor impact by creating employment or generating income. Figure D1 illustrates diagrammatically the evolution of an import-prone 'enclave' tourism economy to one demonstrating a rich pattern of multi-sectoral linkages with the local economy.

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<sup>10</sup> Op. cit.

## Box D2: Linkages between tourism and agriculture

### Demand-related:

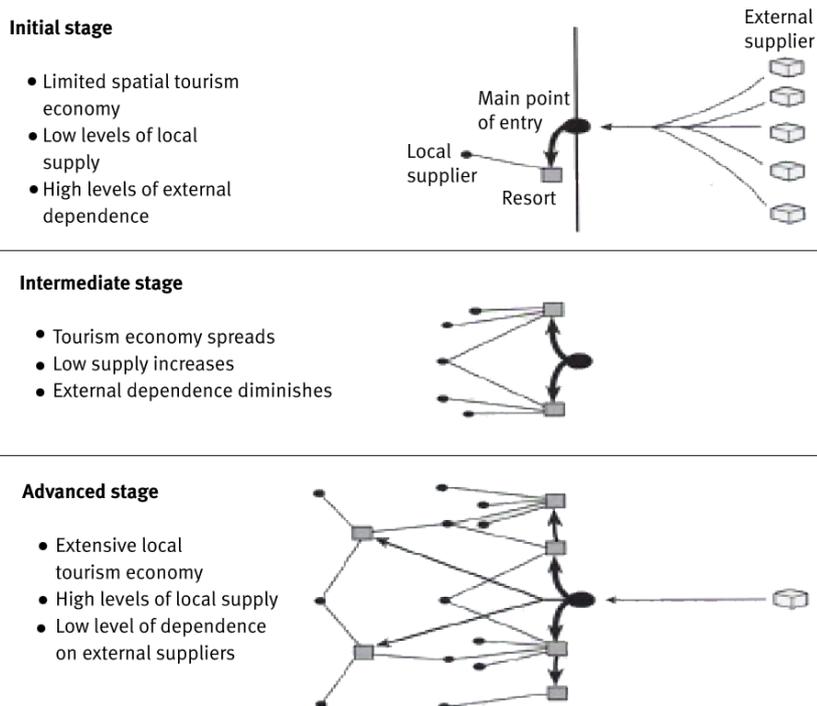
- **type of visitor accommodation** (ownership, size and class): larger and/or higher class establishments tend to source internationally as their demands usually cannot be maintained locally, with the noted exception of fish procurement (Indonesia).
- **type of tourist:** for example, North Americans tend to demand home country foods, and prices of supplying volume required for low-end tourists, meant relying on centralised wholesale markets rather than smaller farms.
- **promotion of local cuisine:** this can lead to creating comparative advantage with local produce or increased exports (e.g. Hawaii). Sometimes limited by hotels marketing (e.g. Cancun)
- **health and safety concerns:** there is a strong need to improve quality standards of food handling, which could reduce the level of reliance on frozen foods.
- **Chefs:** local chefs are aware of how to cook with local produce, and have less demands on imports (e.g. Caribbean, Mexico)
- **Seasonality:** Surges in demand due to seasonality, are often unable to be met by local producers due to collisions with peak harvesting, lack of storage or processing facilities and tenure and land-use patterns. (Gambia)

### Supply-related:

- **Physical limitations:** Some places are not a naturally agrarian climate, e.g. the Caribbean's susceptibility to hurricanes.
- **Entrenched production patterns:** Tourism provides a good means by which the agrarian sector can be diversified from export cash crops to horticulture, introducing new produce. (Caribbean)
- **Quantity & quality of local production:** the need for consistent quality and quantity of produce and meeting surges in demand is cited as the main issue behind relying on imports.
- **High prices of locally produced food:** Small-scale producers often cannot compete, as they cannot take advantage of economies of scale. Co-operatives are one way of combating this.
- **Technological and Processing limitations:** several developing countries do not have agro-processing.
- **Competition for Labour:** tourism offers higher wages, which agriculture would find difficult to compete with, and so labour could be attracted away from agriculture to tourism.
- **Landscape:** Farming country can provide other products developed alongside it, such as excursions around landscape, or used as a tool to invest in conservation of natural resources.

### Marketing and Intermediary Factors

- **Marketing constraints:** Small-scale suppliers have the greatest marketing constraints, particularly the informal sector and they need the most support overcoming these barriers.
- **Supply poorly adjusted to demand:** Need to ensure that demand matches supply, for efficient supply chains, so local producers can meet hotels demands, at the right time for example.
- **Agreements/contracts/kickbacks:** Monopolies can block access for small producers to enter the market.
- **Mistrust:** Perceptions between the formal and informal sectors are usually based on misunderstanding, and lead to general mistrusting relationship that thwart communication.
- **Distribution infrastructure & Middlemen:** This hinders proper access by farmers and producers, to directly link with their markets. Improving transport networks, storage facilities and communication infrastructure can help to overcome those obstacles.

**Figure D1: Strengthening linkages with local economy**

Source: Kirsten and Rogerson 2002

There are examples of successful development of local procurement linkages that illustrate the potential for improvement elsewhere. In the Caribbean, where some establishments surveyed were found to have an average 87% of total purchases from local sources (Hawkins et al, 2006)<sup>11</sup> or Tunisia where local procurement is said to be between 85-90% due to the government's strong protectionist policies and a relatively developed economy (UNCTAD 2007 forthcoming).

### ***D2.3 Partnerships***

In developing countries, where government capacity is a problem, NGOs and/or the private sector can subsidise or provide the expertise required to provide training and build on projects through bi-partite or tri-partite partnerships.

Local partnerships can include initiatives that are developed in conjunction with the local communities and involve a considerable amount of focus on community development. These activities tend to include philanthropic donations, supports to educational activities, environmental initiatives, healthcare, social protection and participation. They are generally associated with community-based tourism or eco-tourism, but also have a place and can benefit from mainstream tourism. Building partnership with communities, helps sustain an inviting atmosphere that attracts visitors. Engaging communities may build up mutual understanding between the tourists and the local communities. Increased access allows the communities an opportunity to develop goods and services that encourage out-of-pocket expenditure.

Government can assist in strengthening partnerships, in different aspects of their interaction with the tourism sector, through, for example, having a strong legal framework that allows for community level tenure rights, building on participatory mechanisms for input into national strategies, and using planning processes to encourage investors to engage with local communities (Ashley 2000).

In South Africa, the fact that areas of significant tourist potential exist on land which is either community-owned or state owned has led to the development of a range of sophisticated concession agreements between private sector tourism operators and local communities. Typically these involve a

<sup>11</sup> Survey covered a small sample of establishments on a range of Caribbean islands.

rent payable for the use of the land by the tourism business, often a share of profits (through a profit share agreement or equity ownership by the community), plus a range of local employment and procurement conditions. There are examples of where this has worked well and where significant benefit flows into poor communities have occurred, such as Rocktail Bay in KwaZulu Natal and the Makuleke tourist lodge in the north of the Kruger National Park (CHL 2005). However, generally these schemes have not performed well in terms of transferring significant benefits to local communities. Some schemes have been hijacked by local political rivalries, often the funds collected in Community Development Trusts have been misused and generally the scale of benefits generated by small ecotourism lodges have a very modest impact on large, poor surrounding communities.

#### ***D2.4 Local goods and services***

Local SMMEs can be created and supported through encouraging outsourcing or through developing products such as crafts or excursions that bring the tourist directly to the producers. For example, Spier Village, in South Africa, is implementing a long term strategy to shift procurement to small local businesses. It began by outsourcing laundry services to a local entrepreneur, who then undertook a contract with the hotel, and continues to develop a pro-poor procurement approach for both goods and services. This is a means by which more people from the local community are employed and, it helps build up the entrepreneurial skills. In the Dominican Republic, Outback Safaris run excursions that combine history, culture, social, environment and relaxing, which have a positive impact on local people, through an increase in incomes, as well as investment in infrastructure through donations given by tourists (Meyer 2006).

Skills transferred to employees and owners of SMMEs can be used for other entrepreneurial activities outside of the tourism sector, creating other opportunities for income generation and poverty reduction. Often local businesses are prevented from interacting with the tourism sector because of obstacles such as, quality standards, cost management, labour standards, foreign government requirements, access to capital, marketing skills, access to market information etc (Deloitte 2004). Means by which these obstacles can be overcome, are generally through the technical capacity, business and marketing skills, and improving access of SMMEs to the market and to credit.

A significant proportion of the labour market of most developing countries is made up of the informal sector. The informal sector is capable of absorbing significant un/semi-skilled labour and, as such, constitutes a good source of products that are external to the accommodation sectors. It is often the source of other services, such as taxis, souvenir vendors, food stalls, which can provide a source of income for a wider range of beneficiaries beyond the workforce of tourist hotels and restaurants.

In the Gambia, efforts have been made to regulate the informal sector through participatory exercises and the development of associations. Members of the Association of Small Scale Enterprises in Tourism (ASSET) have been through a series of exercises including training, licensing and developing codes of conduct. As a result, through better practice, members were able to improve their income by up to a 300% between 2001 and 2002 (Bah & Goodwin, 2003). Discussions with association members indicate that these self-regulatory Codes of Conduct have been used to discipline – and in some cases exclude – members of the associations. In the context where non-statutory Codes have been implemented, albeit sporadically, and statutory regulatory measures rarely go beyond the collection of license fees, the case for giving a statutory basis to these Codes of Conduct would currently appear to be weak.

### **D3 Increasing the volume of tourist arrivals**

To the extent that tourism is inherently pro-poor, the poor will benefit if the tourism sector grows.

Africa is a marginal destination in the global tourist market – attracting some 4.4% of tourist arrivals in 2004. Within Africa the major tourist flows are to the north, east and south. West Africa receives less than 10% of African international tourists as Table 2 illustrates. The Gambia is a small destination even within the West African context, receiving only about 0.3% of the African total. Other West African countries have grown steadily over the last 15 years - such as Cape Verde, Ghana and Mali. Despite the

fact that tourism in The Gambia has low arrival statistics and is growing rather sluggishly, it has a significant impact on the economy.

**Table D2: Growth of African tourism**

	International Tourist Arrivals ('000)				Market Share in Region (2004) (%)				Ave. Annual Growth Rate		
	1990	1995	2000	2004	1990	1995	2000	2004	90-95	95-00	00-04
AFRICA	15,160	20,438	28,154	33,902	100	100	100	100	6.2	6.6	4.75
North Africa	8,398	7,271	10,202	12,791	55.4	35.6	36.2	38.5	-2.8	7	5.8
Central Africa	365	357	665	788	2.4	1.7	2.3	2.4	-0.4	13.3	4.3
East Africa	2,842	4,906	6,600	7,483	18.7	24.0	23.4	22.5	11.5	6.1	3.2
Southern Africa	2,203	5,991	8,235	9,199	14.5	29.3	29.2	27.7	22.1	6.6	2.8
West Africa	1,352	1,913	2,451	2,960	8.9	9.4	8.7	8.9	7.2	5.1	4.8
Cape Verde	24	28	115	157	0.15	0.1	0.4	0.5	3.1	32.7	8.1
Ghana	146	286	399	584*	0.96	1.4	1.4	1.7	14.4	6.9	10
Mali	44	42	86	113	0.29	0.2	0.3	0.3	-0.9	15.4	7.1
Senegal	246	280	389	363	1.6	1.4	1.3	1.1	2.6	6.8	-1.7
<i>The Gambia<sup>1</sup></i>	<i>51</i>	<i>43</i>	<i>79</i>	<i>90</i>	<i>0.3</i>	<i>0.2</i>	<i>0.3</i>	<i>0.3</i>	<i>-3.0</i>	<i>13.0</i>	<i>3.8</i>

Source: WTO (2005)

<sup>1</sup> figures for The Gambia provided by Gambia Tourism Authority sources

Absorbing and maintaining an increase in volume of tourist arrivals, requires implementation of a strategy that combines effective marketing, improved air access, product development implementation capacity.

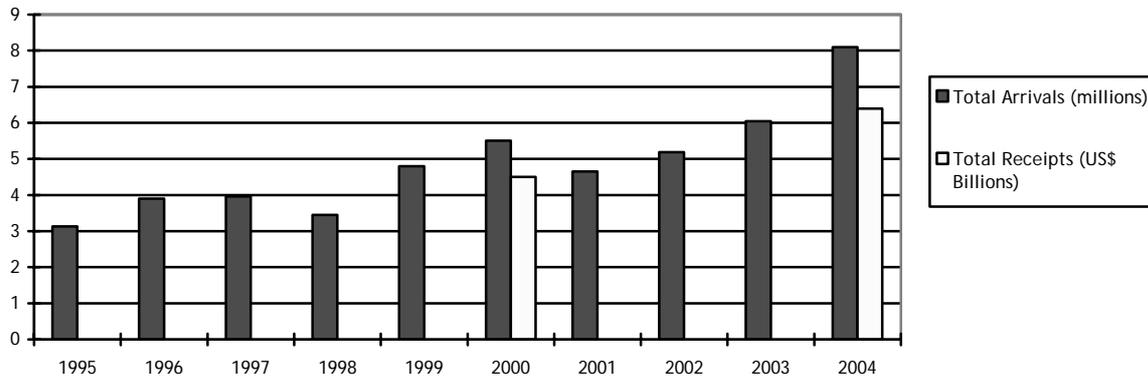
### ***D3.1 Marketing***

Effective marketing can have a significant impact on tourist demand in a particular destination. In Kenya international arrivals in 2004 increased by 30%, after €22 million was spent on its destination marketing funded by an EC programme (Ashley & Elliot, 2003), air capacity from different markets increased and an improved product was offered. It reflects the need to incorporate a multi-dimensional approach into strategy when attempting to increase volume.

Institutionally, destination marketing tends to be financed by public bodies, such as the national tourism board in St Lucia, or sub-regional boards, such as ASEAN tourism. Government has the ability to convene a diverse and multi-stakeholder sector behind a national strategy. It is vital that tourism boards have a robust appreciation for the importance of marketing and the ability to out-source the delivery of a destination marketing strategy to an appropriate organization, if they have insufficient capacity.

### **Box D2: Marketing and tourism arrivals and receipts in Egypt**

Tourism in Egypt represents 45% of the country's foreign exchange earnings. Responses to 9/11 and regional instability have included a top-up destination marketing budget of €33 million, subsidised flights, hosting top 400 media personalities, attending all significant tourism fairs and enhancing the country's tourist website. There has also been heavy investment by both government and the private sector in the tourist infrastructure, with millions spent promoting Egypt as a destination in neighbouring Arab countries, and now attracts more than 19% of tourists from the region. As a result of this, Egyptian tourism receipts have risen by over 50% from 2000 to 2004, despite the 9/11 dip in 2001. Egypt has a diverse tourist product with 16 categories of products, from Graeco-Roman Egypt, to Diving Resorts to Therapeutic Tourism. It has increased the volume of arrivals by targeting its marketing towards intra-regional tourism without alienating its existing markets.



Source: Weeks et al, (2006) & WTO (2006)

### Box D3: Using the Internet as a tool of Destination Management Systems

Research has been done by UNCTAD Information Economy Report (2005) on the potential of government and tourism providers to utilise the internet to market their product directly to consumers. This is in response to an increasing number of tourists using the internet to research their destination, book tickets, compare prices etc. It is also a great portal through which developing countries with limited market funding can promote their destination and implement a coherent destination management strategy. There are four levels within the ICT Destination Management Systems:

Level 1: information dissemination on tourism products and services.

Level 2: plus online reservation facilities.

Level 3: plus customer database management to improve marketing of the destination globally.

Level 4: plus strategic management of the destination.

The study showed that most developing countries destination management systems stop at level 1, due to various constraints such as, lack of ICT infrastructure, human capacity, and lack of awareness of ICT potential. Consequently, many fail to maximise the potential of the internet to place their destination on the map, even though they have websites up. Utilising a destination management system should work from an informative site, to one that is strategic.

Good examples of tourist boards utilising the internet to promote their destination are [South Africa](#) and [St. Lucia](#), which have both achieved level 4 of the DMS pyramid. Their websites have achieved international appeal through their website design and navigation, depth of information and have achieved level four of the DMS pyramid.

<i>Key Services and functions of an <b>online</b> Destination Management System</i>		
<b>Services &amp; Functions of a DMS</b>	<b>Informative</b>	<b>Strategic</b>
General Information	Information on destination Practical information	Content available in the languages of destinations' main existing and potential tourism markets; Presentation can differ to match different targeted tourism markets.
Management of Information on tourism products and services	Accurate description of the products and services available; Information on activities; Contacts of national travel agencies, transport companies	Suggestion ideas for holidays Itinerary planning; Real-time dynamic/ customized packages; Information search by key word, category, geographical location, etc;- Market optimization and yield management.
Customer management functions	Customer database management; Communication with customers	Market research and impact analysis; Marketing campaigns.
Reservation functions	Bookings	Online payment; Security of transactions.

Source: UNCTAD (2007 forthcoming).

Internet marketing is a cheap and effective means of promoting a destination to a larger and more diverse audience (See Box D3). A growing number of tourists book online, with 52% of total online bookings being holiday-related and 19% of package holiday makers booking their holidays online (Rowe, 2005). It is estimated that half of all flights and hotels are booked online, with an increase in package holidays offered by affiliate companies like Expedia, Opodo, Travelocity etc (Meacham, 2004). Marketing online also has its constraints, particularly within developing countries, and infrastructure, human resources, technological constraints often need to be overcome first.

### ***D3.2 Access***

Varying the source of flights can open up a destination to new markets, as well as intensifying an existing market. However, it is absolutely essential to ensure the increase of flights is aligned with a good marketing strategy, and having adequate infrastructure in place to support a growth in tourist arrivals. Civil aviation authorities and immigration control can and should work with tourism boards to keep access in line with national strategy.

A study done by InterVISTAS-ga<sup>2</sup> Consulting (2006) suggests that increasing accessibility through liberalizing air services, can generate benefits for consumers, shippers and the local population. The study also highlights the restrictive nature of bilateral air services which can stifle air travel and tourism, and indirectly, economic growth and the creation of employment. When comparing pre- and post- liberalization air traffic growth on a global scale, post-liberalization exceeded pre-liberalization by between 12-35%, and there was a corresponding increase in economic output and job growth.

Kenya and Egypt have improved their international tourism arrivals by timing their **increase** in airline capacity, with **strengthening** their marketing and promotion and an enhanced product. Kenya has recently committed another £7 million to marketing the destination, with particular focus on new markets such as Eastern Europe as well as, existing markets, such the Western Europe and America (Otieno, 2006). The Kenyan Tourism Board plans to spend a few days promoting Kenya in France, to coincide with a new flight between Nairobi and Paris. Recently Kenyan tourism has benefited from increased marketing to attract greater numbers and is looking to continue that trend.

### ***D3.3 Diversification***

Over the last few years, the global tourism industry has seen growth in other less-traditional types of tourism such as eco-tourism and cultural-tourism. Developing a portfolio of different tourism products can increase the appeal of a destination to a range of clientele as well as a potential increase in volume of numbers. Destinations that can combine, for example, a beach holiday with a cultural product or heritage product, can often increase the length of stay. Luxor in Egypt, attracts tourists interested in

their cultural products, however, as they can also spend some time on the beach, they have a longer average stay in comparison to other cultural-based destinations (Mann, 2006).

Diversifying products can improve the marketability of a destination, by putting it on the world map. For example, St Lucia's Jazz Festival was developed in 1992 as a marketing tool, by the tourism board to promote St Lucia's visibility overseas. Fourteen years on, St Lucia is renowned for being host to one of the top world festivals, and attracts tourists outside of festival season. By expanding beyond the beach holiday product, through developing quality niche markets alongside mass tourism, places like Montreaux and St Lucia, were able to move from a seasonal tourist product, to a year-round product (Meyer, 2006).

The quality of product is fundamental in sustaining the appeal of a destination. Developing a wide range of low quality products, may lead to bad publicity, which can have lasting damaging effects on a destination's reputation. An increasing number of tourists using the internet to research a destination read other visitors reviews of a destination, on websites such as tripadvisor.com, and potentially base part of their decision-making on these consumer reviews. Actively striving towards high-quality products as well as a diverse range of products does well to boost a destination's image.

Diversifying product types is an important strategy to broaden the market, reducing vulnerability and over-dependence on one market source.

#### ***D3.4 Governance (and policy-making)***

Government can act as a mediator and facilitator between stakeholders for improved resource management and ensuring that benefits to the poor are maximized. Aligning tourism as a sector with a complementary national strategy can strengthen linkages and help sustain the tourism product. Clear guidelines and regulations enable governments to align strategies without acting as a deterrent for viable private sector initiatives.

Enhancing the enabling environment, by improving infrastructure, accessibility, financial systems, can make an area more attractive to investors. Establishing accountable, transparent and clear methods of attracting investment, can influence the type of investors are attracted.

In Tunisia, regulation seeks to attract Tunisian investors by giving them tax breaks (Tunisian Ministry, 2003). Tunisian regulations initially encouraged investment, and led to an increase in tourism receipts. However, Tunisia's tourist industry was badly affected by September 11<sup>th</sup>, with their European arrivals dropping by 20% (WTO 2006) and suffers from deep structural problems that were not considered when the heavy investment in the tourism was happening in the mid-1990s (UNCTAD 2007). Increased air access has not compensated for the rise in number of hotel beds and lower occupancy rates and a slow-down in investment is taking place in Tunisia. Investors are deterred by the high-levels of bureaucracy involved in accessing tax incentives. Foreign companies have found it less complicated to contract rooms in Tunisian-owned hotels rather than own the asset themselves, and so have no strong ties to the destination. Combined with a strongly tour-operator driven form of tourism, this can result in a very foot-loose sector.

Government action can enhance the tourist product by enforcing quality standards. Incentives and tax-breaks can be used to motivate the tourism industry to continuously work on improving their product, whilst awards can be used to recognise private sector achievements. For example, policies need to be well thought out as otherwise their implementation may cause little effect, and in some cases be more detrimental.

In South Africa, the Black Economic Empowerment Charter was implemented as a form of affirmative action to address redistribution along the lines of race. Whilst it benefits blacks who already have assets, it still excludes the poorest, by focusing on the elite thus failing to address a decrease in income inequality (Davis 2006), helping to create a class of rich, black shareholders. This example is

of a policy that is successfully de-racialising the tourist sector through black economic empowerment, but is not directly reducing poverty, indicates the importance of being clear about objectives at the outset.

Implementing bad policies can be damaging and failing to implement good policies is obviously ineffective and both result in a waste of resources. Government must factor capacity into their policy-making and implementation, and avoid falling prey to “quick-fix” solutions. Developing and committing to long-term strategies is a must to create an enabling environment within which the tourism sector can flourish.

In summary, increasing visitor numbers generally leads to an increase in tourism receipts. This can be achieved through a carefully balanced combination of marketing strategies, improved accessibility, diversifying products available and establishing adequate infrastructure. Government can play a vital role in designing destination marketing strategies, creating enabling environments, protecting rights and attracting investments. Governments should be mindful of their capability and give as much effort and attention to implementation as to creating strategy and making policy.

#### **D4 Increasing Expenditure per Tourist**

Increased expenditure can be either through an increase in tourist expenditure. There are three approaches of increasing expenditure per tourist, which will be considered in this section.

##### ***D4.1 Targeting high-end markets***

Improving standards and the quality of product to attract high-end tourists, is often based on the assumption that high-end tourists generate more out-of-pocket expenditure. Some destinations lack the infrastructure to attract high-end tourists and should rather focus on attracting budget travelers.

Although high-end tourists self-evidently spend more than budget travelers, the impact on the local economy – and particularly poor people within the local economy – may not reflect the difference in total holiday expenditure. In destinations with strongly developed local economic linkages, there is mounting evidence that whilst high-end tourists spend more on accommodation than others, their discretionary expenditure on all other items is rather similar to mid-range and budget travelers. In Luang Prabang, in Laos, for instance, high-end and budget total expenditure is very similar. However, over half of high-end travel budgets are spent on accommodation – leaving rather less for the types of expenditure which our value chain analysis indicates have more profound pro-poor impacts.

**Table 3: Rough estimates of Receipts into LPB from tourism, \$ per sub-chain per year**

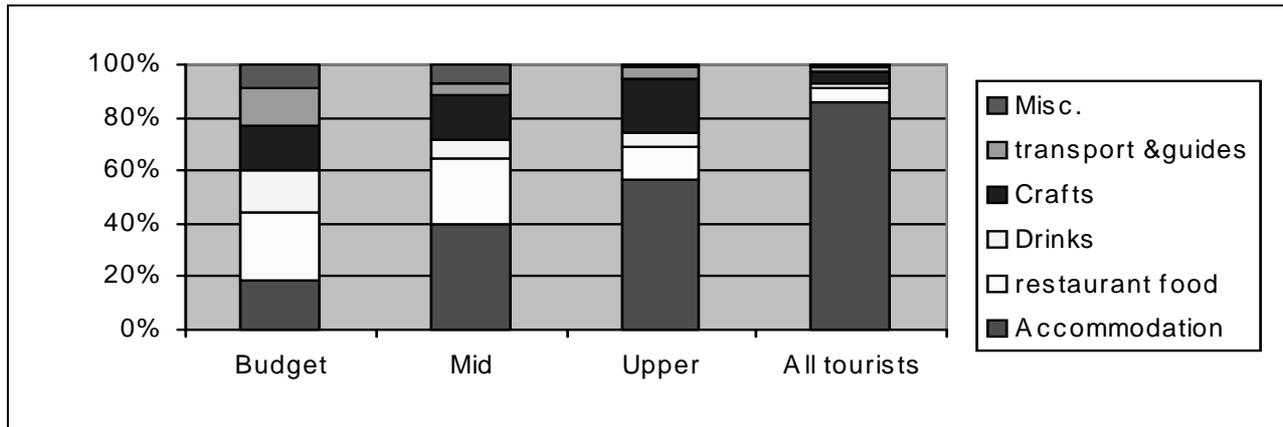
<b>Spend by sub-chain<sup>1</sup>:</b>	<b>Budget</b>	<b>Mid</b>	<b>Upper</b>	<b>All tourists</b>	<b>% of total<sup>3</sup></b>
Accommodation	1,697,818	1,253,550	5,730,872	8,682,240 <sup>2</sup>	39%
Restaurant food	2,437,447	763,380	1,278,392	4,479,218	20%
Drinks	1,393,642	241,067	556,688	2,191,397	10%
Crafts	1,632,416	516,573	2,061,522	4,210,511	19%
transport & Guides	1,297,562	126,273	401,517	1,825,352	8%
Misc.	795,280	232,649	93,488	1,121,416	5%
<b>Total</b>	<b>9,254,165</b>	<b>3,133,492</b>	<b>10,122,478</b>	<b>22,510,135</b>	<b>100%</b>
<b>% of total</b>	<b>41%</b>	<b>14%</b>	<b>45%</b>	<b>100%</b>	

Source: Ashley, 2006

Note: The results are presented as rough estimates, in the absence of valid data concerning differences in expenditure patterns by segment.

Budget travelers tended to be greater in volume and spend more on food and beverages, transport, guides, which are more likely to involve direct impact on the local economy. This highlights the importance of having a diversified tourism product to entice travelers with a range of budgets (Ashley, 2006).

**Figure 2: Structure of Spend for tourists visiting Luang Prabang, based on Table 3**



The government of Botswana in the 90's pushed tourism as an engine for growth to reduce the reliance on diamond exports<sup>12</sup>. Focusing on a 'high-value, low volume' approach, the strategy sought to maximize the economic impact of tourism, whilst minimizing the negative social and environmental impact. In practice, this has resulted in a high level of foreign-ownership of the tourism product, high leakage and enclave resorts that do not spread the benefits of tourism effectively to the local population. More recently, main tourist attractions have failed to grow, and there are attempts to consider means to diversify the tourist product being currently offered.

Mauritius banned charter flights in the 1970s in an attempt to maintain a top-end tourism product. However, the government is now reconsidering elements of their previous strategy to enhance the linkages between tourism and the local economy.

#### ***D4.2 Increasing the average length of stay***

Encouraging tourists to stay longer often involves increasing the range of products or activities and usually lends itself to destinations of larger countries with a geographically distributed and/or diversified tourism product, such as the Brazil, or within a sub-region, such as the ASEAN<sup>13</sup> tourism. Some destinations can also increase average length of stay, by targeting long-haul passengers who are more likely to stay for 14 nights, than medium-haul to short-haul passengers.

As such, the viability of increasing longer stay depends on the quality, range and type of products offered, as well as the overall holiday experience. The Gambia, for example, has a high number of repeat visitors, who although tending to stay longer during subsequent trips, their out-of-pocket expenditure is on average less than first-time package tourists (EMG 2005). However, they tend to be philanthropic and give a lot of person-to-person aid, which can be injected into the local economy.

#### ***D4.3 Increase quality of goods and services***

Improving the quality of goods and services can increase spending on these goods and services. From goods in local crafts shops, to quality of transport, to quality of staff in hotels, these are all goods and services, which invariably add to the quality of the tourism product, as well as help local populations to develop skills and improve incomes. A recent tourism value chain analysis in Ethiopia has highlighted the lack of discretionary expenditure resulting from the poor quality of local goods and services offered to tourists. The difficulty of using credit cards and exchanging currency anywhere except a small number of high-end hotels is estimated to be constraining tourist expenditure by an average of US\$100 per trip (Global Development Studies, 2006).

Quality of goods and services can be regulated through the issuing of licenses and enforcement of minimum quality standards. Investing in training of the local producers or suppliers, can have positive

<sup>12</sup> Example taken from a country report on Botswana for *The Courier ACP-EU* no 198, May-June 2003, p. 63-63

<sup>13</sup> ASEAN member states have a single marketing destination management system for travel within the sub-region. Member states are: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Phillipines, Singapore, Thailand and Viet Nam.

effects, and lead to locals taking the initiative to continually improve their quality of product. An example of this is with communities of Huichol in Mexico, who wanted help marketing their product to a wider audience, and got support from the Mexican government, who sponsored art displays. The community then took the initiative of using the internet for marketing their art, increasing their sales (Global Development Solutions, 2006).

There are different ways in which increased expenditure per tourist can be achieved practically, by combining action in a range of areas, most of which government can have considerable influence.

*By improving the quality of tourist infrastructure*

- Introducing and enforcing minimum quality standards for products. This could include health and safety regulations for restaurants; financial service improvements, such as, being able to use internationally recognised credit or debit cards; applying the equivalent to an MOT for commercial vehicles, like taxis; and setting minimum standards for excursion companies. Maintaining the environment around tourist areas, like keeping the beaches clean and investing in proper waste management are also important aspects of maintaining the tourism product.
- Capability of government to invest in the quality of tourist infrastructure is limited at times, therefore being realistic about capacity, using incentives and regulations with more capable stakeholders, in order to develop or maintain the product might be necessary. Incorporating private sector investment into planning processes can be one way of tackling capability issues.

*Informing tourists what is available*

- Marketing strategies should include raising awareness of products available and disseminating information, within destinations to the tourists about “things to do”, licensing, responsible tourism etc. ASEAN Tourism Board’s website is a good example of how marketing a sub-region can raise awareness of the wide range of products, rather than relying on tour operators to market their product.
- Investing in developing and maintaining products such as, preserving heritage or places of interest, by establishing National Parks or setting up cultural excursions are good ways of diversifying products, facilitating environmental management or conservation schemes and improving product sustainability.

Increasing expenditure per tourist is one way of increasing a destination’s earnings. However, as with increasing volume, one cannot automatically assume it will increase pro-poor impact. Being able to attract high-end tourists, in order to increase tourism receipts or out-of-pocket expenditure does not guarantee an increased out-of-pocket expenditure. It depends on the quality of product and how well it’s matched to the tourist, therefore, priorities should be focused around product development and maintenance to increase both tourism receipts and out-of-pocket expenditure. Government can help fulfill targets for increased tourism expenditure by investing in tourism infrastructure, setting regulatory standards for the industry and by offering training and support to local producers, looking to improve their products. Role of government should be geared towards investment in tourism infrastructure maintenance and development, setting minimum standards and providing training to enable producers to meet them.

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## Annex E: Calculation of Gambian Tourism Value Chain

### Calculation of Gambian Tourism Value Chain

October 18th 2006

#### ASSUMPTIONS:

Length of stay (days)	10.8
2005 tourist arrivals	110,815
% package	84.0%
% of package during peak	73.0%
Cost high season package (£)	£650.00
Cost low season package (£)	£530.00
Cost high season flight (£)	£265.00
Cost low season flight (£)	£285.00
Cost of flight for non-package tourists	£400.00
Landing & pax handling fee (£)	£17.00
High season ground handler fee (£)	£15.00
Low season ground handler fee (£)	£7.00
High season room rent (£)	£19.00
Low season room rent (£)	£9.00
Tour operator, admin, insurance, marketing (£/Pax)	£30.00
Tour operator, destination support (£/Px)	£10.00
Tour operator sales commission (% on sales)	10%
Tour operator gross surplus low season	4.5%
Tour operator gross surplus high season	3.6%
Tourist tax	£5.00

#### Out of Pocket Expenditure

	Package	Non-Package
F&B	51.8%	39.9%
Shopping	14.0%	9.3%
Excursions	13.1%	4.0%
Accommodation	3.0%	25.2%
Local passenger transport	3.5%	4.2%
Guides	3.7%	1.2%
Recreation / entertainment	2.9%	4.8%
Cultural activities	0.1%	1.7%
Car hire	0.5%	1.2%
Other	6.5%	8.4%
Total	99.1%	99.9%
Average daily out of pocket expenditure (D)	1400	1850
D/£ rate of exchange	56.20	

#### Financial inputs to value chain

Package tourists	£	D
High season package	44,168,643	2,482,277,720
Low season package	13,320,406	748,606,832
Non-package air travel costs	7,092,160	398,579,392
Out-of-pocket package	25,043,401	1,407,439,152
Out-of-pocket non-package	6,303,441	354,253,392
<b>Total</b>	<b>95,928,051</b>	<b>5,391,156,488</b>

#### Components of expenditure

##### International tour operators

(a) admin, insurance, marketing	2,792,538	156,940,636
(b) destination support	930,846	52,313,545
© sales commissions	5,748,905	323,088,455
(d) gross surplus	2,467,124	138,652,343

<b>Sub-total</b>	<b>11,939,412</b>	<b>670,994,979</b>
<b>Sub-total %</b>	<b>12.4%</b>	
<i>Airline companies</i>		
<b>Sub-total cost of all package and non-package flights</b>	<b>32,262,236</b>	<b>1,813,137,654</b>
<b>Sub-total %</b>	<b>33.6%</b>	
<i>Landing &amp; Passenger Handling</i>		
Cost of for all tourists	1,883,855	105,872,651
Tourist tax on package arrivals	465,423	26,156,773
<b>Sub-total</b>	<b>2,349,278</b>	<b>132,029,424</b>
<b>Sub-total %</b>	<b>2.4%</b>	
<i>Ground handlers</i>		
<b>Sub-total</b>	<b>1,109,879</b>	<b>62,375,184</b>
<i>Accommodation</i>		
Package tourists through package	16,658,048	936,182,279
Non-package tourists	1,588,467	89,271,855
Package tourists out-of-pocket	93,085	42,223,175
<b>Sub-total</b>	<b>18,339,599</b>	<b>1,067,677,309</b>
<b>Sub-total %</b>	<b>19.1%</b>	
<i>Food &amp; Beverage</i>		
Package	12,972,482	729,053,481
Non-package	2,515,073	141,347,103
<b>Sub-total</b>	<b>15,487,555</b>	<b>870,400,584</b>
<b>Sub-total %</b>	<b>16.1%</b>	
<i>Shopping</i>		
Package	4,173,932	234,574,970
Non-package	586,220	32,945,565
<b>Sub-total</b>	<b>4,760,152</b>	<b>267,520,536</b>
<b>Sub-total %</b>	<b>5.0%</b>	
<i>Excursions</i>		
Package	4,207,291	236,449,778
Non-package	327,779	18,421,176
<b>Sub-total</b>	<b>4,535,070</b>	<b>254,870,954</b>
<b>Sub-total %</b>	<b>4.7%</b>	
<i>Local Transportation</i>		
Local Passenger transport	1,141,264	64,139,013
Car hire	200,858	11,288,236
<b>Sub-Total</b>	<b>1,342,122</b>	<b>75,427,249</b>
	<b>1.4%</b>	
<i>Other discretionary expenditure</i>		
	3,318,336	186,490,475
	3.5%	
<b>TOTAL</b>	<b>99.5%</b>	

## Annex F: Calculation of Pro-Poor Impact of Tourism Expenditure

**Accommodation:** Pro-poor impact estimated from wages paid to non-managerial staff (assumed from *Quid Pro Quo* report to be 85% of D81.6m total wages (estimated from the Hotel Manager Survey finding of an average labour cost per room of D27 200 multiplied by 3 000 rooms) = **£1.2m** or D69.4, or 7% of total expenditure on accommodation of £18.3m or D1,067m)

**Food & Beverages:** Tourist expenditure surveys indicate that about £15.5m (D870m) is spent on F&B each year. The main pro-poor impact is the purchase of food from the agricultural sector and informal sector F&B sales. The best estimate of hotel and restaurant wholesale food purchases is from the survey of 13 hotels that spend £1.7m (D93.2m) on F&B annually. Inflating this figure to take account of the fact that our survey only covered 62% of Gambia's total hotel beds and the *Quid Pro Quo* estimate that 47.6% of F&B purchases in the Gambia are in hotels – with the rest being in independent restaurants – implies an annual F&B spend by hotels and restaurants together of £5.6m (D313m). Adjusting this F&B total to exclude beverages (42% of total F&B purchases by tourists and unlikely to directly benefit the poor) implies a total food purchases by hotels and restaurants of £3.2 (D178). Evidence from the hotel surveys and the Gambia is Good project suggest about 45% of food supplies are locally sourced and adding informal sector F&B sales (fruit and juice sellers with an annual turnover of £0.24m or D13.5m estimated from the *Improving Access to the Informal Sector* survey) suggests a pro-poor impact of some **£1.7m** (£94m) – or some 11% of tourist spend of F&B.

The wages earned by non-managerial restaurant workers have been excluded at this stage because the data are not available and hotel staff data did not distinguish between staff working in accommodation and restaurant businesses. In addition, the wages earned by non-managerial staff working in the Gambian beverage sector have been excluded due to a lack of data.

**Shopping:** The pro-poor impact of shopping is based upon tourist expenditure surveys indicating total annual tourist retail sales of D267m (£4.7m). *Quid Pro Quo* estimates 73% of total retail sales are in gifts and souvenirs (with 10% in cosmetics and 17% in clothing). On the basis of detailed survey information Harold Goodwin and Adama Bah in *Improving access to tourism for the informal sector* estimate 69% of total gifts and souvenir sales are in the informal sector – implying total informal sector gift and souvenir sales of D134m or **£2.4m** a year – 50% of total retail sales.

**Excursions:** Tourist expenditure surveys indicate that tourists spend £4.5m or D255 or on excursions in The Gambia. Harold Goodwin and Adama Bah in *Improving access for the informal sector to tourism in The Gambia* have estimated that 25% of this expenditure goes to the informal sector – some **£1.1m** or D63m. [In addition the wages of the non-managerial workers of the inbound tour operators working primarily on organising excursions should be added].

**Local Transportation:** Local transportation expenditure is estimated to be D75m or £1.3m per year in tourist expenditure surveys. Surveys suggest that 85% of transportation expenditure accrues to taxis. In The Gambia it is assumed that all taxi drivers are informal sector enterprises and if we add the assumption that 50% of turnover is required to run the vehicle, this leaves 50% for the driver as pro-poor benefit – **£0.6m** (D32m).