



Discussion Brief

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Vision and Long Term Development Strategy for Kenya's Tourism Industry

TOURISM IS KENYA'S third largest foreign exchange earner after tea and horticulture, and a major employer accounting for nine percent of total wage employment. It contributes about eleven percent of gross domestic product (GDP). After an impressive growth in the 1960s to 1980s, the tourism sector experienced an unprecedented decline in the 1990s when annual tourist receipts dropped by nineteen percent. Due to absence of a shared vision and a long-term development strategy for the sector, Kenya is now largely perceived as a mass tourist destination, reflecting the policy of attracting mass tourists that was pursued between 1965 and 1994. That policy led to uncontrolled tourism development and removal of restrictions on tourist numbers in various tourist destinations in the country. The consequence was drastic decline in per capita tourist expenditure, tourist's length of stay, hotel occupancy, hotel room rates,



and service quality. Many hotels at the Coast now have huge bank debts and cannot afford to rehabilitate or maintain their aging facilities, while many others have closed down. Many hotels and other tourist facilities and safari destinations now rely on and compete for group tourists.

The strategy will address the need to attract tourists from a wider range of countries, diversifying tourist attractions, expanding the benefits to the local population, protecting the environment, and improving quality and standards.

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The capacity of the country to offer luxury tourism has been largely compromised by overcrowding, over-development of facilities, competition for tourists, insecurity, poor

infrastructure in general, and environmental degradation. Even though the Government now realizes the superiority of up-market or a blend of up-market and mass tourism, attracting high-level tourism is a difficult task. Worse still, high-level tourism without serious investment in direct and supporting infrastructure cannot be relied upon as a sustainable source of revenue because of the limits in the carrying capacity of tourism resources, which appears to have been exceeded.

The present situation in the tourism sector is attributable to lack of adequate reflection, consultation, and planning. Although a Tourism Master Plan was developed in 1995, a shared vision for the sector and a well coordinated institutional framework for stakeholder consultation and

formation of partnerships are yet to be developed. A shared vision for the sector could be built around the need to have pro-poor and sustainable tourism development based on tourist products in which the country has comparative advantage.

Considering the country's natural attractions, its image, demand trends and net social impacts, wildlife viewing or safari, complimented by quality coastal beach holiday appears to be Kenya's primary tourist product. However, nature, culture, niche tourism products and the people, have the potential to give the country the distinctiveness it is perceived to lack.

The potential elements for long term tourism development strategy are:

- ◆ Integration of tourism planning into overall national planning;
- ◆ pursuance of sustainability;
- ◆ Improvement of competitiveness;
- ◆ Regional cooperation and collaboration;
- ◆ Development of an institution framework for stakeholder dialogue and partnership;
- ◆ Conservation of natural tourism resources;
- ◆ Appropriate and effective marketing and promotion;
- ◆ Effective public sector support;
- ◆ Capacity development and research;
- ◆ Development of a dynamic technology strategy; and
- ◆ Deliberate strategies to maximize the net social gains from tourism.

Luxury cadre of tourists need to be persuaded to stay longer and spend more in the country.

Kenya also needs to improve its capacity to deliver high quality tourism products. In the short and medium term, it is advisable that the country continues relying on a blend of high volume and low volume markets as it raises the quality of tourism assets and services. A simultaneous but gradual increase in prices would restrict numbers and enable resources to recover. Once facilities and services have been improved, prices could be raised to a level sufficient to turn the country or designated parts of it into a high value tourist market.

The long-term development strategy calls for:

- ◆ Consistency in formulation and implementation of requisite specific policies;
- ◆ Development of appropriate indicators and milestones against which progress in implementation of the strategy could be evaluated;
- ◆ Designing of policies and strategies to deal with transitional challenges such as progressive change in the ratio of mass to up market tourists;
- ◆ Determination of optimal tourism carrying capacity, how to repair the damage already caused, and how to finance it; and
- ◆ Development of criteria for choosing tourism products to reduce over-exploitation of some resources and to develop capacity of others, and how to handle resistance to reforms that are likely to lead to loss of employment in the short run due to capacity reduction.

About the Umbrella Project

The goal of the Umbrella Project for Improving the Enabling Environment for Business in Kenya is to improve the policy, legal, and regulatory environment for business. The Project has three components. The **Simplifying the Regulatory Environment for Business (SREB)** component involves research on constraints to operation of business by the private sector in Kenya. The **Private Sector Advocacy** component assists the private sector in advocating for reforms that create a favourable environment for business and investment. The **Capacity Building** component aims to build capacity in line ministries and regulatory agencies to respond to reform proposals made by the private sector and other stakeholders. KIPPRA implements the first and third components while the Kenya Private Sector Alliance implements the advocacy component. The Project is funded by the British Department for International Development (DFID).