# Policy Framework of Kenya's Tourism Sector since Independence and Emerging Policy Concerns

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# Abstract

*Tourism is an important sector in Kenya, being the third largest foreign exchange earner after horticulture and tea. The sector is also a major employer with substantial direct, indirect, and induced employment effects. After growing rapidly, particularly in the 1960s and 1980s, tourism performance became erratic in the 1990s, with the first slowdown occurring around 1991–1992. The sector recovered quickly and reached its peak in 1994. The second decline began in 1995 and continued until 1998. The sector recovered in 1999, but it is doubtful that this trend is sustainable considering the electricity and water shortages facing the country and the crippling indebtedness of many tourist hotels.*

*Several factors are responsible for the downward trend now characterizing the tourism sector. These include insecurity and instability, negative publicity, crumbling infrastructure, inadequate marketing and image-shaping efforts in an increasingly competitive environment, environmental degradation of key tourism resources, declining wildlife populations, poor service, the 'beach boy' problem, and poor implementation of often appropriate or laudable policies. Generally, inadequate implementation of policies and weak policy conception and formulation are key variables in the performance of Kenya's tourism industry.*

*This paper is a critical review of Kenya's tourism policy since the 1960s. Policy is appraised on the basis of i) its conceptual foundation, or how well policy-makers have conceptualized solutions to address the challenges facing the industry, ii) the industry's achievement of objectives or performance indicators, iii) how well the policies drive the sector along what is generally considered as the ideal tourism development path, and iv) its implementation.*

*On attaining independence in 1963, Kenya started with a comprehensive and well-conceptualized tourism policy package whose foundation was based on what is considered worldwide today as ideal tourism. For instance, sustainable tourism development featured in the country's tourism policy long before 1987 when the concept was popularized by the Brundtland Report. Despite this, most of the policies developed have never been implemented. Weak policy implementation and the failure to factor the resources required for implementing the policy designed—rather than the inappropriateness of policies—are the key shortcomings of Kenya's tourism policy.*

*The paper also identifies some key issues that have been ignored by the country's tourism policy-makers. For example, tourism policy still lacks strategies to address the increasing global competition for tourists. Other weaknesses include lack of policy specificity; lack of a coherent and comprehensive policy framework; lack of strategies to enhance or augment what nature has offered as primary tourism resources; inadequate attention to security; poor conceptualization of the marketing and promotion policy; failure to embrace emerging technologies; inadequate conceptualization and implementation of the wildlife policy; inadequate support for private reserves in spite of their crucial role in the industry; and little use of economic incentives as policy instruments.*

*Drawing from these policy weaknesses, the paper formulates a policy research agenda, indicating what is required to rectify the situation.*

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## Abbreviations

| | |
|---|---|
| CLT | Catering Levy Trustees |
| CWS | Community Wildlife Services |
| GATS | General Agreement on Trade in Services |
| KATA | Kenya Association of Travel Agents |
| KATO | Kenya Association of Tour Operators |
| KICC | Kenyatta International Conference Centre |
| KIPPRA | Kenya Institute for Public Policy Research and Analysis |
| KTB | Kenya Tourist Board |
| KTDC | Kenya Tourist Development Corporation |
| KTF | Kenya Tourism Federation |
| KUC | Kenya Utalii College |
| KWS | Kenya Wildlife Service |
| MTI | Ministry of Tourism and Information |
| MTP | maximum tourist population |
| SADC | Southern Africa Development Community |
| SAPs | structural adjustment programmes |
| STD | sustainable tourism development |
| TTC | Tourism and Transport Consult International |
| WTO | World Tourism Organization |

# 1 Introduction

Simply put, tourism is the temporary and voluntary visiting of places for leisure or in expectation of pleasure. The activities that tourists undertake and derive pleasure from include travel, viewing of scenery and wildlife, relaxing on the beach, eating different cuisine, sporting, sexual and other social interactions, and collecting unique animal and plant species and cultural artifacts.

Like in many developing countries, tourism is important in Kenya's economy. It is not only the country's third largest foreign exchange earner but also an important generator of direct, indirect and induced employment. Expanding foreign exchange earning and employment have been Kenya's two main goals of economic development since independence in 1963.

Tourism surpassed the traditional foreign exchange earners, coffee and tea, to become the country's leading export sector for the first time in 1987 following rapid growth, particularly in the 1960s and 1980s. This position was maintained until 1997 when tourism was overtaken by tea. Horticulture has also surpassed tourism in foreign exchange earnings.

At its peak in 1993 and 1994, tourism accounted for 33–34% of the country's total export receipts. This had dropped to 14.4% by 1998, but it recovered marginally to reach 17.5% in 1999. In addition, the sector accounted for about 9% of the country's total wage employment in 1993. Actual employment in tourism is broader than this when one considers the indirect and induced employment effects, which are usually not captured in official statistics.

Tourism contributes to economic growth and development by also expanding the market for locally produced goods and services and by inducing investments in infrastructure and other services.

From independence, tourist numbers and earnings grew rapidly (although the rates varied over time) until 1991–1992 when they declined, largely due to insecurity and high travel costs. Luckily the decline was short lived: the sector recovered so fast that in 1994 it attained its best performance to date. That year, tourism earnings reached an all-time high of K£ 1,405 million. There was real growth in the sector in spite of the high inflation in 1993–1994.

The performance improvement was brief: between 1995 and 1998 the industry experienced an unprecedented decline. Once again, insecurity featured as the main culprit. Slight recovery occurred in 1999 with earnings increasing from Ksh 1.75 billion in 1998 to Ksh 2 billion in 1999. Although this trend continued in 2000, it is feared that the reintroduction of visa requirements for tourists in March 2001 and the uncertainty associated with the elections of 2002 will halt the recovery or slow it down.

The erratic performance of tourism must be stemmed given its importance in the economy. What role can policy play in this regard?

This paper describes the policy framework that has guided tourism since independence, focusing primarily on how policy formulation and implementation have performed. Areas that need policy improvement or more policy research are identified.

A conceptual framework for sustainable tourism development is presented in Section 2. In the framework, the question of whether the benefits widely associated with tourism are real is also posed. This is followed in Section 3 by an overview of the structure and development performance of Kenya's tourism industry. The policy framework on which the development of the industry has hinged since the country attained independence is traced in Section 4, critically evaluating the various policy stances. Section 5 discusses the emerging policy challenges, which constitute a policy research agenda.

# 2 Conceptual Framework

## 2.1 Tourism development and challenges

### *2.1.1 Development*

Factors essential for tourism development can be divided into primary and secondary factors. Primary factors, which are the main determinants of whether tourists will visit a given destination, are the tourist attractions themselves, such as unique animal and plant species; physical features like beautiful beaches, mountains, lakes, and rivers; legendary manmade or natural features; pleasant climate; and unique culture. Kenya is competitive among other long-haul destinations on account of its variety of tourist attractions. For example, the Masai Mara game reserve and the Amboseli national park are two of the country's world-famous attractions.

Secondary factors cover mainly infrastructure and other facilities developed to facilitate tourism, such as protection and development of tourist sites; conservation of nature in national parks and reserves; establishment of museums; provision of infrastructure such as roads, communications, hotels, campsites, water, and other services; and marketing of tourism products. The media, advertising and information technology in general are crucial inputs in marketing, and they influence the tourists' knowledge of and desire to visit a destination.

Policy has little influence on primary factors, but has a big role in the development of secondary factors. A unique natural resource will be of no value to tourists if the infrastructure and facilities necessary for its exploitation are not put in place. Consequently, an important criterion by which tourism policy could be appraised is by evaluating its contribution to the development of the secondary factors required to support the primary factors. Kenya has not developed its tourism infrastructure adequately, a factor that has prevented the full realization of the potential offered by its primary factors.

### *2.1.2 Challenges*

Policies are instruments to deal with challenges and consequently foster development. For this reason a proper analysis and evaluation of tourism policies is impossible without understanding the challenges that face the sector. The key challenges to tourism in Kenya and other developing countries are

- Stiff competition from other countries, as the number of destinations is growing and the global capacity is expanding
- Demand-related constraints such as the industry's high sensitivity to the quality of service
- Poor or inadequate infrastructure, communications, and human resources
- Political and economic instability
- Negative image of the country
- Poor marketing
- Undeveloped public–private sector partnerships
- Insufficient and weak institutional and regulatory frameworks
- Insufficient data and information on tourism trends and impacts
- Environmental degradation and decline in wildlife populations
- Expensive airfares and insufficient air routes

The World Tourism Organization (WTO 1998) notes that tourism performance is heavily affected by political and economic instability and by the unavailability of transport facilities. Other imperatives include integration of sociocultural and environmental issues into strategies for sustainable tourism, formulation of policies to promote sustainable tourism growth, and development of tourism into an instrument for environmental protection.

Tourism policy could be evaluated by its response to these challenges. In specific terms, evaluation criteria ought to include such considerations as how well policy-makers have conceptualized the problems facing (or development needs of) the sector and how effectively the policies have been formulated. Another approach would be to assess whether the policies have achieved the objectives they were formulated for. It should be kept in mind, however, that failure to achieve the objectives does not depend only on the appropriateness of the policy but also on whether the policy is implemented at all and whether the implementation is done correctly, at the right time and under the right circumstances.

## 2.2 Sustainable tourism development

The manner in which tourism development is carried out is important, as it does not only determine the net benefits a country receives from the enterprise but also how sustainable those benefits become. Tourism policy could therefore be appraised on the basis of how closely it steers the industry towards the development path considered ideal. It is now widely acknowledged that ideal tourism is that which is socially, culturally, and environmentally sustainable.

According to WTO, "sustainable tourism is roughly defined as the meeting of the needs of present tourists and host regions, while protecting and enhancing opportunities for the future" (WTO 1998: 8). The concept of sustainable tourism development reflects the fact that there is no 'zero-impact' tourism. Thus, given that tourism development is accompanied by environmental and social change, those who must live with the change should be the ones to set the maximum level of change allowed (Lawrence 1994). Tourism projects should therefore be appraised on the basis of not only economic feasibility but also social, cultural and environmental sustainability. Likewise, tourism policy should be appraised on the basis of its contribution to sustainability.

### *A conceptual model*[1]

As positive information of a tourist destination spreads, its visitation rate rises (Lawrence 1994; Bulungula 2000). The large numbers of

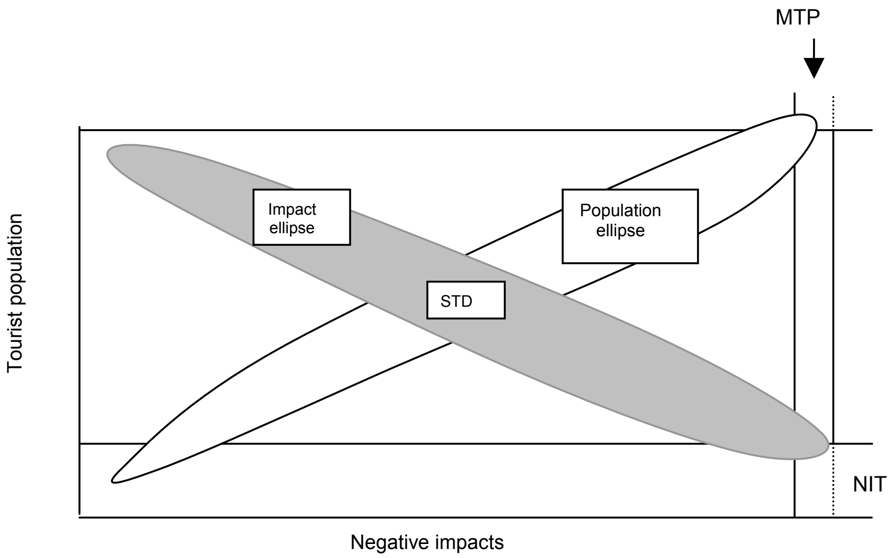
[1] See Lawrence (1994) for details of this model.

visitors to the site will affect the social and environmental qualities of the area, resulting in social costs such as social tension; increased crime; prostitution; and harmful influences on the native language, art, and religion, or cultural dislocation. Yet, maintaining the socio-cultural quality is essential to not only the local communities but also tourists.

Environmental costs of tourism include soil erosion; air, water and sound pollution; loss of biodiversity and aesthetic degradation (Williams 1987). Environmental costs are a function of the intensity of tourism development, the use and resilience of the ecosystem, long-term versus short-term tourism planning and the extent to which the area is modified (Cohen 1978). Environmental costs underlie the concept of carrying capacity of tourist destinations. Carrying capacity is defined as "the maximum number of people who can use a site without an unacceptable decline in the experience gained by visitors" (Mathieson and Wall 1982: 2, quoted in Lawrence 1994).

An explosion of visitors could lead to substantial social and environmental degradation, which in turn could trigger a downturn in tourist levels, initiating what is known as the 'tourist cycle'. Thus, both tourism and environmental and social impacts are cyclical. In the conceptual model, the tourist population increases gradually as more tourists learn of the destination through the media, advertising, and word of mouth. The growth in tourist numbers is accompanied by negative environmental and social impacts. Tourist populations continue to grow until the maximum tourist population (MTP) is reached. Beyond this point tourist numbers begin to drop as the site is perceived as overcrowded, and negative social and environmental impacts begin to set in (Figure 1). Lawrence (1994) depicts this tourist population growth as a 'population ellipse' rather than a smooth line, because the relationship between tourist numbers and the perception of the site is not linear.

As tourist numbers drop, social and environmental damages begin to recover but with a lag necessitated by the time required for




Source: Lawrence (1994)

Figure 1. Model of sustainable tourism development (STD)

environmental regeneration and for sociocultural changes to take place. The commercial response of the tourist industry to the decline in tourist numbers contributes to the lag. The low hotel occupancy forces industry participants to compete for the reduced tourist expenditure by offering big discounts to domestic and foreign tourists. This attracts a cheaper class of tourists, exacerbating the decline in tourist numbers and delaying environmental regeneration. If tourist numbers continue to decline, environmental and social damages will begin to repair up to the point referred to as the 'negative impact turnaround' (NIT) (Figure 1). This is depicted as an 'impact ellipse'. With the ellipses sharing the same axes, the point of intersection of the population and impact ellipses constitutes the area of sustainable tourism development, an area where economic, social, and environmental balance is maintained. In this area, tourist numbers are not allowed to reach the MTP, as this would trigger arrival declines and lead to severe environmental and social impacts.

It should be noted, however, that MTP and NIT turning points are not static, as investment in direct and supporting infrastructure can enhance the carrying capacity of a tourist location. In the past, tourism development ignored negative social and environmental impacts, and tourist numbers were allowed to grow beyond their sustainable levels, resulting in disastrous consequences.

This framework is very useful as a conceptual device but it does not provide practical rules for determining the optimal carrying capacity for different tourist destinations.

## 2.3 Are the benefits associated with tourism real?

In mid-20th century when mass international travel was born, tourism was regarded as a panacea for developing and underdeveloped countries because it could generate foreign exchange, contribute to the gross national product (GNP), generate tax revenue and create employment (Mings 1978). Consequently, tourism development became a leading preoccupation of most countries. There is no evidence that tourism is perceived as a panacea in Kenya. However, it is certainly recognized as a key sector with substantial economic benefits. The economic benefits thought to be associated with tourism came under intense scrutiny in the 1970s (Lawrence 1994). Besides the social and environmental costs of tourism, other controversial issues are (Alderman 1994; Lawrence 1994; English 1986):

- That considering the magnitude of revenue leakage in tourism, tourism revenues thought to accrue to developing countries are exaggerated. The World Bank, for instance, estimates that 55% of gross revenues from tourism leaks back to developed countries. The factors that mitigate against retention of tourism revenues in developing countries include weak air transport sectors in these countries, domination of tourism business by foreign firms that repatriate most of their profits, dominance of package tourism largely organized overseas, high dependency on imports of tourism businesses such as hotels and transport and travel agency firms, and low economic development in the developing countries

- That the allotment of public expenditure for promoting tourism, training people involved in tourism, and constructing roads, airports and other tourism-related infrastructure, together with the various types of assistance and tax exemptions extended to tourism enterprises, is underestimated or even overlooked. Foreign tourism businesses operating in Kenya, for instance, benefit from government-sponsored promotional fairs

- That levels of employment in tourism are exaggerated given that foreigners hold the management-level jobs while the locals are left with seasonal jobs and often leave agriculture and other important sectors bereft of workers

- That being highly seasonal, tourism has adverse consequences that are often ignored. These include low return on investment and infrastructure owing to the shortness of the tourist season and the excess capacity during the low tourism season

- That tourism in developing countries is vulnerable to international market whims and domestic unrest

- That in developing countries the communities surrounding the parks and reserves hardly benefit from tourism because the parks and reserves take most of the earnings (Western and Henry 1979). The isolation of the local communities is exacerbated when they lose access to resources of wildlife parks once the parks are establishment

This paper reviews how these controversies have been addressed in Kenya. A recent study (TTC 1998) found tourism to have a substantial net positive impact on Kenya's economy, that the country received K£ 1,498.7 million (17.27% of total exports) from tourism in 1996, and that the direct import content of tourism was low. Nevertheless, it was estimated that import substitution in tourism would yield 98 jobs in the modern sector and an additional K£ 646,000 in government revenue for every K£ 1 million worth of imports substituted (TTC 1998). The study found other benefits, such as formal and informal employment, government revenue, investment, and regional impact. However, the study did not estimate all the costs of tourism, particularly the social and environmental costs.

# 3 Overview of the Kenya Tourism Industry

This section presents an overview of Kenya's tourism industry to set the stage for subsequent policy analysis. A brief description of tourism resources, the structure of the industry in terms of the key stakeholders and their relative roles, and a detailed look at tourism development with historical and economic contribution perspectives are the key issues of the section. In some instances, policy-relevant issues are brought out, although this is treated comprehensively in Section 4.

## 3.1 Tourism resources and structure of the industry

### *3.1.1 Tourism resources*

The backbone of Kenya's tourism industry is the country's natural resources, mainly wildlife (but also other types of fauna and flora) and coastal beaches. Indeed, the well-maintained natural environment is Kenya's key tourist attraction (GoK 1995a). It has been estimated that approximately 80% of the tourists who visit Kenya are primarily interested in viewing wildlife (Filion et al. 1994). This indicates that nature tourism, or ecotourism, is an important component of the Kenya tourism industry. Kenya's minister for tourism is said to have stated that Kenya had been involved in ecotourism long before the term was coined.[2] Kenya's beaches at the Indian Ocean are another key tourist destination: even the tourists who come to view wildlife end up spending some time relaxing at the warm coast region. In

[2] *The people*, March 16, 2000, p. 17.

1998, coast beach hotels accounted for 62.6% of all hotel bed-nights in the country (GoK 1998).

These resources are under serious threat. Animal populations in key game reserves and national parks such as Maasai Mara and Amboseli have declined substantially. These and a few other national parks and reserves are suffering from overcrowding of tourists while most of the others receive few visitors. In addition, there is excessive development at the coast and increasing damage to the coral reef, largely because Kenya lacks an effective land-use policy.

Other tourism resources include marine parks, private ranches, museums, snake parks, mountains and other landscape features, and historical sites. The national tourism master plan (GoK 1995a) identified about 120 major tourism destinations and spots, including 84 national parks and reserves comprising a total area of 45,100 km², or 7.7% of the country's total land area.

Culture tourism is important in the country, especially in western Kenya and among the Swahili in the coast. This resource has not been exploited to its full potential (GoK 1995a).

Kenya is quite competitive in conference tourism—a profitable market segment—because Nairobi is experienced in hosting international conferences, it is the base of the United Nations Environment Programme (UNEP) and the United Nations Centre for Human Settlements (UNCHS–Habitat), and it has relatively sophisticated conference facilities. However, the facilities at the Kenyatta International Conference Centre (KICC) need to be refurbished urgently.

Other market segments where Kenya is competitive include mountain and highland resort tourism, special interest tourism (such as archaeology, ethnology, ornithology, botany and zoology), rail safari, cruises, and activity holidays. These have not yet been properly developed (GoK 1995a).

The minister for tourism announced in 2000 that Kenya was working on a tourism product diversification programme to include activities such as golfing, ecotourism safaris, the Safari Rally, cruise shipping, conference tourism, and culture, and to use the country's highly successful athletes to promote Kenya's image as a destination.[3] In addition, the country is developing agrobased tourism products whereby coffee, tea, pyrethrum, and pineapple plantations will be marketed as tourism products. Other targeted new products include the Kakamega tropical forest, which hosts unique bird, butterfly and indigenous tree species; nature-based attractions such as the 'weeping stones' of Vihiga, and cultural activities such as bull fighting and food festivals.[4]

### *3.1.2 Structure: major stakeholders and their roles*

There are many public and private stakeholders in the Kenya tourism industry with various roles.

*Public sector*

The public sector plays an important role encompassing formulating and implementing policy, licensing the actors, regulating the industry, developing tourism, supporting tourism sector activities, managing national parks and reserves and other public tourism resources, setting up and maintaining crucial tourism infrastructure, promoting tourism, and maintaining fair practice in tourism business.

Kenya's tourism sector is generally regulated by two acts of parliament enforced by the Ministry of Tourism and Information (MTI).[5] The Tourist Industry Licensing Act (CAP 381), which became effective in January 1968, has the main purpose of providing a regulatory framework for private sector tourism enterprises. It licenses these enterprises under either class A (town and safari operators, safari outfitters, taxis, tour transport companies, big game fishing outfitters, guides and couriers, professional safari photographers,

[3] This was reported in *The People*, January 14, 2000, p. 19.

[4] *The People*, March 16, 2000, p. 17.

[5] This ministry was known as the Ministry of Tourism, Trade and Industry until May 2001.

airlines offering tourist transport, lodges and tented camps, and travel bureaus or booking offices), or class B (professional and trainee professional hunters, hotels and similar establishments catering to tourists, interpreters, shopkeepers or any other persons selling tourist products, and persons who let vessels).

The Kenya Tourist Development Corporation (KTDC) Act (CAP 382) provides the regulatory framework for the development of the public sector's tourism enterprises. Since independence, the government has been a major participant in the ownership and management of tourism enterprises through the KTDC. This enabled it to control a sizeable share of the tourist market and to expand tourism infrastructure. However, competition from the private sector was encouraged. In fact, the KTDC was mandated to offer soft loans to small hotels owned by Kenyans and to provide long-term loans to private sector hotel investors. Investment incentives, such as generous duty remissions on imported inputs, were extended to foreign investors (Ikiara et al. 1994).

Some of the other acts also are related to tourism to a varying extent. The most important of these are the

- Hotel and Restaurant Act (CAP 494), which covers the catering training levy collected from hotels and restaurants
- Wildlife Conservation and Management (Amendment) Act (CAP 376), which provides the framework for wildlife conservation and management in the country
- Antiquities and Monuments Act (CAP 215), which caters for the conservation of important cultural and historical sites and buildings

The Environmental Management and Co-ordination Act (1999), which commenced in January 2000, is likely to significantly affect tourism development. This legislation has a legal requirement for projects to provide for environmental impact assessment (EIA) otherwise they would not be approved. The act confers on Kenyans the right to a clean and healthy environment. It empowers them, therefore, to sue businesses that violate this right. Corporations are required to keep accurate records and make annual reports to the National Environmental Management Authority (NEMA), one of the main statutory bodies created by the act. In addition, the act provides for environmental audits and monitoring of activities likely to significantly affect the environment.

Tourism planning and policy in Kenya have been viewed as lacking a unified legislative framework (see, for instance, GoK 1995a), because all these diverse legislations are not under the direct control of the ministry in charge of the sector. Since that ministry is responsible for coordinating all tourism activities, it needs to study all the laws impinging on tourism and to produce a coherent document to guide the industry. Moreover, since the ministry may lack the capacity and vision to manage all the resources related to tourism, there is need to develop an effective coordination framework to facilitate consideration of tourism objectives in the management of monuments, antiquities, wildlife and other resources.

A number of weaknesses plague public sector tourism. First, the failure to adequately implement tourism policy has meant that appropriate policies such as those for the careful planning of the industry, improvement of data recording and use in planning and management, and diversification of tourism products have either not been implemented at all or have only been partially implemented. Second, poor and unbalanced development of secondary factors such as infrastructure has led to underutilization of some tourism resources and overutilization of others. Third, insecurity has escalated, with severe impact on tourism. Fourth, public institutions such as the Export Promotion Council (EPC) that are charged with the task of promoting Kenya's exports have largely neglected tourism and other services.

The following public institutions are involved in the tourism industry:

**The Department of Tourism in the Ministry of Tourism and Information (MTI)** is responsible for promoting tourism through overseas embassies and missions in leading tourist source countries. It is also charged with the responsibility of planning of tourism, training of personnel for the sector, and management and conservation of wildlife and cultural heritages. The ministry's role is characterized by several problems (GoK 1995b; TTC 1999):

- Other ministries are involved in providing infrastructure for tourism without consultation with the MTI, with the consequent duplication of effort and uncoordinated and suboptimal distribution of infrastructure
- Insufficient coordination between the MTI and the Ministry of Planning
- Ineffective management and planning
- Promotional and marketing weakness in terms of shortage of experienced tourism marketing experts; expensive and ineffectual marketing of Kenya by national tourism offices located overseas; lack of a public relations plan; inadequate cooperation between the MTI and the private sector in tourism promotion; inadequate funds for promotion; little destination marketing (leaving everything to overseas tour operators who market the products they choose and not Kenya as a destination); failure to develop new products; inadequate explanation or interpretation of products (exhibits, monuments, wildlife, and other products) for tourists; and weak data-management systems and insufficient information regarding the range of products and services available for tourists in the country.
- Cumbersome and time-consuming licensing requirements in Kenya's tourism sector
- Poor enforcement of safety standards, controls, and standards in licensing and classification of tourism facilities and resources
- Poor coordination among the public agencies responsible for the protection and conservation of tourism resources. Two examples illustrate this most succinctly. First, the Kenya Wildlife Service (KWS), which is in charge of conservation and management of Kenya's protected areas—the backbone of the

country's tourism industry—is not under the direction of the MTI, the industry's overall regulator, planner, developer and promoter. Second, protected areas and important historical and cultural resources are gazetted for conservation under the Wildlife Conservation and Management Act and the Antiquities and Monuments Act, respectively, without adequate participation of the MTI, yet these are gazetted primarily for tourism purposes.

**The Kenya Tourist Development Corporation (KTDC)** was created in 1965 to finance potential investors in tourism, especially small- and medium-scale hotel owners, and to invest in tourism on behalf of the government. Through this institution the government acquired tourist facilities such as hotels and lodges, which enabled it to control a sizeable share of the country's tourism market—in the pre-structural adjustment programme era—and to expand tourism infrastructure. By 1992, for instance, the government owned (wholly or partially) 32 hotel establishments with 5,760 beds (GoK 1995b), which amounted to about 12.8% of the total number of hotels in the country that year. Other roles played by the KTDC include supporting government policy, providing information to domestic and foreign investors in the tourism industry, and building confidence for private investors contemplating investing in tourism by providing infrastructure and tourist facilities. The KTDC complements the private sector's tourism development efforts by either advancing loans them or through equity participation.

The KTDC is responsible for tasks such as the general improvement and preservation of the country's wildlife and other natural resources (GoK 1995b). However, this role is largely placed with the KWS, another parastatal, and the MTI, which implies possible duplication of effort and confusion.

Like other parastatals, the KTDC has been adversely affected by poor management, corruption and other harmful factors to the extent that most of its noble objectives remain largely unattained. For example, soon after it was established, KTDC's Revolving Fund Programme, which provided soft loans to Kenyans to enable them to own businesses in tourism, was overwhelmed by loan applications, slow loan repayment, and inadequate allocation of funds from the Treasury (GoK 1995b). There are plans to transform the KTDC into a tourism development bank (GoK 1994) that would meet the financial needs of the small- and medium-scale tourism enterprises.

**The Kenya Utalii College (KUC)** was born in 1975 with the mandate to train high- and middle-level personnel for the tourism sector. By 1995 the college had an annual capacity for 540 trainees and offered various courses in hotel management, front-office operations, food and beverage production, travel operations, tour guide training, and hotel keeping (GoK 1995b). In addition, the college offers refresher courses for personnel in the tourism industry and runs a mobile training unit or an outreach field extension programme. The Utalii Hotel, which is used for practicals, has an annual capacity for only 650 trainees.

Training costs of Kenyan students are met from a training levy administered by the Catering Levy Trustees (CLT), which is 2% of the gross turnover of all hotels and restaurants.[6] The main function of the CLT is to administer the fund and establish, equip, and control institutions that train staff for hotels and restaurants. Foreign students trained at the KUC are either self-sponsored or on scholarship.

The capacity and performance of the college fall short of the expectations of the changing demands and increasing sophistication of the tourism industry (GoK 1995a). The facilities (classrooms, hotel facilities) are inadequate with actual student numbers exceeding capacity by 37%. Poor training equipment, the downgrading of the Utalii Hotel from a 5- to a 4-star hotel, inadequate and overcrowded

[6] Even though the president directed in November 1991 that 85% of the total levy be channelled to the KUC, the directive was never been implemented, and the wage bill of the CLT continues to take up a sizeable portion of the levy collections. Currently the CLT is under restructuring.

staff offices, and loss of professional staff to the tourism sector are other constraints facing the college (GoK 1995b).

**The Kenya Tourist Board (KTB)** draws membership from both the private and public sectors, with the former accounting for 65% of the members. Launched in 1996, the KTB is charged with the responsibility of coordinating promotional activities for tourism. It also participates in international tourism fairs. The KTB has been quite visible in the last two or so years and has managed to obtain funding from external sources and the government. For example, it secured financial assistance from the European Union, of which Ksh 140 million was released in September 1999 and Ksh 980 million was to be a long-term endowment fund. The board faces serious management, staffing and funding problems, however, and it lacks the professional capacity necessary to promote and sustain a favourable image of the country. It is also yet to produce high-quality promotional literature.[7]

The KTB should be credited to a large extent with the winning by Kenya's stand of the first prize at the prestigious World Tourism Market (WMT) fair in London in November 2000. The KTB coordinated an effective team of public and private partners to prepare for the fair. The unprecedented results indicate the potential that lies in strong public–private sector partnerships.

**The Kenya Wildlife Service (KWS)** is a semi-autonomous public institution established in 1989 under the Wildlife Conservation and Management (Amendment) Act. It was separated from the Ministry of Tourism and Wildlife in 1991 and charged with the responsibility of managing and protecting wildlife in national parks and reserves. Its principal goals are conservation of the natural environment, sustainable use of wildlife, and protection of people and property from injury or damage by wildlife. The KWS has proved to be much more effective than the ministry ever was in providing services within national parks and reserves. The institution, in fact, is credited with

[7] *The EastAfrican*, May 9–14, 2000, p. 13.

stemming poaching and saving the Kenyan elephant. However, the KWS has failed to introduce a system of property rights over wildlife.

**The Bomas of Kenya** is a limited liability company fully owned by the government through the KTDC. The company has a theatre with a sitting capacity of 4,000. Its main activity is marketing cultural resources such as traditional dances, architecture, art and craft, with a view to providing entertainment and promoting Kenyan culture. If the plan to establish a tourist hotel and an amusement park at the Bomas of Kenya is accomplished, the attractiveness of the facility will improve substantially, as will its visitation.

The Bomas of Kenya is one of the investments in the tourism sector that the government intends to retain as a public enterprise. It is not clear why this is the case. The private sector would perhaps run it more profitably.

**The National Museums of Kenya (NMK)** is an important public institution in the country's tourism industry. It has responsibility over the management and conservation of monuments, antiquities, and historical resources in general. These are important tourism resources. Only 71 national museums and monuments are gazetted for preservation although the country has 141 major cultural and historical resources (GoK 1995b). Worse still, only 16 museums and monuments are utilized for tourism—and only on a limited scale—even though the historical and cultural resources, if they were improved, could contribute to the diversification of the country's tourism assets. In 1999, museums, monuments and other historical sites received 573,100 visitors, accounting for 59% of all the visitors to Kenya that year (GoK 2000b).

Like with many other public institutions in the country, NMK's role in tourism has been constrained by corruption and inadequacy of resources. In addition, interpretation and explanation of the monuments and other resources to tourists are inadequate. Consequently, the museums managed by the NMK are not attractive enough for tourists (GoK 1995a; TTC 1999). To attract tourists the museums should emphasize local culture, ethnography, anthropology, nature, geography, flora and fauna (GoK 1995a).

**The Investment Promotion Centre (IPC**) was established to promote growth through private investment. It provides investment advice and information to local and foreign investors, and recommends policies and legal reforms for improving the investment climate in the country. To promote private investment, the government through the IPC introduced the one-stop investment approval system in which information, submission of proposals, and issuance of all clearances and licences were provided in the same place.

**Local government authorities** are playing a significant role in wildlife management, especially in Maasailand, by lobbying for portions of tourism revenue to provide infrastructure and other services to the communities living in wildlife dispersal areas. Local authorities are responsible for managing national reserves, except the two that are legally defined as national parks and are therefore managed by the KWS. A serious obstacle to the involvement of local authorities is that they do not have specific departments to deal with tourism and resource-management matters. This has led to environmental degradation in many game reserves, including the decline in wildlife population. A study conducted between 1997 and 2000 estimated that the animal population in the Maasai Mara ecosystem declined by 50–80% since the 1970s, largely as a result of encroachment and mass tourism.[8]

*Private Sector*

The private sector has without doubt done a sterling job in tourism development in Kenya. Most hotels, lodges, campsites and other tourist facilities, tour companies, and travel agents are owned by the private sector. These, together with the private sector's Kenya Tourism Federation (KTF), have been crucial in promoting tourism. This has been done by individual firms and associations such as the

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[8] See *The EastAfrican*, May 1–7, 2000, p. 5.

Kenya Association of Hotel Keepers and Caterers, the Kenya Association of Travel Agents, and the Kenya Association of Tour Operators. Additionally, the private sector has played a major role in Kenyan tourism through its private ranches and nature reserves, air and road transport companies, not to mention the informal sector's curios and handicraft manufacturers and the farmers who produce the food consumed in tourist hotels.

The contribution of local communities in supporting wildlife and culture conservation is an important avenue through which the private sector stakes its claim to the tourism industry in Kenya. These communities suffer serious external costs from living near national parks and game reserves, but they are crucial to the success of nature-conservation programmes. The share of tourism revenues that goes to these communities and the level of their involvement in protected-area tourism projects are important and often controversial issues not just in Kenya but in other developing countries as well.

The enormous role that the private sector (comprising both domestic and foreign investors) has played in the tourism industry is attributable to the policy pursued since independence of fostering private-sector-led economic growth. It should be noted, however, that the private sector has also contributed to the problems facing the tourism sector. Through single-minded pursuance of the profit maximization objective, this sector has led to the establishment of excess capacity and the consequent overexploitation of the natural tourism resources.

The following paragraphs briefly describe the key private tourism organizations and their role in the industry.

**Kenya Airways.** For any country to succeed in tourism, it must be easily accessible. One way of ensuring that tourists have easy and convenient access to a country is to provide efficient and reliable air transport services. For Kenya, Kenya Airways has been instrumental in the growth of tourism. The airline was established in 1977 as a public carrier. Under public management Kenya Airways was inefficient, it made perpetual losses and had to be propped up by subsidies from the government. The airline was privatized in the 1990s. Now KLM Royal Dutch Airlines owns 26% of its shares, the government minority shares, and individual Kenyans a substantial proportion of the equity. Consultants from the UK were hired to manage the airline for a period before, during and after privatization.

Under the new management, Kenya Airways has experienced rapid and remarkable recovery. For instance, in 1993 it operated 36 international routes (covering 22 cities) and 4 domestic routes (involving 4 local towns), it carried 805,000 passengers, and it made a profit of Ksh 450 million (GoK 1995b). By 1999 the profits had soared to Ksh 2.9 billion and the route coverage had expanded substantially. The performance report released in June 2001 shows profits of about Ksh 2 billion for the year 2000, and the passengers carried surpassed the target of 1 million.

In spite of its phenomenal improvement in the 1990s, Kenya Airways still does not fly to as many worldwide locations as would be desirable for tourism. Currently there are no direct and convenient connections to Southeast Asia. This has prevented Kenya from tapping one of the fastest growing tourism markets. From a tourism point of view, it would not be far-fetched to expect the government to provide incentives to encourage Kenya Airways to operate routes to the most potential tourism markets. This could be considered alongside the option of pursuing an open-skies policy, as not all tourists would like to fly Kenya Airways. The disengagement of at least 10 airlines from Kenya in the last two years—unprovoked by a reversal on the rather liberal air services policy that the country has pursued—and the fact that the national airline is accorded key support and preferential treatment cast serious doubt on the commitment to the open-skies policy. This is likely to affect not only tourism but also horticultural exports. Neither the actual impact nor the cause of the disengagement has yet been established with certainty. Consequently, a study is needed to shed light on these issues.

**The Kenya Association of Tour Operators (KATO)** was born in 1977 to replace the East African Association of Tour Operators that disintegrated with the East African Community. The association started with 43 members. Although KATO has grown considerably, its membership still comprises only 250 of the more than 2,500 tour operators and travel agents registered by the MTI (Personal communication with an official of KATO). The majority of KATO members are tour operators, but some travel agents who also provide tour services are members. In fact, 10 of KATO's members are affiliate members such as Kenya Airways and the Kenya Utalii College. KATO was established to champion the needs of its members, lobby for tax reduction and other issues on behalf of members, promote tourism, improve standards of tour operators in the country, and uphold business ethics of the members. The 10 board members of its executive committee are elected annually. Various subcommittees carry out the day-to-day tasks of the association.

**The Kenya Association of Travel Agents (KATA)** had 78 members and 13 affiliated members in 1995, all of which had been licensed by the International Association of Travel Agents (IATA) (GoK 1995b). It is now estimated that membership has fallen to less than 50. KATA is a weak institution and still does not have a secretariat or an office. Some operators who provide both tour and travel agency services belong to both KATO and KATA. KATA, like KATO, is run by an executive committee whose members are elected annually. This association will need to devise new strategies and roles for its members in the tourism industry in the face of the challenges posed by technological innovations. In particular, the increasing use of the Internet to purchase tickets, hire vehicles and make hotel reservations threatens to push travel agencies into irrelevance.

**The Kenya Association of Hotel Keepers and Caterers (KAHC)** was established to encourage, promote and protect the interests of people involved in hotels, restaurants and other related services. Membership is largely drawn from the relatively larger hotels. The **Kenya Association of Budget Hotels (KABH)** represents budget hotels.

**The Mombasa and Coast Tourist Association (MCTA)** articulates the views of its members, who are hoteliers, travel agents, tour operators and other tourism stakeholders based in Mombasa. It has been quite vocal in the Kenyan tourism sector and was involved in negotiating with the electricity utility to defer payment of electricity bills by hotels during the period the industry was adversely affected by political tension. The association has also been involved in finding a solution to the beach boy problem.

**The Kenya Association of Air Operators (KAAO)** represents the interests of air operators in the country and lobbies on their behalf.

**The Aero Club of Kenya** has 460 members, who are aircraft owners and operators.

**The Kenya Tourism Federation (KTF)** was formed in 1998 to bring together the private sector associations involved in tourism and to coordinate their activities. It is increasingly becoming an important mouthpiece for the country's private sector tourism operators. Not only does it work closely with the Kenya Tourist Board, but it also has established a safety centre that opens 24 hours daily to receive information on incidences of insecurity involving tourists. Unfortunately, this institution is facing financial bottlenecks. But it has launched an aggressive recruitment drive to ameliorate this constraint.

Other private sector organizations that have recently entered the tourism sector include:

- The Professional Safari Guides Association, which is expected to introduce professionalism into tour guiding and improve service quality
- The Kenya Tourist Concern (KTC), whose role seems to duplicate that of the KTF
- Eco-Resorts, a company trying to introduce a rating system based on the quality of Kenya's tourism experience

- The Ecotourism Society of Kenya was registered in 1996 with the goal of popularizing ecotourism in the country

It is apparent that there has been institutional deepening, especially in the private tourism sector, particularly since the mid-1990s. Obviously, this portends substantial opportunity for improved performance. However, the numerous institutions need coordination and frequent dialogue to portray joint positions on key issues, if they are to be effective in influencing tourism policy.

## 3.2 Tourism development in Kenya

### *3.2.1 Performance and challenges*

Tourism in Kenya has come a long way. Visitor numbers increased from only 73,400 in 1965 to 894,300 in 1998 (Table 1 and Figure 2), growing at an average annual rate of 7.6 %. The number of holiday visitors actually grew faster over the same period, at 9.4% per year. The average length of stay; hotel occupancy; and visitation of national parks, game reserves, museums, snake parks and historical sites also grew rapidly.

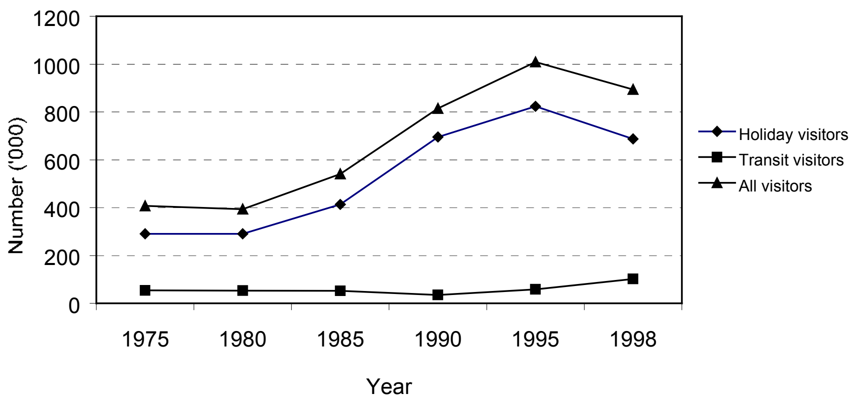


Figure 2. Visitor arrivals in Kenya, 1975–1998

Table 1. Kenya tourism's basic performance indicators, 1995–1998

| Visitors arrivals | 1965 | 1970 | 1975 | 1980 | 1985 | 1990 | 1995 | 1998 | 1999 |
|---|---|---|---|---|---|---|---|---|---|
| For holiday ('000) | 32.3 | 231.7 | 290.9 | 290.7 | 413.2 | 695.6 | 795.7 | 686.9 | 746.9 |
| All visitors (holiday, business, transit, others —'000) | 73.4 | 343.5 | 407.0 | 393.7 | 540.6 | 814.4 | 973.6 | 894.3 | 969.3 |
| Transit ('000) | 30.0 | 76.3 | 54.6 | 53.7 | 52.3 | 35.6 | 55.8 | 101.9 | 107.4 |
| Transit visitors as % of all visitors | 40.9 | 22.2 | 13.4 | 13.6 | 9.7 | 4.4 | 5.7 | 11.4 | 11.1 |
| Average length of stay (days) | 11.1 | 8.8 | 12.9 | 15.7 | 15.9 | 14.4 | 15.2 | 9.6 | 9.4 |
| Hotel bed occupancy rate (%) | 47 | 49 | 49 | 57 | 53 | 58 | 43.1 | 35.3 | 33.9 |
| Visitors to national parks and game reserves ('000) | 187.0 | 400.0 | 739.0 | 651.2 | 886.7 | 1501.8 | 1527.5 | 1079.4 | 1533.1 |
| Visitors to museums, snake parks & historical sites ('000) | – | 282.1 | 359.2 | 526.6 | 705.5 | 906.9 | 818.3 | 494.2 | 573.1 |
| Conference tourism: occupancy rate (%) at KICC | – | – | – | 74.8 | 54.0 | 35.1 | 32.6 | 7.1 | 10.7 |

Source: Calculated from GoK, *Economic Survey* and *Statistical Abstract*, various issues.

Tourism receipts grew rapidly, at an average annual nominal rate of 11.3% between 1985 and 1998 (Table 2 and Figure 3). However, in dollar terms, which reflects real growth, the corresponding rate was 1.4%. It was estimated that in 1996 tourism i) contributed 9.2% of the country's GNP, 18% of the total export earnings and 11.2% of the total government revenue; ii) created 138,000 jobs in the modern sector and 360,000 others in the informal sector; and iii) attracted investment worth 31,000 additional jobs (TTC 1998).

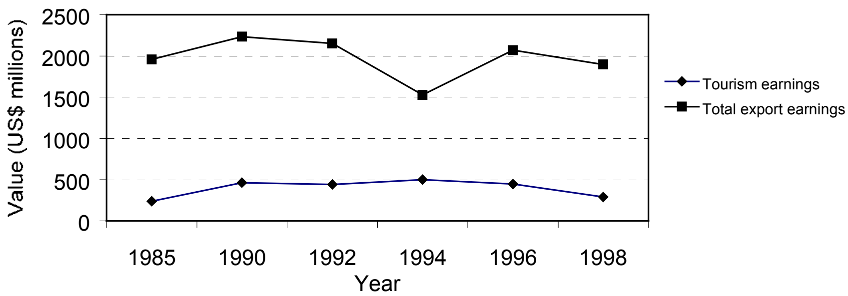


Figure 3. Tourism and total export earnings, 1985–1998

The performance of Kenya's tourism industry was most impressive in the 1960s and 1980s compared with the 1970s and 1990s. While the total number of visitors to the country increased by 36.2% every year between 1965 and 1970, the rate slowed down to 1.4% over the 1970–1980 period, increased to 7.5% between 1980 and 1990 and then slumped to only 1.2% between 1990 and 1998. In fact, between 1990 and 1998, the growth rates for holiday, national park and museum visitors were all negative.

There was a discernible break in the growth of visitor arrivals in the mid-1990s (Figure 2). The first slowdown in tourism growth was experienced around 1991–1992. The decline during this period was caused by several factors, including i) political tension associated with the transition from a one-party to a multiparty democratic political

Table 2. Tourism earnings in Kenya relative to other export sectors, 1985–1998

| | 1985 | 1990 | 1992 | 1994 | 1996 | 1998 |
|---|---|---|---|---|---|---|
| Exchange rate (Ksh/1 US$) | 16.43 | 22.92 | 32.22 | 56.05 | 57.12 | 60.37 |
| Total export receipts (K£ millions) | 1311.8 | 2558.8 | 3464.4 | 4282.1 | 5910.0 | 6059.0 |
| Tourism earnings (K£ millions) | 196.7 | 533.0 | 713.0 | 1405.0 | 1280.0 | 875.0 |
| As % of total export receipts | 15.0 | 20.8 | 20.6 | 32.8 | 21.7 | 14.4 |
| Coffee earnings (K£ millions) | 230.7 | 221.0 | 230.1 | 652.9 | 821.4 | 640.9 |
| As % of total export receipts | 17.6 | 7.2 | 6.6 | 14.6 | 13.9 | 11.2 |
| Tea earnings (K£ millions) | 191.4 | 314.5 | 485.0 | 844.0 | 1135.2 | 1648.5 |
| As % of total export receipts | 14.6 | 12.3 | 14.0 | 19.7 | 19.2 | 28.8 |

Source: Calculated from GoK, *Economic Survey* and *Statistical Abstract*, various issues.

system, ii) high travel costs caused by sharp increases in oil prices, iii) increasing insecurity manifested in increasing attack on and rape of tourists, and iv) the adverse publicity associated with AIDS and rising insecurity (Ikiara et al. 1994). In addition, currency restrictions prior to the liberalization of the foreign exchange market in 1993 hampered the marketing efforts of locally based tour operators.

The rapid tourism growth since independence is attributable to a number of factors (GoK 1995a; TTC 1999):

- Rich natural tourism resources, particularly quality wildlife and beaches
- Customer awareness of Kenya as a safari destination with tropical weather
- Familiarity of overseas tour operators with Kenya's tourism products
- Retention of the country's name after independence so that Kenya remained readily familiar to overseas tourists
- Good access from Europe compared with other safari destinations in Africa because Nairobi, a regional hub, is served by international and regional airlines
- Relatively more developed tourist infrastructure (hotels, lodges, tour operating firms, guiding services, etc.) with an established track record and capacity compared with most safari competitors in sub-Saharan Africa other than South Africa
- Hospitality of the Kenyan people
- Indistinct seasonality with sunshine all year, akin to a European summer
- Good medical and rescue facilities, particularly the internationally recognized flying doctor service
- Lack of a language barrier since English is widely spoken and is the official language of the country

- A stable socio-political environment and security

The depreciation of the Kenya currency following major reforms of the foreign exchange policy in 1993 made the country relatively cheap as a destination and contributed to the surge in tourist arrivals in 1993–1994. Mass tourism markets, the segment the country relies upon, are highly sensitive to prices. The dismantling of foreign exchange restrictions during the same period also eased the industry's access to imported inputs.

After the peak attained in 1994, Kenya's tourism experienced an unprecedented decline until 1999 when there was modest growth. Visitor numbers declined by 11.3% between 1995 and 1998 (Table 1), and the share of tourism in the country's total export receipts declined from the peak of 32.8% in 1994 to only 14.4% in 1998 (Table 2). The average length of stay and visitation of tourist sites all dropped between 1995 and 1998 (Figure 4). Moreover, for the first time visitors on transit increased, from 4.4% in 1990 to 11.4% by 1998 (Table 1), implying that many tourists preferred neighbouring countries to Kenya. It is interesting that the period of tourism decline coincided with that of the rapid fall in the inflation rate.

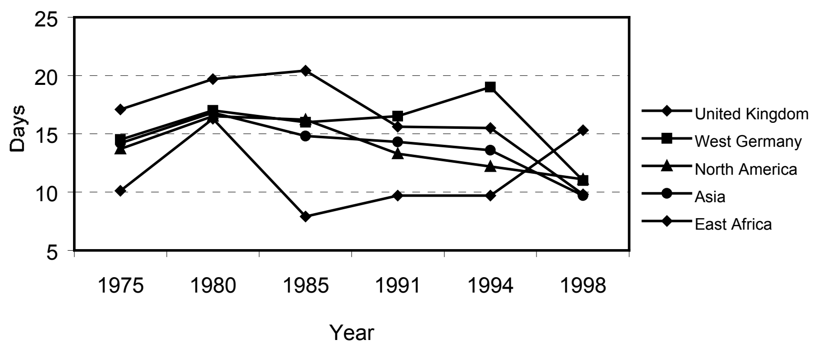


Figure 4. Average length of stay, 1975–1998

Like in 1991–1992, insecurity and the associated negative publicity were the main causes of the decline that started in 1995. From that year to 1997 when the national elections were held, political temperatures were high. The problem attained catastrophic dimensions when ethnic clashes erupted at the coast, an area that has accounted for more than 60% of the total bed-nights in Kenya since 1990 (Table 3). The apparent inability of the security forces to deal with the clashes (which seemed more like complicity of security forces in the clashes) compounded the problem. The worst was still to come when in August 1998 terrorist bombs hit the American embassies in Nairobi and Dar-es-Salaam killing close to 300 people. Consequently, many countries around the world issued travel advisories that led to cancellations of holidays in East Africa. Many hotels are still suffering from the large debts they incurred as a result of the slump, with some being sold and others in receivership. The recent marginal improvement in hotel occupancy rate is not in reality an indicator of improving performance but is attributable to the decline in hotel bed numbers arising from the closure of many hotels, particularly at the coast.

Besides politically related causes, other sources of insecurity are crimes such as robberies, mugging and carjacking in towns and on safari routes, and poaching.

Other factors that contributed to the decline in Kenya's tourism performance between 1995 and 1998 and that are the principal weaknesses of the industry include (GoK 1995a; TTC 1999):

- Crumbling infrastructure—not just the poor roads, which that were seriously worsened by the El-Niño rains of late 1998—but also poor rail services, poor telecommunications, congestion and inadequate facilities at the airports and the port of Mombasa, pilferage of luggage, inadequate supply of clean water, and frequent electricity disruption. Infrastructure rehabilitation and upgrading are needed urgently, particularly in the prime tourism areas

Table 3. Distribution of occupied bed-nights ('000) among Kenya's tourist attractions, 1975–1998

| | 1975 | 1980 | 1985 | 1990 | 1994 | 1998* |
|---|---|---|---|---|---|---|
| Coastal beach | | | | | | |
| Foreign residents | 967.0 | 1630 | 2,035.8 | 3062.8 | 2,903.2 | 1289.6 |
| Residents of Uganda & Tanzania | 8.3 | 3.6 | 7.7 | 4.2 | 9.7 | 15.0 |
| Kenya residents | 161.9 | 167.6 | 144.6 | 194.4 | 141.5 | 303.0 |
| All visitors including permanent occupants | 1149.4 | 1809.6 | 2,196.9 | 3279.4 | 3071.5 | 1614.4 |
| % of all bed-nights for coastal beach attractions | **35.8** | **41.7** | **45.6** | **53.6** | **60.1** | **57.4** |
| Other coastal | | | | | | |
| Foreign residents | 150.9 | 219.8 | 248.3 | 301.3 | 260 | 138.1 |
| Residents of Uganda & Tanzania | 21.2 | 17.6 | 15.9 | 14.8 | 7.8 | 0.8 |
| Kenya residents | 103.5 | 142.3 | 159.9 | 146.8 | 31.4 | 27.2 |
| All visitors including permanent occupants | 327.1 | 425.9 | 448.1 | 486.3 | 318.4 | 167.0 |
| % of all bed-nights for other coastal attractions | **10.2** | **9.8** | **9.3** | **7.9** | **6.2** | **5.9** |
| Nairobi | | | | | | |
| Foreign residents | 791.3 | 875.9 | 880.9 | 990.4 | 631.9 | 585.1 |
| Residents of Uganda & Tanzania | 109.2 | 71.0 | 91.2 | 62.4 | 42.0 | 38.1 |
| Kenya residents | 178.5 | 248.7 | 225.1 | 257.1 | 274.0 | 206.8 |
| All visitors including permanent occupants | 1326.0 | 1495.1 | 1407.5 | 1428.2 | 1005.8 | 833.6 |
| % of all bed-nights for Nairobi | **41.3** | **34.5** | **29.2** | **23.3** | **19.7** | **29.6** |
| Rest of Kenya, including Masailand, Nyanza basin, western, central and north Kenya | | | | | | |
| Foreign residents | 239.8 | 329.4 | 454.6 | 633.6 | 447.9 | 30.2 |
| Residents of Uganda & Tanzania | 3.2 | 6.6 | 6.3 | 5.1 | 10.0 | 7.6 |
| Kenya residents | 134.7 | 243.2 | 292.8 | 285.7 | 242.7 | 159.9 |
| All visitors including permanent occupants | 406.4 | 607.2 | 766.0 | 932.7 | 715.0 | 198.0 |
| % of all bed-nights for the rest of Kenya | 12.7 | 14.0 | 15.9 | 15.2 | 14.0 | 7.0 |

*Figures for 1998 were obtained from the *Economic Survey,* while all the others are from the *Statistical Abstract*. There are therefore some differences. The rows under 'coastal beach' for 1998 are combined with those for 'other coastal' while what appears under 'other coastal' for 1998 are data for 'lodges'.

Source: Calculated from GoK, *Statistical Abstract* and *Economic Survey*, various issues.

- A negative political image—official (political) corruption, in particular, is a deterrent to new investment in the tourism industry and other sectors of the economy

- Inadequate and inappropriate marketing and image-making efforts in an environment of increasing competition for tourists in East Africa and the rest of the continent. Overseas tour operators now lead and control the marketing of the products they think Kenya has to offer rather than marketing the country as a holiday destination

- Lack of a public-relations strategy for the country

- Continued reliance on and marketing of the same old products—beach and safari holidays—instead of diversifying to the other products the country has to offer

- An inefficient bureaucracy largely incapable of coping with emergent regional and global competition for tourists

- Entry impediments for tourists in terms of visa requirements and noncompetitive air passenger service charges

- Poor implementation of often-appropriate tourism policies—for example, safety standards, licensing regulations and hotel classification requirements are not enforced, which leads to substantial illegal tourism business

- Poor quality of service largely because many facilities are aging, such as the hotels built in the 1970s and the minibuses used for wildlife viewing

- A negative health image of the country, like other tropical destinations, due to high incidences of diseases such as malaria and HIV/AIDS, and low hygiene standards

- Inadequate interpretation or explanation for tourists of exhibits, monuments or other tourism resources

- Poor taxi services and public transport systems, including harassment of tourists by taxi drivers
- A cheap image of the country resulting from falling quality and prices
- Lack of an 'anchor' (unique) product comparable to the Serengeti game park in Tanzania, Victoria Falls in Zimbabwe, or Okavango swamp in Namibia
- Poor coordination of the public and private sector tourism activities
- Environmental degradation in such key resources as the Maasai Mara and the Amboseli game parks. Wildlife populations in Maasai Mara have declined by 50–80% since the 1970s
- Inadequate information to guide tourists on the full range of products and services available. The inadequate number of tourist information offices in the country is a pointer to the seriousness of this problem
- Harassment of tourists by beach boys. An airport exit survey carried out a few years ago indicated that this was the most irritating problem for tourists (GoK 1995b)
- Lack of incentives to encourage the conservation of natural and cultural resources by local communities
- Lack of an effective land-use and planning policy in the country. This has affected the location of tourism investments and led to the encroachment on wildlife-dispersal areas
- Harassment of tourists by government officials such as customs and immigration officials, policemen and health officials. Bureaucratic visa acquisition procedures have been a notable problem for many years

The country has not adequately exploited the potential of tourism as a vehicle for achieving rural–urban balance or a wider dispersion of economic development. Instead of improving in dispersion, hotel occupancy has progressively become more concentrated in Nairobi and at the coast since 1985. Nairobi and the coast accounted for 84.1% of the country's total bed-nights in 1985 (down from the high of 87.3% in 1975). This had increased again to 86% by 1994 and to 87% by 1998 (Table 3). And this is happening when improved distribution of economic development has been a key policy objective of the government since independence!

Diversifying the source of tourists who come to Kenya, one of the tourism policies that have been pursued in the country for some time, has not been satisfactorily attained. But it has performed better than the policy on rural–urban balance. Europe, principally the United Kingdom and Germany, continues to be the main source of tourists, but its share of the total bed-nights has dropped from the high of 71.6% in 1994 to 54.1% in 1998. The share for Asia doubled between 1975 and 1998, but the number of tourists from that continent is still low in absolute terms and their average length of stay continues to shorten (Table 4).

Some of the most positive developments in Kenya's tourism are the increase in the average length of stay of residents of East Africa and Africa, which is now among the highest, and in the proportion of bed-nights occupied by domestic tourists, from 20.2% in 1975 to 24.9% in 1998 (Table 4). Easter holidays in the year 2000 reported maximum bed occupancy with domestic tourists accounting for 70% of this.[9] This is consistent with the policy to promote domestic tourism that has been pursued for many years, an important policy because it enhances tourism sustainability by reducing overreliance on foreign tourists.

[9] *East African Standard*, April 28, 2000, Business News, p. 13.

Table 4. Source of tourists to Kenya, 1975–1998

| | 1975 | 1980 | 1985 | 1991 | 1994 | 1998** |
|---|---|---|---|---|---|---|
| Bed-nights as a % of all bed-nights occupied | | | | | | |
| United Kingdom | 13.6 | 11.4 | 10.5 | 18.7 | 18.2 | 18.4 |
| West Germany | 16.7 | 26.1 | 25.5 | 26.9 | 26.7 | 15 |
| Total Europe | 54.6 | 64.2 | 62.7 | 70.4 | 71.6 | 54.1 |
| USA | 11.1* | 6.9* | 8.4 | 3.8 | 4.9 | 6.6 |
| Total North America | – | – | 9.4 | 4.8 | 6.1 | 7.7 |
| India | – | – | 0.2 | 0.5 | 0.5 | 1.1 |
| Japan | – | – | 0.2 | 0.5 | 0.7 | 1.2 |
| Total Asia | 2.3 | 2.5 | 2.4 | 1.9 | 2.2 | 4.6 |
| Kenya (domestic tourism) | 20.2 | 18.3 | 18 | 14.4 | 13.8 | 24.9 |
| Uganda | 2.9 | 1.9 | 1.3 | 0.6 | 0.6 | 0.9 |
| Tanzania | 2.1 | 0.4 | 0.8 | 0.8 | 0.8 | 1.3 |
| Total Africa | 28.8 | 23.9 | 23.5 | 19.2 | 18.7 | 32.1 |
| Rest of the world | 3.3 | 2.5 | 2 | 1.3 | 1.3 | 1.5 |
| Average length of stay (days) | | | | | | |
| United Kingdom | 17.1 | 19.7 | 20.4 | 15.6 | 15.5 | 9.8 |
| West Germany | 14.5 | 17 | 16 | 16.5 | 19 | 11 |
| Other Europe | 13.1 | 14.4 | 25.7 | 13 | 12.8 | 10.1 |
| North America | 13.7 | 16.5 | 16.2 | 13.3 | 12.2 | 11.1 |
| Asia | 14.2 | 16.8 | 14.8 | 14.3 | 13.6 | 9.7 |
| East Africa | 10.1 | 16.3 | 7.9 | 9.7 | 9.7 | 15.3 |
| Other Africa | 9.9 | 11.1 | 9.8 | 12.8 | 15.2 | 10.3 |
| Rest of the world | 12.5 | 16.1 | 12.1 | 13.3 | 12.5 | 9 |

* entry is for USA/Canada

** figures for bed-nights are for 1998, but those for average length of stay are for 1997

Source: Calculated from GoK, *Statistical Abstract* and *Economic Survey*, various issues.

The absolute number of tourist arrivals has increased considerably over the years, but the average length of stay and the average expenditure per tourist have decreased (GoK 1995b). This does not augur well for Kenya's tourism: the economic goals of tourism policy ought to be the optimization of the flow and mix of tourists with the objective of maximizing their expenditure. This is not being achieved by the expansion of domestic and regional tourism, which is largely based on heavy discounts.

### *3.2.2 Opportunities for Kenya's tourism*

Kenya's tourism has great opportunities, including the following (Republic of KenyaGoK 1995a; TTC 1999):

- The great ecological diversity represented in the tropical Indian Ocean beaches, the Rift Valley, the central highlands, and the snow-capped Mount Kenya
- The potential diversity into such products as deep-sea and freshwater fishing, horse riding, golf, mountain climbing, hiking, culture, archaeology, events around the equator, agri-business, and photography
- An ideal equatorial climate for beach, safari, and activity holidays of all kinds
- Film making
- Museums (but these should be upgraded to provide better resources for tourism)
- The diverse cultures and traditions and the rich pre-colonial history
- The East African Cooperation provides opportunity for freer movement of people and cooperative marketing and development

- The tea, flower, coffee, pineapple and other plantations have the potential of boosting the image of the country as a quality holiday destination
- The country's outstanding sports personalities could be used to promote its image

### *3.2.3 Threats to Kenya's tourism*

Tourism faces serious threats, which policy should address:

- Exceeding the carrying capacity of coastal and safari resources
- Lack of controls and planning has resulted in environmental damage, and controls on safety standards, licensing, and classification are not enforced
- Political unrest and insecurity in general
- Increasing competition for beach and wildlife holidays
- Downward pressure on prices from declining demand could affect the quality of facilities and services and result in unsustainable tourism
- Failing to offer benefits from tourism to local communities could discourage them from protecting the resources
- The increasing physical decline of the environment in Kenya, including excision of forest reserves
- Poaching and encroachment on wildlife dispersal areas
- The negative investment climate in the country
- Overreliance on the European (principally Germany and the United Kingdom) market
- Corruption not only worsens the investment climate but also contributes to such problems as poor infrastructure
- Regional unrest affects the image of Kenya

# 4 Review of the Tourism Policy

Tourism is perhaps Kenya's only important sector without a coherent and comprehensive national policy in the form of a recent sessional paper. This is possibly because the sector has always performed well, at least until the 1990s. The government has tended to focus attention on problem areas like land issues and agriculture, and has dealt with less problematic areas in an ad hoc manner. It is arguable that sectors that rely predominantly on the private sector investment such as tourism do not need a national policy, as they are more dependent upon the overall macroeconomic policy. This should not be the case: every important economic sector deserves a cohesive policy to bring its special needs and challenges into proper focus. It is only then that the implications of the macroeconomic policy on the specific sector become obvious.

Policies relating to tourism are scattered in other national and sectoral policies, but can be discerned mainly from the development plans formulated since 1946. Sessional papers are useful too, as are annual budget speeches and policy framework papers.

For many years, Kenya was privileged as a destination, since South Africa, one of the main competitors, was regarded as a pariah because of its policy of apartheid and because other countries lacked the secondary factors required for tourism development. For this reason, tourism authorities tended to be complacent and were mainly concerned with expanding tourist infrastructure to support increasing tourist numbers. It is hardly surprising, therefore, that the country's tourism policy still lacks strategies for beating competition.

The fact that tourism is not adequately distinguished as a separate sector in national accounts is another manifestation of the official neglect of the sector in Kenya. This is probably because of the complex linkages between tourism and such diverse economic sectors as agriculture, food processing, public utilities, the textile industry, real estate, transport, manufacturing and retailing. Consequently, official statistics do not cover all tourism activities.

Even though Kenya's tourism sector lacks a policy document, it has been considered important since the colonial period, and programmes for its development were put in place as early as the beginning of the 20th century. The first game reserves were created in 1906 in areas considered then to have low potential for alternative economic use.

## 4.1 Tourism policies since independence

To analyse Kenya's tourism policy, we start with a critical look at the policies adopted since independence in 1963 to establish whether they were abandoned or retained as the country developed. For this purpose, tourism policy is divided into tourism development, infrastructure development, sustainable tourism development, training, pricing, role of the public sector, role of the private sector, public–private sector partnerships, participation of Kenyans, role of foreign investors, security of tourists, marketing and promotion, aviation, regional cooperation, and wildlife policy.

The tourism policy adopted at independence is clearly presented in Sessional Paper No. 1 of 1963 on 'Observations on the Report of an Economic Survey Mission from the International Bank for Reconstruction and Development' and the development plans for 1964–1970 and 1965/66–1969/70.

The independent government started off with a sound tourism vision. Policy-makers at the time demonstrated awareness of sustainability issues; the critical role that efficient air transport services play in tourism; the advantage of rich, up-market tourists as opposed to mass tourists; the unrivalled role of coordinated planning in tourism; the potential adverse effects of unplanned tourism development on protected areas and local cultures; and the huge potential that lay in developing tourist circuits that connected the East African countries. Today, these are the leading considerations in tourism development the world over.

In 1965 the government undertook several measures that more than anything else at that time demonstrated its vision and commitment for the tourism industry—

- The invitation of the then French inspector-general of tourism to study Kenya's tourism and make recommendations for its future development. The report arising out of this visit, the Bertrand Report, largely formed the basis of the tourism policy expounded in the Development Plan of 1965/66–1969/70
- The feasibility survey carried out by an expert from the Commonwealth Development Corporation Hotels on tourist lodge construction and improvement, and the feasibility report prepared by private engineering consultants on roads serving tourism locations. Both of these had significant influence on policy
- The creation of the Kenya Tourist Development Corporation (KTDC) by an act of the national assembly in 1965 was a milestone in the country's tourism sector
- The coordination between tourism and its main inputs—the national parks and game reserves—was enhanced by combining them and placing them under the same institution, the Ministry of Natural Resources, Wildlife and Tourism

In addition to these important measures, the Development Plan for 1965/66–1969/70 contained one of the most well thought out and comprehensive tourism policy packages to date, except perhaps for its targeting of mass instead of up-market tourists. What is more, the tourist attractions identified then for promotion were largely those recommended three decades later by undeniably the most comprehensive document on the tourism sector to date, the *National Tourism Master Plan*! These were wildlife, big-game hunting, climate, scenery, mountaineering, trout and deep-sea fishing, surfing, and swimming and other sports. None of the policies expounded in the 1965/66–1969/70 Development Plan and subsequent development plans has been abandoned so far, except those on the category of tourists targeted. This is evidence of the comprehensiveness of these early tourism policies. Unfortunately most of these policies have not been implemented.

### *4.1.1 Tourism development policy*

Since independence, the country's tourism development strategy has focused on the gradual increase in tourist numbers, with mass tourism and coastal beach holidays receiving strong support (GoK 1995b). In general, these objectives have been achieved. Since the 1989–1993 Development Plan, however, a shift is discernible in the focus of tourism development, favouring spatial diversification of tourist destinations and reduction of the adverse environmental impacts of tourism.

One of the tourism policies favoured by the government at independence was "… increasing the flow of middle-income tourists as well as catering for the 'luxury trade' [with the former] … attracted primarily to the game parks and reserves … [while] … hunting *safari* should remain a high-priced, exclusive venture for the upper-income tourist" (GoK 1963: 11). This policy was continued in the first post-independence Development Plan (1964–1970). However, the second Development Plan (1965/66–1969/70) had an explicit goal to tap masses of tourists from the American and European markets. This was ill advised: up-market tourists are preferable to middle-income tourists because they have higher per capita expenditure, allowing the opportunity to maximize revenue receipts while simultaneously protecting the resource base, including the environment, wildlife, and culture. Moreover, competition for mass tourists is very strong the world over and the real control of the global mass market rests with overseas tour operators. In such a situation, it is difficult for developing countries with low efficiency levels to compete in global mass tourism.

The policy of attracting mass tourists was continued until 1994. The 1994–1996 Development Plan introduced a clear shift in focus to promote up-market tourism based on ecotourism and wildlife safari.

Unfortunately, this change was true only in spirit, and no concrete measures were taken in that direction. Furthermore, the most recent policy document, *Poverty Reduction Strategy Paper 200–2003* (GoK 2000a), stipulates that Kenya's tourism will continue relying on a blend of mass and luxury tourists, the same policy the country had at independence.

Even before independence the government had pursued a policy aimed at enhancing and preserving the country's tourist attractions. The reason for this was the substantial role that tourism played in the economy even at that time. In 1962, for example, tourism earned K£ 5.2 million in gross foreign exchange, the country's third largest after coffee and tea (GoK 1964). It was estimated that about 25% of these earnings were attributable to imported items. This focus on the maintenance and development of tourism resources gave the country an early lead over competitors in East Africa and the entire African continent.

In its commitment to expand tourism, the government had by the time of releasing the Sessional Paper of 1963 already embarked on an integrated and comprehensive development programme for tourist amenities. This involved the establishment of several tourist circuits, including regional ones; road development; and increasing lodge capacity in various parks and reserves. This programme was continued in the first post-independence development plan (1964–1970), which spelt out a programme for construction of lodges in game parks, road development in tourism resource areas, and provision of hotel accommodation by the private sector outside national parks and game reserves. Construction of lodges in game parks could have been more efficiently handled by the private sector provided that this was regulated to prevent the development of excess capacity that the government feared.

The Development Plan for 1965/66–1969/70 constituted i) supplying 1,000 new lodge beds, ii) constructing an airstrip near each lodge, iii) setting up a lodge development organization to promote construction and modernization of lodges, iv) expanding and modernizing hotels outside the national parks and game reserves, v) improving services, especially in hotels outside Nairobi, and vi) upgrading existing roads to an all-weather condition or constructing new ones.

Improving conservation of natural and cultural resources and diversifying tourism products and market segments are key objectives of the current Development Plan (1997–2001). These objectives have been pursed since independence, but their implementation has been adversely affected by the failure to take into consideration during policy design and formulation the human and financial resources required for implementing the policies. Rapid tourism growth continued to be a key development objective for Kenya, although by 1974 there was growing concern over potential adverse social, cultural and political impacts of fast tourism expansion. Between 1964 and 1970, international tourism was targeted to grow at 15% annually compared with 5% for domestic tourism. The growth rate targeted in the 1974–1978 Development Plan was lower than in the previous periods, largely because of resource constraints and the realization that rapid tourism growth led to social and cultural disruption.

The expansionary policy is still being pursed. The current official policy aims to i) increase tourist numbers, visitor days, tourist expenditure, the proportion of visitor nights spent in registered hotels, the number of local tourists, especially in the low season, and hotel occupancy; ii) improve capacity utilization; iii) promote viable commercial investments and iv) generate more bed capacity, especially by the private sector.

The dispersion of tourist trade throughout the country was another development objective of the tourism industry in the 1974–1978 Development Plan. The strategies adopted to meet this objective were i) improving roads and other infrastructure, where cost was permissible, ii) providing financial inducements to attract investment in areas where tourist circuits were not well established, iii) increasing hotel space in Nairobi and up-country hotels relatively more than at the coast, iv) encouraging package tours to include up-country safari, v) targeting a higher proportion of visitors from the areas that preferred safari to beach holidays (mainly North America, Japan and Oceania), and vi) developing beaches in new locations. Despite these strategies, there has been an increase rather than a decrease in the concentration of hotel beds in Nairobi and at the coast. It should be emphasized that only the development of attractive tourist products in different parts of the country and their effective marketing will achieve dispersion of tourist trade. The development of secondary factors alone will not do.

The 1979–1983 Development Plan presented another significant shift in the way tourism development was visualized in the country. The plan sought to strike a balance between exploiting tourism resources for economic development (especially wildlife) and their conservation (GoK 1979: 325). Even though the term 'sustainability' was not mentioned explicitly, this development plan marked the shift towards the sustainable management paradigm for Kenya's tourism. The main objective was stated as that of maximizing net returns subject to important social, cultural and environmental constraints (GoK 1979: 390). Achieving this required balancing demand and supply forces, dispersal of tourist flows to different destinations within the country, and balancing investment in direct tourist facilities and in the infrastructure without which the facilities could not be used. For the first time a development programme was explicitly aimed at minimizing the adverse effects of tourism at the coast.

This shift of focus was necessitated by resource constraints and by the realization that tourism resources such as beaches, rangelands, water, and wildlife were highly vulnerable to overexploitation and had high opportunity costs, all factors that underscore the critical role of careful planning in the sustainable use of tourism resources.

Beginning with the 1979–1983 Development Plan there was increasing attention to environmental considerations in the country's tourism policy, and proposals were made to introduce environmental impact assessment (EIA) studies and 'green certification' as prerequisites for approving new tourism-related projects (GoK 1994).

The 1994–1996 Development Plan contained plans to restructure the KTDC into a tourism development bank and to prepare a national tourism development master plan. Consequently, a very comprehensive plan was produced in 1995. This plan has not been implemented consistently. But the government is committed to fully implementing it as a way of establishing a sustainable tourism base (GoK 1997). The tourism development bank has not yet been created.

One very important policy for tourism development that the government has pursued aims at improving planning and institutional organization and capacity. The 1965/66–1969/70 Development Plan deemed as crucial coordinated planning of the tourist sector in preventing the development of surplus capacity or capital wastage. Additionally, long-term planning was adopted with the objectives of preserving the country's beauty and preventing destruction of national resources through pollution, traffic congestion, misplaced buildings, and disruption of wildlife habitants by allowing too many visitors. Moreover, most tourism policy statements have pointed to the government's plans to improve tourism planning through measures such as

- Strengthening the ministry for tourism development, its planning division, and its institutions charged with research, planning, monitoring and evaluation, marketing and promotion, and regulation of tourism
- Using external technical assistance
- Funding consultant studies such as the one that produced the national tourism development master plan in 1995
- Ensuring statistics were accurate and up to date for efficient planning and monitoring of tourism
- Developing a tourism forecasting model
- Matching destination planning, development of infrastructure and management of tourism resources with changes in

consumer expectations and quality and price of tourism products

- Strengthening regulations and other policy instruments to deal with the negative impacts of tourism, such as social and cultural pollution and environmental damage

All these policies are appropriate considering the critical role of planning. Indeed, there were significant improvements in data quality up to the mid-1970s not just in tourism but in other sectors as well. Later on, however, performance deteriorated even when policy remained focused, indicating that policy implementation was lethargic.

Lack of tourism data and their poor quality and analysis are serious obstacles to tourism development. To date Kenya does not have a forecasting model even though the intention to develop one was announced in the mid-1970s. Worse still, the institutions responsible for training, research, promotion, development, and regulation are still weak and poorly coordinated. There is still no evidence that tourism planning and development in Kenya reflect either the expectations of consumers or the global trends in the quality and price of tourist products, yet policy to move down that path was adopted in the 1994–1996 Development Plan.

### *4.1.2 Infrastructure development policy*

Infrastructure development has been a major pillar of Kenya's tourism policy since independence. This is commendable since no tourism industry can develop without infrastructure. Development of infrastructure to support actual tourism resources has proceeded alongside that of lodge and hotel accommodation. However, in recent years, infrastructure development has tended to lag behind the growth of hotel accommodation and other tourist facilities. This is largely because of the resource constraints that perpetually face the government, the institution responsible for providing infrastructure. These constraints, in turn, are largely attributable to corruption, mismanagement of resources and other vices. The following specific activities and objectives have been adopted with respect to infrastructure development:

- Increasing the quantity and quality of roads (stipulated in the 1964–1970 Development Plan)
- Improving existing roads to all-weather standards or constructing new ones (1965/66–1969/70 Development Plan)
- Improving the road network and airports (Sessional Paper No. 8 of 1969)
- Providing infrastructure and vesting responsibility for the maintenance of roads within national parks with the administration of the parks (1970–1974 Development Plan)
- Increasing the number of all-weather up-country roads and developing beaches in new locations (1974–1978 Development Plan)
- Expanding radio network services to remote areas (1984–1988 Development Plan)
- Providing and maintaining desirable infrastructure, especially transport and communications (1989–1993 Development Plan)
- Emphasizing development of infrastructure (draft Poverty Reduction Strategy Paper, 2000–2003)

Controlling land use for tourism development, as proposed in Sessional Paper No. 8 of 1969 and the 1974–1978 Development Plan, could be viewed as one of the aspects of infrastructure development that the country pursued albeit with little commitment. This was abandoned from 1978 until the 1994–1996 Development Plan when studies were proposed to determine the optimal use of land to avoid conflicts between wildlife and human activities. Other infrastructure development plans that the country has adopted for tourism include i) maintaining existing national parks and game reserves and the roads within them and developing new roads; ii) establishing quality standards for travel agencies and tour operators and procedures for their registration, as proposed in the 1964–1970 Development Plan, and iii) setting up a system for classifying hotels, enhancing the Tourist Licensing Office, and establishing a central registration system (proposed in the 1979–1983 Development Plan).

Infrastructure development policies have failed to a large extent, particularly in the last two decades, which have been characterized by unprecedented deterioration of roads and other infrastructure. Deterioration of infrastructure currently ranks among the most important obstacles facing the tourism sector. The existing resource constraints must be addressed by tackling corruption and generally improving the management of public resources.

### *4.1.3 Policy on sustainable tourism*

The country's tourism policy started off very well at independence, steering the sector along the ideal development path of sustainable tourism. Indeed, according to the minister for tourism, trade and industry, Kenya had been involved in ecotourism long before the term came into being.[10] The fact that Kenya's tourism policy has contained sustainable development features for many years is demonstrated by:

- The introduction in the 1965/66–1969/70 Development Plan of the policy of long-term planning to preserve the beauty of the country and to avoid such dangers as pollution, traffic congestion and the destruction of the environment, including wildlife

- The concern expressed by Sessional Paper No. 1 of 1963 that encouraging wildlife hunting through low license fees would lead to rapid depletion of Kenya's wildlife

[10] *The People*, March 16, 2000, p. 17.

- The policy announced in Sessional Paper No. 8 of 1969 and the 1974–1978 and 1994–1996 Development Plans of establishing mechanisms to allocate each piece of land its best use

- The desire expressed in the 1974–1978 Development Plan to control the non-citizen share of the tourism industry and the rate at which Kenyans were exposed to foreign consumption and spending habits

- The setting in the 1979–1983 Development Plan of the main objective of tourism and wildlife development as that of maximizing net returns subject to important social, cultural and environmental constraints

- The goal in most of Kenya's wildlife policy statements to involve local communities in managing wildlife and ensuring that they receive some of the benefits from the wildlife

Other policies that demonstrate the country's commitment to sustainable tourism include focus on

- Conservation, protection and improvement of the environment and wildlife

- Minimization of conflict between wildlife and other land uses

- Cropping of wildlife to achieve optimum populations

- Special protection of endangered species such as the rhino, elephant, Grevy's zebra, Hunter's antelope, leopard and cheetah

- Use of regulations and other instruments to ameliorate the negative impacts of tourism such as social and cultural pollution and damage to the environment in parks and reserves

- Harmonization of private gains from tourism development with its social costs

- Promotion of ecotourism as a tool for achieving rational utilization of environmental and cultural resources

- Possible introduction of environmental impact assessment studies and 'green certification' as prerequisites for the approval of proposed tourism projects

- Sustainable use of wildlife resources for national economic development and for the benefit of people living in wildlife areas

- Diversification of tourism products and market segments

Little has been achieved in implementing these policies to realize sustainable tourism development. There is no evidence whatsoever that tourist arrival targets are based on comprehensive carrying-capacity studies. Worse, policies promoting sustainable tourism development have not been consistently pursued in the country: they appear in one development plan, are omitted in the following one or two, and then reappear in a later policy statement. The lack of consistency creates uncertainty about policies and indicates lack of political commitment.

### *4.1.4 Training policy*

When Kenya attained independence in 1963, it did not have adequate numbers of trained personnel. Because of this and the focus on 'Kenyanizing' the economy, education and training occupied a central position of the independent country's development policy. In tourism, policy on this was spelt out as early as 1965 in the 1965/66–1969/70 Development Plan. The government itself, in cooperation with the then East African Hotel Keepers' Association, was involved in training, offering both full- and part-time courses in hotel and catering operations. Recruitment of foreign personnel was to continue as training of Kenyans proceeded (GoK 1965). The government has continued to train tourism personnel, although the specific policy measures adopted since 1965 have changed slightly.

Sessional Paper No. 8 of 1969 contains the first, appropriately articulated policy regarding tourism training in post-independence Kenya. That policy provided for i) the training of couriers, guides and

5,500 hotel staff; ii) the establishment of a training school for hotel management; iii) the introduction of foreign language classes for tourism operators; iv) the involvement of the private sector in in-service training; and v) the introduction of an apprenticeship programme. This policy formed the early basis for tourism development, and subsequent training policies revolved around these issues.

This policy was apt and it led to the inception of the Kenya Utalii College (KUC) in 1975 and the subsequent constitution of the Catering Levy Trustees (CLT) to administer the training levy, which comprises 2% of the gross incomes of hotels and restaurants. In the current era of structural adjustment in which cost sharing is an element in basic services such as education, there is no conceivable reason why training at the KUC cannot be offered on a cost-recovery basis. The expectation of potential employment is adequate incentive to attract paying trainees. This would improve the quality of training at the college. The 1970–1974 and 1974–1978 Development Plans announced the policy of cooperation with other East African countries in joint training, among other activities. But training of personnel at the KUC for some of the neighbouring countries has been the only instance of cooperation among these countries.

The 1974–1978 Development Plan promulgated the government's goal of organizing and financing training of tourism staff on an industry-wide basis with the objective of facilitating the employment of Kenyans in tourism. The plan also announced the intention to establish a multidisciplinary tourism centre in conjunction with the University of Nairobi. The centre, which would have been the only one of its kind in Africa, was expected to carry out research and training on travel and tourism to improve the local sensitivity and relevance of tourism policy. This policy was implemented to some extent when the Faculty of Tourism and Wildlife was established at Moi University. Training is going on at the faculty but research capacity is not yet fully developed. It is doubtful that this faculty can completely assume the role that had been envisaged for the centre, especially because it is located far from the heart of the tourism industry. Either Nairobi or Mombasa would be the ideal location for such a centre for easy access of the industry participants.

In the Development Plan for 1984–1988 the Ministry of Tourism and Wildlife was expected to consider developing and offering training and extension services to the tourism industry to upgrade the skills of the personnel. And in July 1991 the government announced plans to establish a tourism college to cater for the training requirements of the middle and lower level hotels, which cannot afford to employ KUC graduates or to train their staff at the KUC. This noble idea has not been turned into reality up to now. Training of staff involved in wildlife management continues to be a key pillar of Kenya's wildlife policy.

The excellent policy announced in the 1994–1996 Development Plan to intensify training and to establish a branch of the KUC at the coast has not been implemented. The current Development Plan (1997–2001) is silent on issues relating to training for tourism, as is the most recent policy statement, the *Poverty Reduction Strategy Paper for the Period 2000–2003* (GoK 2000a).

Since the training requirements of the tourism industry are still unsatisfied, training should remain a key element of tourism policy. The government should establish a framework to control the standards of private tourism training institutions to give them credibility and thus stimulate the shifting of some training demand from the KUC to these institutions.

### *4.1.5 Pricing policy*

In general, pricing has not been a prominent component of the country's tourism policy. Nevertheless, elements of a pricing policy were visible as early as 1964 in the first post-independence Development Plan (1964–1970). Even before this, price discrimination distinguished the high-priced and exclusive hunting safari venture from wildlife viewing and photography by mass tourists. This policy has been pursued to date in more or less the same way.

The 1970–1974 Development Plan viewed reduction of airfares as one way of boosting the tourism sector. Unfortunately, individual countries have little or no leverage on airfares. Moreover, such adjustments would involve an undesirable distortion of prices.

The 1974–1978 Development Plan provided for the control and increase of hunting fees even on private land, and the initiation of an ingenious scheme of setting differential fees for peak and off-peak times in congested parks and reserves. The idea was that prices would be reduced during the low season to improve activity. This policy has been pursued ever since, and it is often effected by the private sector. The parks are now categorized, with each category having a unique entry fee.

The increases in taxes and prices proposed in the 1974–1978 Development Plan were designed to increase revenue receipts per visitor and facilitate Kenyanization of employment in tourism. This plan, like the previous one, lacked specificity. It did not indicate the taxes and prices to be targeted and the level to which they were to be increased. Moreover, such increases—unless they are based on market forces and considerations of optimal utilization—could adversely affect the competitiveness of the country as a tourist destination.

The 1979–1983 Development Plan announced that a study had been commissioned to look at tourism pricing. The findings of this study were expected to aid formulation of tourism pricing policy. The goals to attract tourism investment and increase competitiveness of the sector were cited as the objectives of the pricing policy (GoK 1979).

The fees and taxes levied on foreign tourists were to be revised over the 1989–1993 period, as they had been found to be too low to cover the true cost of wildlife conservation (GoK 1989). This was implemented when park entry fees were increased hundredfold in 1995, rising from only Ksh 20 in 1979 to Ksh 2,000 for an adult foreigner visiting a category A (the most expensive) park. The policies to increase park entry fees to a level that would induce optimal visitation and utilization, and to differentiate the rates for congested and non-congested parks and reserves were steps in the right direction. Such policies ought to be fully implemented and supported with detailed studies to determine the optimal pricing levels.

The government continues to differentiate charges for citizens, residents and non-residents, both at national parks and in hotels. This is aimed at increasing tourism activity especially during the low season. This is a positive approach when viewed from the perspective of helping Kenyans to appreciate their natural resources. But very low prices could affect sustainability through overexploitation and reduced quality.

The 1993/94 budget reduced the jet fuel price to US$ 0.95 per gallon. This could be considered as part of the tourism pricing policy since the quality and cost of air transport are key determinants of the performance of any country's tourism industry. It should be noted, however, that the price of jet fuel is still high in Kenya relative to neighbouring countries. Moreover, the recent increase in the air passenger service charge to US$ 40 has made Kenya less competitive, as most other countries charge US$ 20 or less. South Africa charges only US$ 18. Visa charges have been identified as a key impediment to tourism (TTC 1999).

### *4.1.6 Policy on public sector participation*

For many years, the government has pursued a policy of active involvement in all aspects of the tourism industry, including in

- Planning and policy formulation
- Setting regulations and standards
- Building and maintaining infrastructure
- Developing lodges, hotels and other facilities
- Promoting and marketing tourism
- Providing security
- Promoting Kenyanization and private-sector participation
- Promoting wildlife protection and conservation
- Setting prices, particularly hunting and park entry fees
- Research and training

- Seeking financial assistance from foreign governments and industry bodies for local tourism development
- Securing regional cooperation in tourism
- Protecting human beings and their property from damage by wildlife

Government participation would be appropriate in services that cannot be provided adequately or efficiently by the private sector, such as planning and formulating policy; regulating the industry; setting standards; assisting small, local hotels; and providing infrastructure and security. However, in general the services the government has provided have been inadequate. For instance, statistics on tourism are neither properly recorded nor analysed to inform planning and management. Furthermore, lack of controls and standards, laxity in the enforcement of safety measures, irregular licensing and classification methods, and escalation of insecurity have been identified as serious threats to tourism in the country.

State involvement in direct supply of tourism services such as running of hotels was excessive (with the public sector wholly or partly owning 12.8% of all hotels in the country in 1992) before the early 1990s when divestiture commenced as part of the broader structural adjustment programme.

Direct government involvement in the development of lodges, hotels, and other tourist facilities was ill advised, as the public sector is now widely known to be inefficient in commercial undertakings. Moreover, the government lacks adequate financial and human resources to engage in commercial activities.

The government has failed to stem the escalating insecurity affecting tourists, yet security provision is one of its key roles. A tourist police force was established following a recommendation in the 1994–1996 Development Plan. However, the force is still bogged down by logistical obstacles.

The government erred in the past in effecting marketing and promotion programmes independently without involving the private sector, as this often led to duplication of effort and wastage of the scarce resources.

The government introduced two excellent policies in the 1979–1983 Development Plan: one initiating a system for classifying hotels, and the other enhancing the capacity of the Tourist Licensing Office. These were aimed at raising the standard of hotel services. These policies have been implemented to some extent and are yielding positive results.

In its regulatory role, the government has made minimal use of economic incentives despite their obvious advantages over command-and-control regulatory measures. However, it is encouraging that the current development plan provides for increased use of economic incentives.

There are two other laudable policy departures in the current development plan regarding the place of the public sector. First, the role of the government in the tourism industry is now seen as that of a facilitator and regulator rather than an active investor (GoK 2000a). This is expected to engender more effective environmental and wildlife protection and improve tourism promotion (but only if the management and administrative performance of the government are improved). Second, increasing the wildlife user rights devolved to local communities, in particular, and enhancing community participation in tourism activities, in general, will promote protection of the tourism resources (GoK 1997).

### *4.1.7 Policy on private sector involvement*

Since independence, Kenya has pursued a policy aimed at increasing the participation of the private sector in economic development, with the sector often viewed as the engine of economic growth. Government policy has all along encouraged private sector participation (both domestic and foreign investors) in the provision of hotel accommodation outside national parks and game reserves (GoK 1964). In fact, international hotel business was left largely to the private sector (GoK 1965). Private investment in other tourist services such as tour-operating companies, safari outfitters and air safari firms was also encouraged (GoK 1970). The following are some of the measures taken to promote private sector participation:

- Enactment of the Foreign Investments Protection Act in 1964 and special tax relieves on hotel construction, such as accelerated depreciation on buildings (GoK 1970)
- Provision by the KTDC of long-term (15–20 years) commercial loans to hotels, and Kenyanization loans and soft loans to new Kenyan hoteliers (GoK 1974). The government introduced a policy requiring private hotel developers to provide at least one quarter of the initial capital as a prerequisite for KTDC assistance
- Exemption from VAT payment of small hotels and restaurants (whose annual turnover was less than Ksh 1.5 million). VAT on hotel services was raised in the 2000 budget from 13 to 16%, a measure industry participants feel may hurt the recovery of the sector
- Relaxation of the rules relating to depreciation cost deductions on hotel facilities, which enabled hoteliers to lower their operating costs
- Extension of the waiver of import duty to inputs for all buildings related to hotel services
- Abolition of VAT and duty on imported aircraft
- Reduction of jet fuel prices[11]

Private sector operation of wildlife enterprises has been encouraged through initiatives such as the government's provision of extension services to ranchers (GoK 1974). One major weakness in the Kenya policy with this regard is the failure to allocate to landowners property rights over wildlife on their land. The KWS is still responsible for

[11] See the 1993/94 Budget speech presented in June 1993.

registering all private hunting lands and setting the permissible off-takes and minimum hunting fees. This has taken away the incentive for proper management and conservation and discouraged people from using their land for wildlife conservation.

The 1979–1983 Development Plan continued the KTDC loans programmes. And the following Development Plan (1984–1988) expected the KTDC to generate only 5% of the targeted increase in total bed capacity: the rest was expected to come from the private sector.

The Development Plan for 1984–1988 introduced a policy for regulating the integration of services provided by tour operators. This meant that their involvement in hotels, restaurants, travel agencies, curio trade and other tourism-related activities was to be controlled. This was a good policy, as it was meant to prevent excessive concentration in the tourism industry and to provide opportunity for local participation. Unfortunately, this policy was never implemented. And the result has been substantial reduction in the participation of Kenyans in the tourism industry. Providing integrated services has substantial advantages, particularly with respect to efficiency in service provision.

Kenya has been engaged in some form or other of structural adjustment since 1980, although implementation of serious structural adjustment programmes (SAPs) began only in 1993. SAPs are a set of governmental policies that relative to other policies have had inarguably the largest impact on the role of the private sector. The general goal of SAPs is to liberalize the country's economy and make the private sector the engine of economic growth. Tourism is not explicitly addressed in the SAPs, but most of the SAP policies have a bearing on tourism performance. These include i) civil service reform; ii) capacity building; iii) reduction of the fiscal deficit; iv) privatization of public enterprises, including Kenya Airways, African Tours and

Hotels, and other public enterprises in tourism;[12] v) formulation of the National Environmental Action Plan (NEAP); and vi) liberalization of the foreign exchange market.

These policies are expected to affect the tourism industry through their impact on the quality of personnel in the MTI, public budget, priority accorded to environmental issues, and access to imported inputs and services.

Whether the private sector will be enthusiastic about implementing tourism policy designed by the public sector is a key issue. Strong special-interest groups exist in the country that are serious impediments to policy implementation. In addition, conflicts associated with some policies discourage their implementation by the private sector. For instance, restricting the supply of integrated services may reduce efficiency of service provision but promote some social policy aspects. Two ways of securing better private sector implementation of policy are ensuring greater use of economic incentives as a policy instrument, and reducing conflicts within policies.

### *4.1.8 Policy on public–private sector partnerships*

One serious weakness of the tourism industry in Kenya is the inadequate cooperation between the public and private sectors. For instance, prior to the establishment of the Kenya Tourist Board (KTB) in 1996, the government and the private sector tourism enterprises undertook independent and uncoordinated marketing and promotion activities, obviously with substantial duplication and waste of the scarce resources. The KTB now has members from both the private and public sectors. Even now the cooperation between the two sectors is limited to promotional and marketing activities, although such partnerships have great potential in overall tourism

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[12] Since 1991, the government has sold its shares in at least 15 tourist facilities, prospective buyers have been identified for another 6, and a few are either under receivership or have been liquidated. The process is still going on. The Bomas of Kenya is one facility that the government has retained as a cultural centre.

development. This is in spite of the fact that as early as 1965 the country's tourism policy called for close cooperation between the government and the private to foster rapid and efficient tourism development (see, for example, GoK 1965; GoK 1970).

The 1974–1978 Development Plan announced a policy to facilitate close coordination of public and private sector efforts in marketing and promotion. This was expounded again in the 1979–1983 and 1994–1996 Development Plans, which proposed cooperation between the government and leading tour operators and industry organizations in the design and marketing of tour packages and promotion of international and regional tourism in general.

This focus on promoting close public–private sector partnerships in tourism appears to have been lost over the years. The last two development plans (1994–1996 and 1997–2001) are silent on this issue. This and the poor record of implementation of policies on private–public sector partnerships in tourism since the 1960s are major policy weaknesses.

### *4.1.9 Policy on participation of foreign investors and personnel*

Since independence, Kenya has pursued more or less an open-door policy with respect to foreign investors, except in the mid-1970s when a policy restricting the share of non-citizens in tourism was attempted. In fact, the country has often offered attractive schemes to woo these investors. One of the key components of the country's tourism policy has been the encouragement and facilitation of private investment (including investment from foreigners) in tourist facilities, such as hotels, tour operating companies, safari outfitters and air safari firms. Furthermore, the government encouraged the recruitment of foreign personnel in the local tourism industry before an adequate number of Kenyans had been trained (GoK 1965). In 1964, the Foreign Investments Protection Act was introduced to encourage foreign investment in tourism and other sectors of the economy. In addition, special tax relieves on hotel construction, such as accelerated depreciation on buildings, were introduced soon after independence.

These favourable policies resulted in substantial foreign investment in Kenya's tourism industry and the domination of key sectors of the industry by foreigners. It was estimated, for example, that about 80% of all tourists who visited Kenya over the 1993–1994 period were attributable to foreign tour operators (Ikiara et al. 1994).

The 1974–1978 Development Plan was emphatic on the need to control the non-citizen share in the tourism industry. In line with this, the government introduced a policy on investment that required citizen ownership for at least 51% of the equity in lodges located inside national parks and county council game reserves (GoK 1974: 393) and non-hotel tourist service establishments regardless of their location. Majority foreign ownership was allowed for hotels located outside parks and reserves. This policy was laudable as it provided opportunity for Kenyans to enter into useful joint ventures with foreign investors, serving to facilitate transfer of technology and the policy of Kenyanization.

The 1974–78 Development Plan introduced a foreign exchange control policy to curb illegal siphoning out of foreign currency. The Central Bank and the Income Tax Department were requested to introduce new reporting requirements for tourist firms, and the tourism sector was subjected to existing foreign exchange control procedures and penalties. To facilitate control of foreign exchange, more facilities were provided for legitimate exchange, such as foreign exchange bureaus, at all major border points and main tourist centres. Foreign exchange controls remained in place until the early 1990s when the foreign exchange market was liberalized and import restrictions removed. Foreign exchange control adversely affected the performance of the country's tourism industry, as foreign investors could not freely repatriate their profits. This served as a disincentive to foreign participation in tourism. In addition, the control affected the quality of service, since hotels could not get easy access to imported inputs. Foreign exchange control was unnecessary when ownership of tourist facilities by foreigners was controlled.

*Tourism and GATS*

Kenya has made commitments under the General Agreement on Trade in Services (GATS) that have fully opened up the tourism sector to foreign investors.

GATS was reached in the Uruguay multilateral trade negotiations in 1994 and became effective in 1995. It extends internationally agreed rules and commitments to all forms of international trade in services and provides a framework for successive rounds of negotiations to liberalize world trade in all services.

Under GATS, members of WTO are required to commit at least one service sector or subsector for liberalization with or without restrictions. The members can choose the sector or subsector to commit and the extent of liberalization. Once a country makes such a commitment, it cannot change the situation until after a specified period. Consequently, thorough reflection on the pros and cons is critical before such undertakings.

Tourism and travel-related services are two of the sectors that Kenya has committed under GATS. The specific subsectors affected are hotels and restaurants, travel agency, tour operator, and tourist guide services. Kenya is among the 125 out of about 140 members of the WTO that had made commitments in tourism by October 1999. Kenya also committed three (cross-border, consumption abroad, and commercial presence) out of the four modes of supply defined by GATS. This means that foreigners can use any of these modes to supply tourism services to or in Kenya. In addition, it is no longer a requirement that foreign investors form partnerships with Kenyans. Market access for the movement of natural persons, the fourth mode of supply under GATS, is restricted except for the entry and temporary stay of natural persons employed in management and expert jobs for the implementation of ventures funded by foreign investment. These people are treated like Kenya nationals without discrimination, since Kenya did not provide in its schedule of commitments any limitations in the treatment of foreigners.

The rationale for Kenya's commitments in tourism is based to a considerable extent on the fact that the sector is the country's third largest foreign exchange earner and that local capacity to lay the infrastructure required to meet international standards in tourism services is inadequate. Furthermore, the sector was largely liberalized even before GATS. Additionally, tourism is the most popular service as far as commitments under GATS are concerned, particularly for developing countries. Thus, of the 12 service sectors defined under GATS, the largest number of countries has commitments in tourism.

GATS commitments and the ensuing liberalization certainly may have benefits, but they have costs as well, and Kenya ought to approach the process carefully and strategically so as to maximize net benefits. There is need for thorough assessment and research to determine the most beneficial commitments and the optimal level for opening up. It is not clear why Kenya did not open up tourism sectors with conditions such as local employment, partnership with locals, and preferential treatment for locally owned travel agencies and tour operators, even when increasing participation of Kenyans in the tourism sector is one of the policies pursued since independence. Besides, it is doubtful that opening up of services such as tourist guides would benefit the country. If training at the KUC were improved, the country would be able to supply skilled tourist guides who would have an advantage over their foreign counterparts because of their experience with the Kenyan environment and cultures.

### *4.1.10 Policy on local participation in benefits*

Soon after independence, the government pursued a serious policy of Kenyanizing not only employment but also business ownership and management. This continues to date. County councils were given control over game reserves (albeit under government policy direction) (GoK 1964) through which they collect revenue and provide social and infrastructural services such as education, health, water, and roads to the local communities living near game reserves.

Public education was one of the policies adopted at the time to secure enhanced wildlife protection by an informed citizenry. This continues to be a key pillar of wildlife policy in the country. The government negotiates agreements with landowners in wildlife dispersal areas so that these people undertake to limit their non-wildlife activities in exchange for the right to earn direct revenues from wildlife and/or to receive grazing fees from the government (GoK 1974). This policy, together with that of distributing wildlife benefits to the local people by locating lodges and other facilities outside but near parks and reserves, was continued in the 1979–1983 Development Plan. The KWS has a Community Wildlife Services (CWS) programme that is involved in distributing wildlife benefits to local communities and in community training.

It was not until the 1970–1974 Development Plan that the encouragement of local participation in the tourism industry was first spelt out as an explicit component of tourism policy. The same plan proposed the establishment of traditional villages as cultural tourism centres. This was one of the first concrete proposals to facilitate local participation in tourism. The following Development Plan (1974–1978) placed greater emphasis on local participation. There was a desire to facilitate Kenyanization in employment in tourism through the KTDC. The dearth of data makes it difficult to show how successful these policies have been, a problem that could be addressed by collecting primary data.

Indigenization of ownership and management of tourism enterprises was a key policy in the 1979–1983 Development Plan, although no specifics were provided on how this goal was to be achieved. The 1994–1996 Development Plan viewed promotion of ecotourism as a tool for achieving locally directed and participatory rural development that rationally utilized environmental and cultural resources. Moreover, diversification of tourism products and markets was expected to promote local employment and the spatial distribution of tourism-generated income to local communities (GoK 1994). Furthermore, capacity building was adopted as a policy for expanding Kenyan participation in and ownership of tourism establishments.

The current Development Plan (1997–2001) continues with a strong policy focus on local participation in the benefits from tourism, especially wildlife resources. The CWS is expected to provide community training, and the KWS is to find ways of devolving user rights to district wildlife associations and to increase user rights of local communities in order to provide economic benefits to them. On the broader tourism sector, a key strategy of the current development plan is to provide support for and encouragement of community participation in tourism activities (GoK 1997). This is also reflected in the *Poverty Reduction Strategy Paper for 2000–2003* (GoK 2000a), which proposes to rationalize tourism responsibilities amongst all stakeholders to improve participation. The paper identifies infrastructure development, diversification, community participation and security as the areas for overall emphasis in tourism development.

Local ownership and control of tourism revenue, which are key prerequisites for wilderness conservation, are already being implemented but on a small scale. Some community groups such as the Olonana Cultural Centre, Kimana Group Ranch, II Ngwesi, Namunyak in the Mathews Mountains, and Shompole (south of Lake Magadi) are now in charge of revenue accruing from the areas they control. This suggests that the policy of promoting the participation of local people in tourism activities has had a measure of success. However, this policy is weak in that it does not contain strategies to build management skills among the local communities. Without these, the ability of local communities to establish profitable enterprises to maximize tourism revenue, which is a key incentive for nature conservation, will remain constrained.

#### *4.1.11 Policy on security of tourists*

In general, security of tourists has never been part of the tourism policy in the country even though political stability had been cited as early as the mid-1960s as one of the prerequisites for rapid tourism growth. The reason for this is most probably the fact that it was only in the 1990s that security posed challenges to tourism. Security featured in the country's tourism policy for the first time in the 1994–

1996 Development Plan when the establishment of a tourist police force was recommended. The police force formed failed to significantly improve security because of political interference and logistic bottlenecks. Security remains a major constraint to tourism growth in Kenya, and policy must address it urgently.

#### *4.1.12 Marketing and promotion policy*

Kenya has always been aware of the critical role of marketing and promotion in the performance of the tourism sector. Therefore, the two have always been a part of the tourism policy. The first post-independence Development Plan viewed intensive publicity, together with natural attractions and political stability, as an important vehicle to achieve rapid growth in tourism (GoK 1964). Promoting the country as a travel destination for domestic and foreign tourists through strengthening the KTB and intensifying public relations services to propagate a positive image is a key policy objective of the tourism sector in the current development plan (GoK 1997). Between the first and the current development plans, several development plans and policy documents have highlighted the necessity of marketing and promotion. Only details have differed among the documents.

The strategy propagated in the 1964–1970 Development Plan was to mount a major publicity effort in developed countries by continued and increased support for the then East African Tourist Travel Association and by enlisting the support of selected international air and shipping lines. Sessional Paper No. 8 of 1969 proposed several promotional activities: i) information campaigns abroad, ii) encouragement of direct selling or advertisement by the private sector, iii) nationwide campaigns, iv) encouragement of charter flights, v) improvement of airport service, vi) introduction of a central hotel booking system, vii) increase of licensing power, and viii) establishment of a trade testing union.

The 1970–1974 Development Plan proposed that Kenya cooperate with the other East African countries in joint promotion. Initial promotion campaigns were quite successful, going by the fact that Kenya is traditionally associated with safari tourism.

The 1974–1978 Development Plan had a more specific policy on tourism promotion. For the first time since independence, emphasis was placed on the effectiveness of promotional spending, the use of professional techniques, the close coordination of public and private sector efforts, the provision of technical and financial assistance to regional publicity associations, and the promotion of conference tourism (GoK 1974). Also proposed as part of the strategy were the promotion of up-country safari as part of package tours, and the targeting of areas such as North America, Japan and Oceania, which have high proportions of tourists who prefer safari to beach holidays.

The objective of improved cost-efficiency in promotion and marketing was retained in the 1979–1983 and 1984–1988 Development Plans. The target was to rely on selected, resource-efficient promotion and marketing programmes and to continue with the policy of providing off-season incentives to lure domestic tourists (GoK 1979, 1984). The key elements of Kenya's tourism promotion and marketing policy over the 1984–1988 period were i) penetration of the non-metropolitan areas of the tourist-generating countries, ii) improvement of the tourist facilities and resources to attract and retain tourists, iii) promotion of conference tourism in new markets such as North America, iv) use of market research to reduce promotional overheads, v) joint promotion with the private sector, and vi) emphasis on the promotion of domestic tourism (GoK 1984).

Like with the previous development plans, the tourism promotion and marketing policy introduced the 1989–1993 Development Plan had a key element of promoting domestic tourism alongside international tourism. This was to be achieved through the Domestic Tourist Council. Better targeted publicity in the overseas market was envisaged for cost-efficiency reasons. Package tourists were encouraged less during this period on account of their relatively low revenue generation.

Key policies in the mid-1990s were the promotion of up-market based ecotourism and wildlife safaris, as opposed to mass tourism (GoK 1994); the diversification of tourism products and markets; and the promotion of international, regional and domestic tourism. Domestic tourism was promoted through local organizations, youth groups, and institutions such as schools. Regional and international tourism were promoted through joint efforts of the government and industry institutions such as KATA and KATO, and through the Domestic Tourism Council (GoK 1994). One of the most important promotional activities in Kenya is the annual Kenya International Tourism Exhibition (KITE).

While it is certain that the country has made some effort in tourism promotion and marketing policy, promotional programmes have been ineffectual. The most serious shortcoming of the policy has been the failure to recognize that image development involves much more than promotion and marketing activities: the perception of the tourists themselves of the destination as offering value for money is the key determinant of the image. Even though the country has good name recognition, it is largely perceived as a mass tourist market with some negative features, a perception that can be corrected only by a gradual improvement of the fundamentals of the industry.

*Image and tourism*

A tourist contemplating travel chooses a destination from among numerous alternatives on the basis of the perception of these alternatives (Bulungula 2000). The perception formed is a function of the destination's image, that is, the ideas and beliefs about the destination. Consequently, there is a positive correlation between destination image and visitation rates, with destinations that have more favourable perceptions tending to be the more preferred by tourists (Bulungula 2000).

Image, therefore, is a variable that can be manipulated by tourism authorities in any country to improve visitation rates. Kenya's image as a destination has been adversely affected by negative publicity resulting from escalating insecurity, ethnic violence, corruption, and crumbling infrastructure. To counter the adverse publicity, the country's tourism authorities and industry participants have been making frantic efforts to promote and market the country. These efforts have failed to take cognizance of the fact that countering adverse publicity is considered as a defensive tactic aimed at face-saving and therefore does little to improve the country's image (Bulungula 2000).

To effectively improve its image, Kenya ought to be aware that the image projected by tourism and other officials ('official image') is not the most important determinant of the perception that potential tourists form of the country (Bulungula 2000). There are other more important, image-forming factors, such as direct experience; primary socialization whereby culture and subculture shape people's images; and secondary socialization where the image of a destination is shaped by sources of information such as the mass media, teachers, textbooks, political parties, religious teachings, and other travellers.

It is obvious that regardless of how large a promotion budget the KTB has, the negative image the country has acquired overseas cannot be corrected without dealing with the fundamental obstacles facing tourism. Infrastructure must be improved, security enhanced, the beach boy menace eradicated, ethnic and political violence curbed, the quality of tourist service improved, local culture promoted, and taxes and service charges made competitive. Once the fundamentals are right, direct tourist experience, word of mouth, and positive news media reports will automatically lead the way in re-inventing the country's image. And KTB's role in promotion and marketing will be reduced.

Kenya needs to also initiate a campaign aimed at creating an overall brand image through advertising, public relations, films, sales promotion, and familiarization trips for tour operators, travel agents and journalists. Kenya is reputed to be inhospitable to filmmakers even though films can play a key role in creating a positive image of the country. In addition, the country needs to change its image as a sun, beach and safari destination to one emphasizing a more diversified product mix, including attractions such as culture, history, scenic beauty, archaeological sites, and activities such as golfing, mountaineering, horseback safaris, and city tours. The country ought to carry out an image study in tourist source countries to understand the prevailing perceptions of the country as a tourist destination. The findings of such a study would be critical in the country's image-improvement strategy.

### *4.1.13 Aviation policy*

Kenya has always appreciated the critical role that efficient and sufficient air transport services play in the tourism industry. Soon after independence the government started negotiations with aviation bodies and governments that had restricted charter flights to the country (GoK 1965). Air charter package tours were also encouraged early as a way of improving tourist activity in the low season (GoK 1974). Moreover, the improvement of the Nairobi and Mombasa airports was a prominent part of infrastructure development.

An air-licensing policy that aimed at reducing airfares and improving accessibility of the remote parts of the country was pursued in the 1970s (GoK 1974). This was done through supporting the policy of the East African Civil Aviation Board to grant licenses in the required numbers to in-bound charters, and promoting local charters by cooperating with the other East African Community (EAC) partners with a view to dismantling restrictions on air services.[13]

A more specific aviation policy focusing on tourism was announced in the 1979–1983 Development Plan. The policy hinged on i) making the Kenya Airways routing and timetable consistent with the needs of the tourism and modern civil aviation sectors, ii) increasing the share of the country's tourist traffic controlled by Kenya Airways, and iii)

[13] Traditionally, the air services policy of the EAC did not allow local operators on the domestic routes that East African Airways operated. This was enforced through price controls and denying licences for passenger aircraft with more than 10 revenue seats (GoK 1974: 391).

facilitating cooperation with foreign airlines through an open-skies policy with a view to attracting more carriers to the country and gaining access for Kenya Airways in the tourist generating markets. At that time Kenya Airways was fully owned by the government. Its operations could therefore be easily molded in tandem with government policy. Now Kenya Airways is a private airline largely driven by commercial principles, and the only way the government can influence it is through economic incentives. So far, such incentives have not been used to persuade Kenya Airways to fly new routes for the purpose of penetrating new tourism markets, routes that may initially not be commercially viable.

The 1993/94 budget abolished VAT and duty on imported aircraft and reduced jet fuel price. These were good policies and have had a positive impact on the country's civil aviation industry. Measures such as the reduction of the jet fuel price, however, need to be constantly assessed to enhance the competitiveness of the country as a destination. Wrong policies such as the recent doubling of the air passenger service charge to US$ 40 affect the country's competitiveness.

The initial practice of explicitly including aviation issues in tourism policy appears to have been lost. No development plan since 1983 has incorporated aviation policies in the tourism policy. This appears to be a serious loss of focus given the central role of the aviation industry in tourism. The open-skies policy should be emphasized not only for tourism but also for horticultural export promotion, alongside the use of economic incentives for Kenya Airways. The latter is necessary to improve commercial viability of routes to rich tourism markets that may not be serviced even with an open-skies policy.

### *4.1.14 Policy on regional cooperation*

Before the collapse of the East African Community in 1977, regional cooperation was a key policy of Kenya's development. East Africa was promoted as a single unit by institutions such as the East Africa Tourist Travel Association. The aviation policy was also regional, since East African Airways was jointly owned by Kenya, Uganda and Tanzania. Cooperation with the other two East African countries for cost-effectiveness in joint promotion, development of facilities and destinations (such as Lake Chala, Lake Victoria, and Mount Elgon), training, research, and data collection was an explicit policy of the tourism sector in the early 1970s (see, for example, GoK 1970, 1974).

Perhaps because of the sour political relations that led to the collapse of the East African Community in 1977, regional cooperation never featured again in the country's tourism policy until the current development plan. This was an enormous missed opportunity, considering the cost-efficiency benefits that could have been leaped had the East African countries cooperatively developed and promoted tourism. The current Development Plan (1997–2001) proposes strategies to blend Kenya's traditional tourist destinations with multidestination tourism within trading blocks and to review the barriers within the trading blocks. The barriers targeted include immigration procedures, movement of vehicles and persons, and remittance of proceeds by tour operators across countries.

It is encouraging that the East African integration is being revived. The cooperation agreement provides for collaboration in i) the promotion and marketing of sustainable tourism, ii) wildlife and biodiversity conservation and management, and iii) personnel training. These policies and those on regional cooperation in tourism that are contained in the 1997–2001 Development Plan are laudable. Their implementation, however, is heavily contingent upon strong and sustained political will. The policies must also introduce a mechanism for achieving equitable revenue sharing among the partner states if the current competition to develop hub facilities, for instance, is to be eliminated.

#### *4.1.15 Wildlife policy*

Wildlife is Kenya's principal tourism resource. Therefore, tourism policy cannot be complete without addressing wildlife issues. Policy-makers have been well aware of this, going by the fact that wildlife issues have consistently been a part of the overall tourism policy.

Two key elements of Kenya's wildlife policy since 1945 have been enhanced wildlife maintenance and protection and exploitation of its tourism value (GoK 1965). The 1979–1983 Development Plan struck a very balanced approach of integrating wildlife development and management policies with the objectives of tourism. The plan explicitly stated that any wildlife utilization policy would be assessed largely on its potential contribution to the well-being of tourism. In more recent years, conservation and sustainable use of wildlife resources have been key policies.

Wildlife policy in Kenya has consisted of the following elements:

1. Increases in the number of and area covered by wildlife sanctuaries

2. Special protection of endangered species

3. Direct government responsibility over national parks, including the construction and maintenance of roads within parks. Initially, this was the task of two government departments: the Game Department and the National Parks Administration. These were combined to form the KWS in 1990. The KWS is responsible for planning, developing, and managing protected areas and resolving conflicts between wildlife conservation and the interests of landowners and local communities living within or close to wildlife areas.

4. Placement of responsibility and authority over game reserves on county councils, but under government policy direction. A policy allowing the government to manage game reserves on behalf of county councils was adopted in the mid-1970s. Following this, two game reserves are now under the management of the KWS. The current policy aims at strengthening the administrative machinery of game reserves to make it as effective as that of the national parks.

5. Controlled hunting on trust and private land through licensing and high hunting fees to prevent depletion of wildlife resources, and setting by the KWS of permissible off-takes and minimum fees for landowners. Policy with regard to the consumptive use of wildlife, particularly hunting, has been very erratic. For instance, a hunting ban was imposed in 1977 and followed a year later with a trophy ban. Then the 1979–1983 Development Plan indicated the intention of the government to review the bans. In 1990, a total ban on ivory trade was imposed and to demonstrate commitment to the ban Kenya burnt 27 tonnes of ivory. In 1997, following intense campaigns by several southern Africa countries, limited trade in ivory was allowed. The KWS is seriously opposed to this and has cited increasing poaching activity as the consequence of the relaxation of the ivory trade restrictions. Kenya strongly campaigned for and pushed through a total ban on ivory trade at a meeting of the Convention on International Trade in Endangered Species (CITES) held in Nairobi in March 2000.

6. Vigilance against poaching through measures such as the establishment of a strong, mobile, anti-poaching field force; expansion of the radio network to remote areas; public education to awaken Kenyans to the dangers of decimating wildlife populations; strong support for the ivory trade ban; and provision of economic incentives in other activities to would-be poachers.

7. Public education and training by the KWS and other agencies on the importance of wildlife conservation to tourism and in the maintenance of the ecological balance. This is expected to secure public support and participation. The KWS provides community training and other services through its CWS programme.

8. Resolving the conflict between wildlife and human activities, including agriculture. Human-wildlife conflicts over land use

were evident as early as 1965. For example, there was serious competition between livestock and wildlife in the Amboseli reserve (GoK 1965). Attempts to resolve such conflicts have been made through:

- Protecting human beings and their property from injury or damage by wildlife through measures such as construction of game-proof barriers, translocation, and extermination of animals
- Instituting plans such as those proposed in Sessional Paper No. 8 of 1969 and the 1974–1978 Development Plan for the formation of a land-use committee to ensure the best use of land. In addition, the 1994–1996 Development Plan proposed studies to determine the optimal use of land among various alternatives
- Shifting the focus and emphasis from preservation to conservation and utilization
- Introducing a programme of wildlife cropping in which off-take quotas are allocated for commercial ranchers
- Providing economic incentives to landowners in the wildlife areas, for example allowing them the right to direct revenue from wildlife and/or charging grazing fees to encourage them to limit their non-wildlife activities in the wildlife dispersal areas
- Introducing compensation schemes for loss of life and personal injury arising from wildlife activities
- Extending wildlife benefits to local people by locating staff facilities and hotels outside but close to parks and reserves to facilitate the provision of social services not only to the staff and their families but also to local people living near the parks and reserves

- Permitting the consumptive use of wildlife only in areas and circumstances in which wildlife conflict with other land uses has little direct value

- Translocating certain species from threatened dispersal areas to parks and game reserves

- The KWS providing assistance for the infrastructural support that NGOs give wildlife associations

- Devolving and strengthening wildlife user rights of local communities, for example through district wildlife associations

9. Establishment of a trustee-run wildlife fund to solicit donations for wildlife management and conservation

10. Encouragement of private sector operation of wildlife enterprises where feasible, including the introduction of game ranching on an experimental basis, and provision of extension services to ranchers

11. Training and employment in parks and reserves of skilled staff such as guides and anti-poaching personnel. The wildlife-training institute established in Naivasha was borne out of the government's commitment to improve skills of tourism personnel.

12. Research on various wildlife issues and construction of a detailed baseline database on wildlife to facilitate planning and management

13. A pricing policy for setting differential fees for peak and off-peak times in congested parks and reserves

14. Legislative reforms to accommodate changes in the nature of wildlife management and conservation. Such reforms include frequent revision and updating of the Wildlife Conservation and Management Act to remove policy conflicts and to review land preservation orders and legislation with a view to

protecting important wildlife areas and increasing the user rights of local communities.

Poor conceptualization and inadequate implementation of wildlife policy have hindered conservation of the country's wildlife resources. Thus, wildlife populations, particularly those of elephants and rhinos, have declined[14] due to poaching and encroachment in spite of policies to discourage poaching and encourage land use for tourism development. There is no indication in any of the policy documents whether the country has analysed the implications of issues such as the ivory ban, hunting fees, sale of trophies, and park entry fees.

## 4.2 A critique of Kenya's tourism policies

Kenya has pursued a set of tourism policies since independence. The country started off on the right foot by inviting an expert from France, the world's most visited country, to study the tourism industry and recommend directions for its future development. The expert's recommendations formed the basis for the initial post-independence tourism policy. One of his recommendations—to develop infrastructure to allow mass tourists access up to a certain height of Mount Kenya, as opposed to the current exclusive access of expert climbers—was apt but was never implemented. Yet, this mountain could be developed into a unique product if it was marketed focusing on its special qualities. Another example of the comprehensiveness of the post-independence tourism policy was the implicit incorporation of sustainability features into tourism policy as early as the 1979–1983 Development Plan, long before the Brundtland Report of 1987, which is credited globally with popularizing sustainable development.

[14] Some estimates show this at about 2% annually. In the Maasai Mara reserve, for example, a study conducted between 1997 and 2000 estimates that wildlife population has declined by 50–80% since the 1970s (*The EastAfrican*, May 1–7, 2000, p. 5).

Other impressive policies include i) the leading role slated for the private sector since independence in 1963 in the country's tourism development strategy, ii) the policy of Kenyanization, and iii) the provision of government financial assistance to small, local hoteliers through the KTDC. Numerous other laudable policies have been developed, as the preceding section has demonstrated. Nonetheless, there have also been failures in the sense of missed, ignored and/or inappropriate policies. The most important ones are summarized here:

1. Tourism is one of the country's key sectors whose policy has not been spelt out in a recent sessional paper. Perhaps the ministry in charge of tourism is to blame for not developing a coherent policy framework.

2. The failure of the policy framework to state explicitly what the country is trying to achieve has led to contradiction in some of the policies.

3. In general, the policy objectives and the strategies spelt out to address them are rather sweeping and general and do not pinpoint specific interventions. For instance, stating "intensifying efforts towards diversification of tourist products and market segments" (GoK 1997: 201) without being specific about how the efforts are to be intensified does not say much. Moreover, this is a vague strategy that is difficult to implement. Lack of policy specificity is also manifested in the statement in the 1997–2001 Development Plan of the government's desire to implement the national tourism master plan with a view to establishing a sustainable tourism base. While this is a noble policy objective, the plan does not provide details on the aspects of the master plan to be implemented or specify the time period. Furthermore, the plan does not indicate the optimal tourist numbers for sustainability in tourism. Most of the other strategies are equally general and impossible to implement.

4. Many policies have been formulated without consideration of human and financial resource constraints, rendering otherwise laudable policies ineffective.

5. The performance of Kenya's tourism policy in achieving the desired goal has been mixed. Policies such as those on the diversification of tourism products and markets, which form a part of Kenya's overall tourism policy, have not yet achieved the expected results because resources for implementing them have been lacking. There are many other policies that have not yet been implemented. These include the policies focusing on i) developing a tourism forecasting model, ii) improving the data-recording process, iii) creating a tourist and travel research centre at the University of Nairobi, iv) controlling the non-citizen share of the tourism industry, v) promoting sustainable tourism and wildlife management, and vi) coordinating tourism planning.

   Nevertheless, some policies have been implemented with varying degrees of success. These include i) the development of tourist facilities and infrastructure; ii) the development of conference facilities like the KICC; iii) the improvement or rehabilitation of airports; iv) the creation of tourism-related institutions like the KTDC, KUC, CLT, Bomas of Kenya, KWS and KTB; v) the encouragement of foreign investor participation; vi) the preparation of the national tourism development master plan; vii) the promotion of domestic tourism, and viii) the creation of a tourist police force. The management of tourism in the country ought to move down this path. Some institutions and facilities that have been put in place, however, have faced resource constraints, which has affected their effectiveness.

6. Policies for augmenting our natural attractions are weak. In other words, there has been inadequate development of secondary factors to complement the country's rich primary attractions. And some of the natural attractions have not been

exploited for lack of resources. Consequently, the country continues to rely largely on a few natural attractions without improving them. South Africa is one country that is distinct from Kenya in this respect, a fact that, together with the demise of apartheid, may explain why South Africa moved from the third most successful African tourist destination in 1985 to the first position by 1994. South Africa's Table Mountain is an excellent example of how the enhancement of a natural attraction—even the not so attractive—by carefully planned, high-quality infrastructure and tourist facilities could increase its capacity to attract, entertain and please tourists. Such enhancement could significantly increase the carrying capacity of natural tourism resources. Kenya should move in this direction, since the shortage of resources hinders exploitation of new primary attractions.

7. Lack of an effective land-use and planning policy has affected tourism, as it has led to the proliferation of hotels and other investments on fragile ecosystems and has allowed human encroachment on wildlife dispersal areas, seriously compromising conservation. Private lodges and other tourist facilities, for example, have been established near national parks. These have not only interfered with dispersal areas but also increased leakage of tourism revenue. These lodges are owned largely by foreigners, and tourists who visit them do not pay entry fees.

8. Kenya lacks policies to deal with competition and to enhance the county's competitiveness as a tourist destination, largely because the country had no competition in Africa for a long time. South Africa emerged as a major competitive force in 1993. But to date no policy has been developed to respond to this. The government and the industry are adopting a 'business-as-usual' attitude, a hangover from complacency in past. In fact, some of the policies recently developed threaten to reduce the country's competitiveness. These include the recent doubling of the air-passenger service charge that made it at least double the rate in competitor countries like South

Africa, Tanzania, and Zimbabwe. Poor infrastructure—including frequent power disruption and lack of clean water—corruption and the inferior quality of services relative to the price charged are other factors that adversely affect the country's competitiveness. Even though it is the private sector that has as the main objective the goal to compete, the government must assist it by improving infrastructure, reducing corruption and controlling quality standards.

9. In spite of the fact that insecurity is now a major constraint to tourism growth in Kenya, it is not adequately addressed by policy. The government must not or appear to condone political violence.

10. Undertakings with GATS may need to be studied closely to find out the implications on the country's tourism sector of the commitments Kenya has made so far, with the view to strategizing ahead of the next round of GATS negotiations. The country has lost opportunity by opening up the entire tourism sector without beneficial restrictions or conditions such as local employment, partnership with locals and economic-needs tests, yet these are permitted under GATS.

11. Since independence, promoting and marketing the country as a tourist destination have been key elements of Kenya's tourism policy. This policy has failed to take cognizance of the fact that marketing efforts emanating from the destination are the least effective of the destination's image-forming factors and that those efforts have no chance of success if they are not accompanied by effective policies to deal with the fundamental ills affecting tourism. Furthermore, the government policy of controlling leadership in marketing and promotion has been restrictive (GoK 2000a). For these reasons marketing programmes have been ineffectual, and the current image Kenya as a destination is negative.

12. Kenya's policy has failed to encourage the creation of a common voice to influence government thinking. The Kenya

Tourism Federation (KTF) has the potential to play this role but it is constrained by a serious resource inadequacy.

13. Kenya's tourism policy has, in general, hardly considered the issue of whether tourism has real (net) benefits. True, there was speculation in the 1960s that about 25% of the total tourist expenditure of the country leaked back to developed countries. But, apart from the policy of maximizing tourism earnings retention within the country engendered in the 1994–1996 Development Plan, tourism policy has been silent on the issue of minimizing economic leakage. Even the policy proposed in 1994 was not comprehensive enough, as it encouraged up-market tourism based on ecotourism and wildlife safaris as the only strategy for maximizing the retention of tourism revenue. The actual role of tourism in the economic development of the country can only be ascertained and subsequently supported by policy after a systematic analysis of all the costs and benefits.

14. Tourism policy has not addressed the role of technology—such as on-line services and ticketless travel—in the industry, yet technology is gradually phasing out travel intermediaries such as travel agents. Recent technological advances such as the global distribution systems (GDS) and computer reservation systems (CRS) involve cross-border supply of tourism services. Some of these come with monopoly distribution rights (WTO 1998). These issues can only be resolved by governments at international trade negotiation forums. A pertinent concern is whether developing countries like Kenya stand to benefit or lose from technological advances. This is an area requiring urgent research to inform policy.

15. In spite of the focus on the role of tourism planning and coordination in the first few development plans, the numerous economic sectors involved in Kenya's tourism industry are still not well coordinated. The tourism ministry has found it difficult to coordinate the management of game

reserves, which are under various local authorities. This is partly because implementation of policies is very poor and partly because the initial focus on planning and coordination was not maintained in subsequent plans.

Two glaring examples demonstrate the negative consequences of this lack of coordination. First, the KWS, which is responsible for conservation and management of the protected areas—the backbone of the country's tourism industry—is independent from the MTI, the industry's overall regulator, planner, developer and promoter. Second, protected areas and important historical and cultural resources are gazetted for conservation under the Wildlife Conservation and Management (Amendment) Act (CAP 376) and Antiquities and Monuments Act (CAP 215), respectively, without providing for adequate participation of the MTI, yet these are gazetted primarily for tourism purposes. Even though the MTI lacks the administrative capacity, vision and policy framework to manage wildlife, cultural and historical resources, it should be closely involved in policy development for their conservation and use.

16. Tourism planning has failed to establish a mechanism for evaluating the performance of previous policies before new ones are formulated. The result has been a policy framework without continuity or coherence.

17. Due to inadequate implementation and poor conceptualization, wildlife policy has not achieved sufficient conservation of the country's wildlife resources. Wildlife populations, particularly those of elephants and rhinos, have declined due to poaching and encroachment, in spite of the existence of policies against poaching and for designating land use for tourism development. This is one of the reasons why Kenya's tourism declined in the 1990s. In fact, southern Africa countries like Botswana and Namibia are now more appealing to tourists seeking exclusive and back-to-nature experiences.

Even though the Government of Kenya has had an anti-poaching strategy since the colonial period, the policy has always been watered down by the desire to collect revenue from game trophies. For instance, at one time a fee was paid to members of the public who collected game trophy for the government.[15] This obviously provided incentives for killing animals. The swinging of policy between allowing and dis-allowing game use has more or less continued to date, even under the KWS. The lack of consistency has discouraged private landowners from considering game as a profitable use of their land. Park entry fees increased tremendously in 1995—from Ksh 20 per day in 1979 to US$ 27 (almost Ksh 2,000) for an adult foreigner visiting a category A (the most expensive) park—largely in line with the policy of targeting a smaller number of rich tourists. This could be an appropriate approach, but if it is implemented without improving the quality of tourist services and facilities, dealing with other problems like security and the beach boy menace, and creating a fresh image of Kenya, it cannot be expected to yield the desired results. In general, therefore, the problems with wildlife policy are that it counters the existing economic incentives and it is difficult to implement.

18. Private reserves have not been adequately supported by government policy despite their potential in promoting tourism. They are not accorded tourism development incentives such as tax holidays or reduced taxes. Moreover, the government interferes with their pricing policies, which is a disincentive to investment. The government appears to have a phobia of commercial use of wildlife. This reflects ignorance of the fact that well-defined property rights to the wildlife resource and a high rate of return to investment (which wildlife exploitation would be if prices were not fixed) would

[15] Reported in an interesting article appearing in the *Sunday Standard*, February 28, 1999, p. 13.

not necessarily turn commercial use into overexploitation. It is possible that denying landowners the right to own wildlife may have had a more devastating impact on Kenya's wildlife populations than poaching. There is need therefore for policy to explicitly address the potential conflicts between conservation and commercial exploitation of wildlife.

19. Economic incentives have hardly been used as a policy instrument in Kenya's tourism management despite their huge potential.

# 5 Emerging Policy Concerns: A Research Agenda

The analysis of Kenya's tourism policies has identified a number of serious shortcomings, some of which could be addressed by policy research. We propose the following research agenda, but not necessarily in order of priority:

1. Research is essential to develop a multivariable framework for appraisal and analysis of public policy. Such a framework could then be used in all sectors of the economy.

2. Research to facilitate the establishment of an appropriate policy framework to create a better and dynamically improving image for Kenya. Current policy looks only at marketing and promotion. Promotion needs a holistic policy framework that rights the tourism fundamentals in the country and therefore contributes to a positive image. As a component of the image-improvement strategy, a study is needed in the tourist source countries to understand the image that potential tourists have about the country and the kind of image that appeals to them. A study on the image Kenyans would like their country to promote is also necessary to strike a balance between the two images.

3. A study to assess the record of policy implementation in terms of the proportion of policies implemented in tourism and other sectors since independence, and to identify constraints to implementation. In particular, there is need to assess the adequacy of resources committed for policy implementation.

4. Research to identify key elements of a policy that would promote Kenya's performance in a competitive environment. How can Kenya cope with emerging competitors like South Africa, Tanzania, and Asian countries? What role can the government play to provide the private sector with a competitive edge? How can the bureaucracy be improved to cope with the emerging challenges of regional and global competition in tourism?

5. Detailed research to establish the real (net of economic leakage) benefits of tourism to Kenya. This research should consider i) revenues; ii) costs affecting development and promotion, local culture, the environment, employment, excess capacity in the low tourism season, and communities living near national parks and game reserves, and iii) the vulnerability of the sector to the vagaries of international markets and the instability of the domestic market. Such research would be an important input in policy formulation for tourism.

6. Research on how all the legislations touching on tourism could be harmonized to remove policy conflicts and enhance policy effectiveness

7. Research to establish the implications to Kenya of an open-skies aviation policy and to consider the possibility of providing economic incentives to Kenya Airways to operate for tourism purposes routes that it is not operating currently, either due to lack of capacity or for commercial reasons, such as Southeast Asia, which has an enormous potential as a tourism market. It is conceivable that even with an open-skies policy, some routes to rich tourism markets may not be

commercially viable, at least during the initial stages of developing the market

8. A critical study of the current aviation policy to understand why airlines are disengaging from Kenya and whether the trend is harmful to the tourism sector. Would an open-skies policy attract more airlines into the country considering that there is already a liberal air regime?

9. Research to develop a policy for the integration of technology (Internet, telecommunications, global distribution systems, computer reservation systems, and so forth) in the tourism sector. What are the implications of this technological development on the performance of the country's tourism industry?

10. Collaboration with the Central Bureau of Statistics (CBS) to establish a comprehensive database for the tourism sector. This could serve as a starting point to the complete elaboration of tourism as a separate sector in the country's national accounts. Besides this, the database could serve as a resource for continuous appraisal of policies. Performance data are key indicators of the success or failure of specific policies.

11. Research on how the concept of sustainable tourism could be operationalized. There is need for studies to develop a framework under which the carrying capacity of various tourism resources could be estimated. This is the only way to determine the optimal number of visitors.

12. Studies on optimal pricing with respect to park entry fees and differential pricing of congested and non-congested parks. Also, a detailed study on the effects of government control of hunting fees and off-take limits on private wildlife enterprise

13. Policy research with a view to increasing the use of economic incentives (such as allocating property rights over wildlife in private land to the landowners) in tourism management, given

the advantages of economic instruments over command-and-control regulatory instruments

14. Research to evaluate the real implications on tourism of the commitments that Kenya has already made under GATS, with a view to making adjustments during the next review of schedules

15. Research to determine the appropriate regional cooperation policy for Kenya's tourism sector. It appears that East African countries could benefit substantially from such cooperation in tourism activities. A similar arrangement in the Southern African Development Community (SADC) through the Regional Tourism Organization of Southern Africa (RETOSA) is proving substantially beneficial. Even though the East African Cooperation Treaty provides for cooperation in some aspects of tourism, there is need for policy research to indicate how the cooperation will proceed, to identify a mechanism for equitable distribution of benefits, to determine its net benefits to Kenya, and to identify other aspects of tourism development in which cooperation could benefit the country.

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