GOVERNMENT OF KENYA

NATIONAL TOURISM STRATEGY 2013-2018

DEPARTMENT OF TOURISM
Ministry of East Africa, Commerce and Tourism

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Executive Summary

This National Tourism Strategy is a culmination of extensive stakeholder involvement and participation. It is also a fulfillment of the Tourism Act 2011, Section 3. The essence of the strategy is to address national issues confronting the Kenya tourism sector and focus the players in the sector on sustainable tourism. For long, the sector has been characterized by low and high seasons resulting in some instances hotels and businesses closing down or cutting heavily on staff during the low season. This results in underutilized facilities, infrastructure, capacities, and human capital.

A comprehensive SWOT analysis brought out some pertinent issues. These issues have been given critical attention. They have been grouped and addressed systematically. Challenges to be addressed include:

- Challenge 1: Reinforce the Kenya tourism industry as a high quality service sector
- Challenge 2: Better position Kenya as the number 1 tourism destination in the world
- Challenge 3: Make the tourism industry part of the knowledge economy
- Challenge 4: Develop Kenya tourism in a sustainable manner
- Challenge 5: Increase the value generated from available resources
- Challenge 6: Create environment conducive to tourism businesses
- Challenge 7: Create environment conducive to tourism businesses
- Challenge 8: Investing in Tourism Infrastructure
- Challenge 9: Ensuring an Efficient Transportation System

In the National Tourism Strategy, the major areas of concern have been highlighted and the factors that will assist in the development, management, marketing, and regulation of the tourism sector in Kenya.

The stakeholders together with the implementing organs identified five thematic areas that will require a systematic and guided way of addressing in the next five years. These thematic areas are:

1. The need to have an effective product development and deployment approach
2. The need to enhance the marketing of Kenyan tourism products
3. The need to address inadequate financing and improve the investment environment
4. The need to be more scientific through research and information management
5. The need to focus on human capital, legal, policy and institutional framework

These strategic themes have been comprehensively addressed in this National Tourism Strategy 2013 to 2018 with an overriding philosophy of a dignified nation geared towards wealth creation. Further, the sector will emphasize on local tourism to reach a 55% bed occupation by year 2018.

This will ensure the tourism facilities are well utilized to reduce costs of running them and stabilize the industry against international upheavals.

At the same time, the international arrivals are projected to grow from below 2 million per year to 3 million per year.

Abbreviations

ASALs	Arid and SemiArid Lands
CBO	Community Based Organization
CEO	Chief Executive Officer
COMESA	Common Market for Eastern and Southern Africa
CS	Cabinet Secretary
DG	Director General
DoT	Department of Tourism
EA	East Africa
EAC	East African Community
EATWC	East African Tourism and Wildlife Conservation Agency
ECA	Economic Commission of Africa
EMCA	Environment Management and Coordination Act
FDI	Foreign Direct Investments
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus
ICT	Information and Communications Technology
IT	Information Technology
JKIA	Jomo Kenyatta International Airport
KATO	Kenya Association of Tour Operators
KICC	Kenyatta International conference Centre
KNBS	Kenya National Bureau of Statistics
KTB	Kenya Tourism Board
KTF	Kenya Tourism Federation
KUC	Kenya Utali College
MD	Managing Director
MDAs	Ministries Departments and Agencies
MICE	Meetings, Incentives, conferences and Exhibitions
NGO	Non-Governmental Organization
NIMES	National Integrated Monitoring and Evaluation System
NPs	National Parks
PS	Principal Secretary
PSV	Public Service Vehicle
SADC	Southern Africa Development Community
SARs	Severe Acute Respiratory Syndrome
SRO	Self-regulatory Organizations
SSA	Sub-Saharan Africa
TF	Tourism Fund
TRA	Tourism Regulatory authority
TS	Tourism Secretary
TSA	Tourism Satellite Accounts
TTCI	Travel and Tourism Competitiveness Index
TUI	Touristik Union International
UK	United Kingdom
UNECA	United Nations Economic Forum for Africa
UNWTO	United Nations World Tourism Organization
USA	United States of America
VAT	Value Added Tax
VFR	Visit Friends and Relatives
WEF	World Economic Forum

WTTC	World Travel and Tourism Council

CHAPTER 1 - INTRODUCTION

1.1. BACKGROUND

Tourism represents one of the major national development sectors in Kenya. In recognition of its enormous forward and backward linkages, the DoT with the assistance of the Government of Japan carried out a study in 1995 that designed a comprehensive long term tourism development plan for Kenya with 2010 as the completion year for the plan. The study produced three major documents: a Master Plan for National Tourism Development; a Master Plan for Priority Tourism Regions; and an Environmental Conservation and Management Plan. To implement the priority projects identified in the Plan for 1996-2000 an investment of K£203.5 million was envisioned. None of the Plans were implemented. Consequently, the development of the sector was left to chance, and it continued to struggle unguided through stiff global competition as well as internal and external shocks.

Following wide consultation with Kenyan experts, stakeholders, policy-makers and investors during the preparation of our Vision 2030, tourism was identified as one of the top priority sectors for realizing the development blue print – Vision 2030. The Government therefore earmarked tourism as one of the six key growth sectors of the economic pillar of Vision 2030 and charged the sector with the task of making Kenya one of the top ten long-haul tourist destinations globally. Vision 2030 recognizes that attaining the top ten long-haul destination status "will involve addressing constraints facing the sector and implementing strategic projects to improve the quality and breadth of Kenya's touristic offerings at the coast, in game parks, and in 'niche' products (e.g. cultural and eco-tourism), as well as an expansion in conference tourism. Further attention will be paid to creating an environment where tourists spend more per visit."

In order to provide a legal framework for effecting the desired changes in the sector, the Government developed the Tourism Act 2011 which obligates the minister responsible for tourism to once every five years, formulate and publish a National Tourism Strategy with which the tourism sector shall be developed, managed, marketed and regulated.

This Strategy was commissioned by the DoT in 2012 and is a product of a deliberate stakeholder consultative process led by a Steering Committee composed of all the major stakeholders under the chairmanship of the private sector. Views and suggestions from over thirty stakeholder institutions were received and have shaped this Strategy. As required in the Tourism Act, 2011, members of the public were also consulted through seven regional consultative meetings covering Nairobi, Mombasa, Lamu, South Rift, North Rift, Western and Nyanza, and Mt. Kenya and Northern Kenya regions. All these views were subjected to a validation workshop of stakeholders, prior to finalizing the report for submission to Parliament.

1.2. THE TERMS OF REFERENCE

The National Tourism Strategy project was guided by the National Tourism Strategy Terms of Reference derived from the Tourism Act 2010. The Act requires that:

1.2.2 The Minister shall, subject to subsection (5), formulate and publish in the Gazette a national tourism strategy of at least once every five years, in accordance with which the tourism sector shall be developed, managed, marketed and regulated.

1.2.3 The national tourism strategy shall prescribe the principles, objectives, standards, indicators, procedures and incentives for the development, management and marketing of sustainable tourism and shall, in particular prescribe—

(a) For the packaging of niche tourism products and services;

(b) Standards for tourism area development plans;

(c) Measures to facilitate and enhance domestic and regional tourism;

(d) Priority areas for tourism development, capacity building and training;

(e) Innovative schemes, incentives and ethics to be applied in the development and marketing of sustainable tourism, including public private partnerships;

(f) Clear targets indicating projection in tourism growth over the next five years;

(g) National tourism research and monitoring priorities and information systems, including—

- Collection and management of tourism data and information;
- Intelligence gathering;
- Procedures for gathering tourism data and the analysis and dissemination of tourism information; and
- Tourism management information systems;

(h) Measures necessary to ensure equitable sharing of benefits in the tourism sector;

(i) Adaptation and mitigation measures to avert adverse impacts of climate change on tourism and tourism products and services;

(j) Reflect regional co-operation and common approaches in tourism development, marketing and regulation; and

(k) Any other matter that the Minister considers necessary to enhance sustainable tourism in the country.

1.2.3 The Minister shall periodically review the national tourism strategy and may**,** by notice in the Gazette, publish a revised national tourism strategy.

1.2.4 The Minister and all relevant public bodies shall, when exercising or performing any statutory function, take into account and give effect to the national tourism strategy.

1.2.5 The Minister shall, when formulating a national tourism strategy under subsection (1), consult the public in accordance with the First Schedule.

In the discussion and formulation of the NTS using these TOR, a framework for the tracking of strategic alignment to each of the actionable elements of the TOR is summed up elsewhere.

1.3. TOURISM POTENTIAL

The Tourism Sector in Kenya has experienced steady growth since independence. Having experienced steady growth for over a decade, tourism revenues plummeted to a record low in the wake of the unrest that followed the disputed 2007 elections. By 2010 the industry was already on a recovery path with tourism revenues reaching KShs.97.9 billion in 2011 up from KShs.73.78 billion in 2010, KShs.62.46 billion in 2009 and KShs.65.4 billion in 2007, testifying to the resilience of the industry. The sector is not only a multifaceted industry that contributes to a variety of economic activities, but is also labour intensive and thus a major generator of employment, accounting for about 11 per cent of total formal employment.

A major challenge to tourism planning in Kenya is dearth of sufficient and reliable disaggregated data and information on the tourism industry. The contribution of tourism to GDP is, for example, a case in point. Kenya's Tourism Strategic Plan 2000-2012 records 10% as tourism contribution to GP in 2011; the Economic Survey 2012 reports it as 3.26% for 2011; while the World Travel and Tourism Council (WT&TC) reports it under two categories; direct contribution being 5.7%, while total contribution is reported at 13.7%, also for 2011[1].. Given this scenario, tourism contribution is shown in Table 1.1 below.

Table 1.1: Impact of Tourism on Selected Indicators

Kenya	2011 KShs (bn)	2011 % of total	2012 Growth	2022* KShs (bn)	2022* % of total
Direct contribution to GDP	167.6	5.7	4.4	244.5	5.1
Total contribution to GDP	403.7	13.7	4.3	603.1	12.6
Direct contribution to employment	313	4.8	1.3	357	4.3
Total contribution to employment	778	11.9	1.2	906	11.0
Visitor exports	171.1	18.6	4.7	229.9	11.9
Domestic spending	113.1	3.8	4.6	185.3	3.9
Leisure spending	200.4	6.8	4.0	278.1	5.8
Business spending	88.1	3.0	6.2	144.2	3.0
Capital investment	44.4	7.5	6.8	74.1	7.7

Source: Travel and Tourism, Economic Impact, 2012
* Projections

1.4. ROLE OF TOURISM IN THE ECONOMY

a) **Forward and Backward Linkages**: Tourism has extensive multiplier effects. Key sectors of the tourism trade are restaurant and accommodation services, while others include amusement parks, resorts, programme services, festivals and other cultural services, and camping sites. Lines of business directly connected to tourism include transport services (transport of goods and passengers), property and equipment maintenance, the security business, the grocery trade, specialty trade, construction and building development services, IT services, the production of foodstuffs, food processing and waste management.

b) **Employment Effect:** Tourism is labour intensive, with low barriers to entry and dominated by SMEs. Furthermore, the tourism sector employs a high number of women and young people than other industries.

c) **Prosperity and Wellbeing to Regions**: In Kenya, tourism is a regionally significant source of livelihood. In absolute terms, the income and employment impacts as well as the facilities of tourism are centred in the same regions as population and production thus benefiting local communities.

[1]Recognizing that the tourism industry has direct, indirect and induced impacts to the economy, the World Travel & Tourism Council (WT&TC) advocates that to fully reflect its impact, there is need to capture not only the direct contributions, but also indirect and induced impacts.

d) **Growth Potential**: Tourism is the only export business in which consumption takes place in the home country while being subject to domestic value-added tax.

e) **Source of Revenue**: Tourism taxes can provide significant government revenues. Revenues from landing fees, departure taxes, VAT, park entrance fees, and use of public utilities can make a significant difference to government income

f) **Image Building**: When foreign travellers come to Kenya, interact with Kenyans, and gain an understanding of what makes Kenya great, they share these positive experiences with members of their own society, helping to improve Kenya's image abroad.

g) **Tourism based facilities and Local Development**: The infrastructure required by tourism can also benefit resident communities. Improving roads, water supply, electricity, and communications can make a major difference to the lives of the local communities.

h) **Sustainable Development**: Tourism, when carefully managed, is non-extractive and can support conservation measures, raise incomes, and provide employment without denuding the country of its resource base.

Tourism can be a catalyst for positive development and growth bringing benefits to communities in its locale, but it can also be an engine of destruction and degradation if not well managed.

CHAPTER 2 - SITUATION ANALYSIS AND STRATEGIC OUTLOOK

2.1 GLOBAL CONTEXT

The benefits of tourism in generating revenue and employment in both developed and developing economies have been well documented by international organizations such as the United Nations World Tourism Organization (UNWTO) and World Bank as well as by many tourism researchers. Tourism is widely regarded as one of the largest and fastest growing economic sectors in the world. Since the 1980s, tourism has been one of the leading growth sectors in the global economy. The sector has seen significant growth in revenue and employment as well as the development of new and fledgling markets. From 1950 to 2007, international tourist arrivals grew from 25 million to 903 million.

Together with the travel industry (i.e. including tourist transport, air travel but excluding commuter transport services), tourism contributed $6.3 trillion to the global economy in 2011, equaling 9.1% to the world's GDP as a result of the direct, indirect and induced impact of this industry. With specific reference to developing countries, the World Economic Situation Report 2012 stated that they "remain net services importers, but their role as service exporters is continuously growing, especially in the transport and tourism sectors". World tourism is expected to continue the positive trends that have marked the industry in the past decade, and the next twenty years is expected to hold a steady annual growth. UNWTO estimates that tourism now contributes 30% to world exports of services, 6% to all exports, and 5% to world GDP. This puts tourism fourth in rank after fuel, chemicals, and auto products.

Overall, the industry is expected to continue to grow rapidly in the long term. UNWTO's Tourism 2020 Vision forecasts that international arrivals are expected grow by 4.1 % p.a. between 1995 and 2020 to reach 1.56 billion by 2020. Of these, 1.18 billion will be intraregional, and 377 million will be long-haul travelers. It is projected that long-haul travel will grow faster, at 5.4% p.a. than intraregional travel, at 3.8% p.a.

2.1.1 Tourist Arrivals by Region

The projected total tourist arrivals by region shows that by 2020 the top three receiving regions will be Europe (717 million tourists), East Asia and the Pacific (397 million) and the Americas (282 million), followed by Africa, the Middle East and South Asia. East Asia and the Pacific, Asia, the Middle East and Africa are forecasted to record growth at rates of over 5% per year, compared to the world average of 4.1%. The more mature regions – Europe and Americas – are anticipated to show lower than average growth rates.

2.1.2 Travel and Tourism

It is recognized that travel and tourism has changed and a tourism product that only focuses on marketing 'sun, sea and sand' may not be sustainable in the changing marketplace. The industry has been changing to respond to the growing needs and changing tastes of consumers/visitors which has caused a shift from the practice and marketing of 'active holidays' to the tourists of 'holidays as an experience.' There has been a shift in the future from sun, sea and beach tourism to more active and culturally satisfying sightseeing. Thus market segmentation and product differentiation will be important in order to maximize tourism revenue.

Factors spurring growth are the desire for more individuals to travel, and the internationalization of work and technical change which have made air travel easier and cheaper. In addition, there has been in some areas a decline in barriers to travel with the setting up of mega trading blocs.

2.1.3 Emerging Markets

According to the World Tourism Organization tourist visitor arrivals, which were 922 million in 2008, are expected to increase to approximately 1.6 billion by 2020. Increases in disposable incomes and the growing appetite for travel by citizens of Europe (particular Eastern Europe/Former Soviet Republic countries), the Middle East, East Asia and the Pacific, are expected to fuel global travel growth. China alone is expected to generate 100 million outbound tourists by 2020, up from less than 15 million in 2009. According to the report published by UNWTO (2013), China's expenditure on travel abroad reached US$ 102 billion in 2012, making it the top tourism source market in the world in terms of spending as shown in Table 2.1 below.

Table 2.1: World's Ten Top Tourism Spenders

Rank		International Tourism Expenditures (US$ billion)				Market Share %
		2005	**2010**	**2011**	**2012**	**2012**
1.	China	21.8	54.9	72.6	102.0	9.5
2.	Germany	74.4	78.1	85.9	83.8	
3.	United States	69.9	75.5	78.7	83.7	
4.	United Kingdom	59.6	50.0	51.0	52.3	4.9
5.	Russian Federation	17.3	26.6	32.5	42.8	4.0
6.	France	31.8	39.0	44.1	38.1	
7.	Canada	18.0	29.6	33.3	35.2	3.3
8.	Japan	27.3	27.9	27.2	28.1	2.6
9.	Australia	11.3	22.2	26.7	27.6	2.6
10.	Italy	22.4	27.1	28.7	26.2	2.4

Source: UNWTO April 2013

Over the past decade China has been, and still is, by far the fastest-growing tourism source market in the world. Thanks to rapid urbanization, rising disposable incomes and relaxation of restrictions on foreign travel, the volume of international trips by Chinese travelers has grown from 10 million in 2000 to 83 million in 2012 and their tourism expenditure abroad has also increased. Table 2.2 shows the top ten international tourist destination and earnings.

Table 2.2: Ten Top International Tourist Destinations by Volume and Earnings.

Rank	Country	International Tourist Arrivals (mill)		Rank	Country	International Tourism Rec. (US$Bn)
		2010	2011			2011
1.	France	77.1	79.5	1	United States	116.3
2.	United States	59.8	62.3	2	Spain	59.9
3.	China	55.7	57.6	3	France	53.8
4.	Spain	52.7	56.7	4	China	48.5
5.	Italy	43.6	46.1	5	Italy	43.0
6.	Turkey	27.0	33.3	6	Germany	38.8
7.	United Kingdom	28.3	29.2	7	United Kingdom	35.9
8.	Germany	26.9	28.4	8	Australia	31.4
9.	Malaysia	24.6	24.7	9	Macao	27.8
10.	Mexico	23.3	23.4	10	Hong Kong	27.2
21.	South Africa	8.1	8.3			9.5
55.	Zimbabwe	2.0	2.2			N/A
71.	Kenya	1.6	1.8			0.9

Source: Compiled from UNWTO data.

Some of the developments that culminate the tourism sector at the global front are explained hereunder for strategic consideration:

a) **Youth Travel Market**: Young travelers, aged 16-24, are the travel industry's fastest growing sector, representing more than 20% of all international travelers. This trend will continue, and may affect how travel and leisure is marketed, especially how it is packaged with a diversified entertainment product/service.
b) **Holistic Tourism**: The UNWTO has reported that the industry has seen a demand for detox treatments, spa retreats (spiritual and wellness retreats), and family retreats (making tourism a family experience).
c) **Eco-Tourism:** A 2007 Trip Advisor survey of over 1,000 travelers worldwide has found that approximately 38% of those surveyed had stayed in an eco-friendly hotel, and about 40% consider the environment when making travel plans.
d) **Cruise Travel Demand:** The world cruise industry has experienced positive results in the past five years and Carnival Cruise Lines will continue to dominate the industry, while the introduction of mega cruise liners will impact on port facilities in terms of size, capacity and security among other areas.
e) **Air Travel Demand**: the demand for air travel is on the rise, and there is also an increasing use of low-cost, no-frills airlines.
f) **Other Travel Market Trends:** The internet has revolutionized how travel and leisure is marketed, distributed and booked.
g) **Travel Permit Restrictions:** Increased security mechanisms due to terrorism threats may very well have a negative impact on travel, especially on the tourism dependent economies like Kenya.
h) Climate Change: Global warming is expected to play a major role in how the tourism and travel industry develops and operates. Best practices in coastal and marine preservation, ecological management, and waste management systems need to become priorities in the industry. The preservation of coral reefs, cruise waste disposal systems, drainage in resort areas, wetlands and deforestation concerns in development of resorts, among other things, are factors of which the industry must become more aware. Issues of changing climatic conditions on resorts, the

environmental costs of air travel and the potential impact of rising sea levels on shoreline developments all show how important it is for proper planning, monitoring and policy mechanisms to ensure sustainability in the tourism industry.

2.1.1 International Tourism Ownership and Investment Trends

The world tourism industry is highly globalized and extremely competitive. The tourism industry is increasingly being characterized by the establishment of partnerships/joint ventures between already large companies, and the resultant formation of "Mega Tourism Businesses". By combining their human and financial resources these tourism giants are able to more efficiently and effectively maintain and enhance their share of the tourist market.

The scale of these companies is such that they collectively control much of the world's travel industry, and can significantly influence the flow of tourists to a destination or not. The key advantages that are enjoyed by these "Mega Tourism Businesses" include the fact that these enterprises are more capable of ensuring stable earnings, and can equalize losses made in individual countries and regions whilst also having an established world-wide presence. Research has shown that airlines (as well as car, rail, ferry firms) are joining into a few huge companies that coordinate fares and revenues thus controlling hotels and travel agencies through vertically integration making their position strong in the global market.

2.2 SUB-SAHARAN AFRICAN CONTEXT

2.2.1 Tourism Demand in Africa

According to the World Tourism Organization (WTO), Africa as a whole attracts just fewer than 4% of total world tourists and accounted for 2.0% of international tourism receipts in 1997. Of the Sub-Saharan countries, only South Africa is listed in the top forty tourism destinations worldwide, where it was 26th in 1997. The WTO calculates that Africa has just over 3% of world accommodation capacity (796,000 beds). The Africa region showed the strongest expansion in arrivals of any world region in 1997, up 8.1% over 1996. Furthermore, during the 1988-97 decade, Africa had an average annual growth of 7.2% in visitor arrivals, only slightly lower than East Asia/Pacific, which had the highest growth rate of all regions though from a much higher base than Africa.

The highlights for the top five long-haul markets for SSA include: France, UK, US, Germany, and Portugal. France is the most important long-haul source market for 18 Sub Saharan countries. Burkina Faso, Madagascar, Mauritius, and Senegal are the most significant destinations for French visitors. UK visitors are the main long-haul tourists to South Africa, Botswana, Kenya, The Gambia, Zambia, and Malawi. The US is the dominant source market for Ghana, Ethiopia, Rwanda, Tanzania, and Zimbabwe. Portuguese visitors mainly travel to Angola, Cape Verde, Mozambique, and São Tomé and Príncipe. German visitors dominate long-haul arrivals in Lesotho, Namibia, and Swaziland. Smaller markets for Sub Saharan Africa include the Netherlands, Italy, Belgium, Sweden, India, Canada, and Ireland. Emerging markets for SSA include Spain, Australia, India, China, and Russia.

2.2.2 Tourism Products

The SSA has a number of tourism products on offer: Wildlife Tourism, Scenic Tourism, Birding Tourism, Hiking, Resort and Beach tourism, Water sporting, Cultural and heritage tourism, Business and Convention tourism. Safari tourism is a key product for East Africa and Southern Africa. The main East Africa safari destinations are Kenya and Tanzania. Resort tourism is also a key product in East Africa. The main East Africa resort destinations are Mauritius, Seychelles, and Mozambique. West Africa has small pockets of resort tourism in Cape Verde, Senegal, and The Gambia but mainly attracts business tourists. In Central Africa there is almost no resort or safari tourism, but business tourism is growing. Angola, Cameroon, Chad, and Republic of Congo are business destinations. Cultural tourism is perhaps the most underdeveloped key product. Every country has some cultural heritage attractions, indigenous culture, and/or craft products. Cultural tourism has the most potential in the Sahel countries of West and East Africa.

Where SSA appears to have a distinct competitive advantage, is in the delivery of combination products. Combo holidays which combine and extend traditional products with experience-based add-ons, are SSA's emerging "trump card". Combo-holidays offer multiple experiences, and appeal to the growing segment of the market that is well-travelled, active, and interested in holidays that combine relaxation with adventure, culture, nature, or business.

2.2.3 Tourism Accommodation

A positive correlation exists between the number of rooms and the performance of the destination. Of the 28 countries in the 2006 database, South Africa had the greatest number of rooms: 61,417. Tanzania was next with 30,600 rooms. Kenya was third with 24,000 rooms. There appears to be substantial underutilization of capacity across SSA. The highest average occupancy rate was reported by Kenya at 87% in 2006. Togo reported the lowest average occupancy rate: 10.7%.

A total of 382 branded/chain hotels were identified in the region (35,862 rooms); 122 hotels belonged to international hotel groups and 260 were regionally branded hotels. The Accor group is the most important international hotel group in Sub Saharan Africa with 46 hotels. Starwood and Intercontinental, the next largest players in the region, have just over 20 hotels each. Southern Africa has 57% of the branded hotels, East Africa 25%, West Africa 15%, and Central Africa 3%.

Although a larger number of international hotels generally means the destination is successful at attracting visitors, the reverse is not always true. The Gambia has created a high performing tourism industry with few international hotel chains. Mozambique has very few international hotels but a number of independently run high-end resorts and lodges. The same is true of Botswana and Tanzania.

2.2.4 Airline Connections

Sub Saharan Africa is under-served by major airlines. Sixty-six per cent of SSA countries have either no major carrier connections or are dependent on just one airline. Decisions on airline routings are driven by a mix of domestic, inter-regional, international, and cargo demands. A strong correlation is found between the number of long-haul flights per week and the performance of the destination. The top three countries for tourist arrivals, South Africa, Nigeria, and Kenya, are also the top three countries for long-haul flights per week. Countries with the fewest connections, such as Comoros, Central African Republic, and Liberia, have very limited tourism development. Exceptions include countries such as Botswana and Namibia which have strong hubs in neighbouring countries and frequent regional connections.

East Africa is the best-connected region for long-haul flights. West Africa is the best connected region for regional flights. Southern Africa has fewer long-haul and inter-regional flights per week due to the long distance from major markets and the fact that South Africa is the only hub in the region. Central Africa has the worst long-haul connections in SSA. Long-haul connections to SSA are dominated by a small number of international airlines(Air France, South African Airways, Brussels Air, British Airways, and Ethiopian Airlines) providing 61% of the long-haul flights.

2.3 Tourism Competitiveness Model

In economic terms, a destination's competitive advantage is thought to be related to the "factor endowments," or resources, that a country is fortunate enough to have. Factor endowments include land, natural resources, labour, and the size of the local population. Michael Porter, a professor at Harvard Business School, explains how countries can create new endowments by building capacity, improving technology, and increasing the national knowledge base. In this way, countries that are factor-disadvantaged often find innovative ways to overcome comparative weaknesses with competitive strengths.

2.3.1 The Travel & Tourism Competitiveness Index Rankings 2013

The Travel & Tourism Competitiveness Index (TTCI) aims to measure the factors and policies that make it attractive to develop the T&T sector in different countries. In line with statistics on international tourist arrivals, Europe remains the leading region for Travel & Tourism competitiveness, with all of the top five places taken by European countries. Out of the overall rank out of all 140 economies, Switzerland is ranked 1st in the 2013 TTCI, a position it has held since the first edition of this Report in 2007, performing well on almost all aspects of the Index. Its infrastructure, especially ground transport (3rd), is among the best in the world, and the country also boasts top marks for its hotels and other tourism-specific facilities, with excellent staff thanks to the availability of qualified labour (ranked 2nd) - perhaps not surprising in a country that holds many of the world's best hotel management schools.

2.3.2 Competitiveness of Sub Saharan African Countries

According to The Travel & Tourism Competitiveness Report (2013), of the Sub-Saharan countries, only Seychelles is listed in the top forty tourism destinations worldwide, where it was 38, entering the rankings for the first time at the top of the region. The importance of Travel & Tourism for the country's economy is reflected in its top ranking for the prioritization of the industry, with the 2nd highest T&T expenditure–to-GDP ratio in the world and effective marketing and branding campaigns. These efforts are reinforced by a strong national affinity for Travel & Tourism (5th); good tourism infrastructure, especially in terms of available hotel rooms (6th); and good ground and air transport infrastructures, particularly by regional standards (31st and 27th, respectively). These positive attributes somewhat make up for its relative lack of price competitiveness (120th).

Kenya is ranked 14th for its natural resources, with its three World Heritage natural sites and its rich diversity of fauna. Tourism is a recognized priority within the country (ranked 23rd on this pillar), with high government spending on the sector and effective destination marketing campaigns. In addition, a strong focus on environmental sustainability results in a rank of 21st, which is particularly important for Kenya given the sector's dependence on the natural environment. This focus seems to be bearing fruit and contributes to the overall improvement of Kenya in the rankings. On the downside, the policy environment presents a mixed picture and is not sufficiently conducive to the development of the sector (ranked 95th).

Although openness in terms of visa requirements and bilateral Air Service Agreements has improved significantly, property rights are insufficiently protected, and much time and high costs are still required to start a business. In addition, infrastructure remains underdeveloped and health and hygiene levels require improvement, as does the human resources base (106th). Finally, the security situation in the country remains a significant hindrance to further developing the sector (ranked 135th). In the Appendix, the comparative competitive position of Kenya for 2009, 2011, and 2013 is presented.

The report shows that the position of East Africa as the continent's most attractive tourist destination has come under threat from other blocs taking advantage of on the region's lengthy business procedures, insecurity and poor infrastructure to boost their competitive edge. The 2013 World Economic Forum (WEF) survey on global tourism and travel competitiveness shows that Kenya, Uganda, Rwanda, Tanzania and Burundi are trailing emerging global tourism giants in sub-Saharan Africa such as Seychelles, Mauritius and South Africa. Kenya, EAC's top tourism investment destination, came eighth. The WEF cited insufficient property rights protection, insecurity, lengthy and costly business procedures as well as dilapidated infrastructure as drawbacks. In the sub-Saharan Africa rankings, Rwanda, Tanzania and Uganda took positions nine, 12 and 13 respectively. Burundi was ranked at 30. At the global level, only Kenya made it to the top 100 countries of the 140 surveyed, coming in at position 96.

2.4 The Tourism Industry in Kenya

Kenya is one of the world's most popular tourism destinations thanks to its natural attractions, unique historical and archaeological sites, improving touristic infrastructure and its tradition of hospitality. The tourism industry has been one of the most important drivers behind Kenya's economic development over recent decades by reducing unemployment, raising national GDP and improving the country's balance of payments. Tourism is Kenya's third largest foreign exchange earner after tea and horticulture, and a major employer, accounting for about 12% of the total wage employment and 13.7%of the gross domestic product (GDP).

Kenya's tourism greatly depends on its wilderness and wildlife, which are all under threat from global climate change. In nearly all the national parks, the wildlife depend on natural rivers or manmade well and dams for their survival. Seventy-five percent of Kenya's wildlife is found in the dry lands and 92% of Kenya's Protected Area estate (Parks and Reserves) are found in rangelands. Rangelands also form important conservation areas of wildlife in Kenya outside protected areas. It is estimated that currently nearly 80% of all wildlife in Kenya is found outside protected areas. Presently, Kenya has 57 protected areas dispersed widely across the country that cover about 8% of the country's land area. Most of them are located in the Arid and Semi-Arid Lands (ASALs). These parks and reserves are the basis of Kenya's thriving wildlife safari tourism.

However, the sector remains relatively underdeveloped, compared to other tourist destinations, in terms of the number of tourists, yield and diversity of experience. Only 1.5 million tourists visit Kenya a year, compared to some 8.3 million per year to South Africa which is grouped together with Kenya in terms of tourism destinations.The National Tourism Policy identifies the following as the main constraints hindering the development of the tourism industry in Kenya, which need to be addressed for the sector to grow:

a) Actual and perceived concerns regarding safety and security, with resulting negative publicity in the international and local media;
b) Negative travel advisories against travel to Kenya issued by the Governments in the main international source markets;
c) Deterioration and near collapse of infrastructure in some parts of Kenya which has affected access to tourist attractions;
d) Lack of harmonization between national policies on land use, wildlife and tourism;
e) Lack of a system to ensure equitable sharing of tourism benefits and opportunities;
f) Unplanned tourism expansion at the Coast leading to oversupply of accommodation thereby depressing prices;
g) Lack of affordable finance for product improvement and tourism marketing and promotion;
h) Lack of product diversification and overreliance on traditional source markets;
i) Lack of adequate training
j) High cost and erratic supply of utilities;
k) Cumbersome visitor entry formalities.

2.5 Structure of Kenyan Tourism Industry

Kenya is positioned in the market as a destination of variety, offering packages that satisfy a wide range of customers in terms of budget, life styles and social grouping. The Kenyan tourism product comprises a complex value chain and network of services catering to visitors and domestic travelers. The industry is comprised of various private and public players in various sub-sectors, including: accommodations, tourist attractions, food and beverage facilities, ground transport, in-bond shopping, crafts, and tour services that link the various components of a trip, including national parks and city tours. The airline and cruise shipping industries are integral to the operations of the tourism sector, and there are numerous linkages with other sectors in the domestic economy.

The tourism industry is based on a diverse range of natural, social, human and physical resources which include sun, sea and sand for resort tourism and reefs for snorkeling and diving; wildlife for safari tourism; mountains, lakes, rivers, forests and valleys for nature, scenic and adventure tourism; and cultural assets in the form of the built environment (monuments, old cities), a living heritage expressed in distinctive local customs and song, dance, cuisine, history, art and handicrafts, etc., and museums that reflect the local cultural heritage or a wider global heritage. The attractiveness and, therefore, competitiveness, of the tourism product will

2.5.1 Attractions

The attractions sub-sector of the tourism sector is a growing area which adds to the variety of Kenya as a tourist destination and the overall tourism product. Attractions include natural or man-made, cultural, historical, equestrian, aquatic, aerial, eco-tourism, recreational and environmental facilities for tourists. Tourism in Kenya is currently concentrated in seven parks, which receive 80 per cent of the total number of visitors to the country's 26 wildlife sanctuaries. To increase the Kenya's competitiveness, there is a need to expand product choice and the quality of tourism facilities and services, as sports tourism and ecotourism are becoming increasingly popular.

The existing attractions are diverse in nature and include: water parks; water based activities; adventure and nature based activities; 22 terrestrial national parks, 4 marine national parks, 28 terrestrial national reserves, 6 marine national reserves and 5 national sanctuaries, museums; heritage sites; and mountain ranges among others. Enterprises within this sector are usually organized as registered companies, which are monitored by DoT. There are also informal and community based attractions, although information is inadequate as to their number and quality. Efforts have been made by the government to provide incentives for the establishment, refurbishment, conservation, reconstruction, and repositioning of attractions in the market place so as to stimulate growth in the sub-sector.

2.5.2 Accommodation

The Kenyan accommodation sub-sector is made up of hotels, resort cottages/villas, guesthouses, and apartments. The accommodation facilities range include youth hostels to five star luxury suites, from pitching tent in the wilderness to relaxing in a private beachside villa. Kenya became the first African destination to implement the ESOK Eco-rating voluntary certification scheme, aimed at checking and improving the performance of tourism accommodation facilities in a bid to further the goals of sustainable development.

a) Hotels: Kenya has a great variety of hotel accommodation to suit all budgets and tastes. There are currently approximately 174 hotels that offer the traveler a wide range of accommodation options. Almost every town in the country offers basic budget hotels and lodgings. In many tourist areas, private campsites and small hotels offer budget rates for backpackers. Nairobi has an excellent range of hotels, including many well-appointed hotels of international standards with full facilities for tourists and business travelers. Other Cities and large towns all have a good range of hotel accommodation. Small boutique hotels are also becoming increasingly popular, in Nairobi, on the Coast, and in Wilderness areas.

b) Lodges: Safari lodges in Kenya offer hotel-style comforts and accommodation in the wilderness. Standards vary from the rustic to the modern, from the simply appointed to the last word in luxury.

Efforts are usually made to design lodges that blend into their environment, with an emphasis on all natural local building materials and use of traditional art and decoration. Most lodges serve meals and have lounges and bars, often with excellent views or overlooking waterholes or salt licks that attract game. Many have resident naturalists, as well as guides for organized walks or game drives.

c) **Camping**: A camping safari in Kenya is one of the world's great travel adventures. Pitching your tent in the bush gives you the feeling of really living in the wild. The romance of an open campfire under a magnificent sky full of stars is undeniable, and night in the wild is a magical time, when the air rings with the whooping calls of hyenas and the dawn is heralded by the unforgettable sound of a lion's roar. (Magical Kenya)

d) **Tented Camps**: For those looking for the Camping experience without the possible discomfort, then a Tented Camp is an ideal option. Tented Camps provide the visitor with large walk in tents, complete with beds and furniture. The tent often has its own private bathroom with supplied water, showers and flush toilets. In some cases these camps are established on a mobile basis and fully stocked and equipped by a safari company. In other permanent tented camps, tents are on large raised wooden platforms with private balconies and excellent views.

e) **Rental Homes, Apartments and Cottages**: Throughout Kenya, it is possible to find excellent rental properties for short or long term lets. These vary from rustic cottages in the bush to historic Swahili Mansions on the coast, from serviced city apartments to houses fronted by beautiful deserted beaches. Renting a private property is a good way to gain a new perspective on Kenya and to get away from lodges, camps and hotels and relax on your own. Most rental properties come fully equipped, and often staff and a cook are provided to help out with meals and cleaning.

f) **Homestays:** Homestays are an ideal way to experience Kenyan life. In some areas, homestays with Kenyan families is arranged that allow visitors to spend time in a local home and to discover the way of life in a typical household. This kind of 'cultural exchange' tourism is popular with visiting student groups, and those with an interest in Kenyan culture. The real advantage of a Kenyan homestay is the opportunity to spend time with Kenyans and their families, and to share the benefit of their many years of local experience and intimate knowledge of the country, its people and wildlife.

2.5.3 Ownership

Multinational corporations have engaged in both horizontal integration in the form of foreign direct investment, leasing, management contracts, franchising and marketing agreements for hotels, and vertical agreements between hotels, airlines, tour operators and travel agencies. For example, approximately 78% of major hotels along the Kenyan coastline and around 66% of those in Nairobi and in the National Parks and Reserves have had some foreign investment, although less than 20% have been subject to total foreign ownership. Equity holdings have been acquired, for instance, by the tour operators: African Safari Club, Hayes and Jarvis, Universal Safari Tours, Kuoni, Polmans, Touristik Union International (TUI), Franco Rossi and I GrandiViaggi, as well as by British Airways and Lufthansa. Foreign hotel chains have managed a number of hotels, and franchising contracts with such groups as Holiday Inn, Hilton, Intercontinental and Sheraton, have occurred. Foreign ownership has therefore out done local/indigenous or community ownership of the tourism sector.

2.5.4 Infrastructure

a) **Air Transport**: Kenya's air transport sub-sector is a critical resource to the Tourism and Travel industry. Kenya Airways, the national airline, has been an important provider of airlift capacity for the tourism industry over many years. The airline has had to grapple with issues of profitability over the years, and after years as a divested private sector entity. Air transport has been significantly impacted on by the on-going expansion and redevelopment of the Jomo Kenyatta International Airport (JKIA) and Kisumu International Airport. Other developments include the increase in airlift services as new airlines and charters have started operating in Kenya within the last five years, opening new local, regional, and international routes.

b) **Ground Transportation**: Ground transportation remains a crucial component for the delivery of quality service in the tourism industry, as sustainability of the tourism sector is linked to a modern, accessible, reliable, efficient, and customer sensitive ground transport sector. The tourism transportation sub-sector includes: (1) car rental operators; (2) contract carriage operators, e.g. tour companies/DMCs, transport associations like Kenya Association of Tour Operators (KATO) and independent operators.

c) **In-Bond Shopping**: In-bond shops, located within airports, hotels and in modern shopping centres in the resort areas, enable tourists to access duty-free shopping and carry a wide range of imported luxury goods and souvenir items.

d) **Handicraft Industry**: In Kenya the production of handicrafts makes significant contribution to the national economy. Many types of Kenyan handicrafts are known around the world, but of all these crafts, basketry, wood and stone carving may be the most famous. Ceramics and pottery is considered to be one of the oldest trade commodities of Africa. The structure of the handicraft sub-sector in Kenya is largely informal. Others include leatherworks, ceramics, masks, musical instruments.

e) **Food and Beverage**: Food and beverage facilities, whether incorporated within tourism accommodations or "stand alone", are vital components to the tourist economy. The restaurant sub-sector has shown growth in recent years, driven by increased tourist expenditure, and the overall allure of local cuisine, as well as the strong business of the restaurants outside of the tourism industry.

f) **Local Travel Trade**: The Local Travel Trade sub-sector of the industry consists of 235 intermediaries directly involved in tourism. This includes retail and wholesale operations and full-service establishments as well as limited service operators (selling tickets only, offering ground transport, and serving as transfer agents). This is a sector running with two distinct modes—international operators with geographic and operational flexibility versus small local operators, many of whom have limited business and a limited customer base.

2.5.5 Legislative, Policy and Institutional Framework

Various policy initiatives have been formulated in an effort aimed at actualizing the flagship projects identified under Vision 2030. Apart from developing the Sessional Paper No.1 of 2010 on Enhancing Sustainable Tourism in Kenya, the Government has also developed the Tourism Act 2011 which provides for the development, management, marketing and regulation of sustainable tourism and tourism related activities and services and for connected purposes. The Act among other things provides for: a national tourism strategy; Subsidiary Legislation; Guidelines, Rules & Regulations; Guidelines & measures for sustainable tourism; Criteria for standardization and classification; Hospitality & Tourism Curriculum for training industry professionals; Code of Practice for the tourism sector; Tourism Research; Fiscal/Tax incentives and disincentives; and Prohibition & offences relating to pollution.

Tourism depends on a wide range of stakeholders for its development and performance. The involvement of stakeholders in the planning and operation of the sector enhances the prospects for sustainable tourism. As declared by Agenda 21, "One of the fundamental prerequisites for the achievement of sustainable development is broad public participation in decision-making.

In Kenya a number of organizations exist which provide mechanisms for stakeholder participation and governance including tourism associations which have been established with varying degrees of success in a number of subsectors, as well as community based organizations. Recommendations for the sustainable development of tourism include strengthening local government, establishment of transparent and participatory mechanisms for stakeholder involvement in decision-making, and partnerships between the public sector, private sector and civil society. These existing organizations provide a framework for developing appropriate governance mechanisms for the tourism sector in Kenya.

2.6 Domestic Tourism

2.6.1 An overview

Although the importance of developing domestic tourism has been recognized since the early eighties, the absence of a comprehensive enabling environment has left this segment of the market lagging behind. The full realization of the impact of domestic tourism came about upon the industry's realization that it was domestic tourism that consistently cushioned and led to the recovery of the tourism sector following major disasters (El Nino flooding; Kikambala bombings; September 11th and its aftermaths; Kenya's post-election violence; the global economic downturns in key source markets). Key tourism stakeholders particularly hotel chains with coastal properties, have since moved to Department of Tourism domestic tourism through special packages for the local market, albeit as stand-alone initiatives.

Kenya can borrow a leaf from successful domestic tourism strategies in traditional tourism powers such as France, the UK and the USA, and in the last few decades, in Asian economies of China and Malaysia where the latter's model of tourism development is rooted in a domestic foundation that guides the orientation of the industry in product development and marketing. Within the Africa region, a very advanced South African tourism industry flourished while grounded purely on the domestic market until the lifting of the apartheid laws in the early 80's. The following illustrates the importance of domestic tourism in these countries:-

a) *In 2009, Malaysia recorded 90 million domestic tourists against 23 million international arrivals, of which the largest chunk were regional, (13 million Singaporeans). Of the international arrivals, the top source market (UK), provided 0.43 million tourists. (UNECA SRO EA on regional tourism integration for East Africa- 2011).*

b) *TSA estimates for South Africa in 2009 indicated that domestic tourism contributed 54.8% to GDP and 79% to the overall tourism economy. (South Africa: Domestic Tourism Strategy, 2010).*

Although Kenya's tourism products attract visitors from all over world, most Kenyans have not had the opportunity to tour major attractions due to lack of knowledge. The domestic market needs to be developed to become an enduring foundation of the demand for facilities and services. Domestic tourism has become significant in Kenya because it can cushion the tourism during low periods of international arrivals.

Several positive initiatives have been taken towards developing domestic tourism in recent years. KTB has also endeavoured to provide data on domestic and regional tourism, albeit hampered by lack of a proper regulatory framework that would ensure data and accurate information is submitted as required by industry stakeholders. KTB has therefore relied on hotel bed occupancy records alone as the indicator of domestic tourism growth, but is working alongside the Ministry to improve on domestic tourism data including its actual contribution to the industry and the value chain analysis. The factual findings of such studies would enhance the case for domestic tourism in relation to international tourism. In 2011, domestic tourism accounted for 34% of overall tourism bed nights. KTB's target in the current strategic plan, 2009-2012 (a review is in progress) is to grow domestic tourism to account for 40% and subsequently 60% of total bed nights within the by the end of the medium term plan ending 2015.

2.5.1 Trends Impacting On Domestic Tourism

The following are some of the factors impacting upon the growth of the domestic tourism market:

a) Increasing consumerism among the growing middle class;
b) Increased awareness and appreciation of tourism and travel as a rejuvenating experience
c) Smaller urban family units, making family holidaying more affordable
d) Appreciation of the educational importance of travel to children
e) Increase in sports travel due to a phenomenal growth in popularity of sports like Rugby and the rebirth of national and club soccer. The sterling of the national rugby team has for example drawn a large and growing following and has now moved from small club venues to national stadia (Nyayo in Nairobi, and most lately, to Kasarani Stadium, with a view to accommodating and attracting more spectators). Rugby fans travel with their teams for tournaments around the country and engage in group leisure activity in the process
f) Improvement of general infrastructure, particularly road upgrades and expansion is facilitating less expensive travel, albeit still hampered by high fuel pump prices and some bad road conditions
g) Innovation in the banking sector, through new products that facilitate credit or easier payment options to potential travelers. Equity bank for example, is exploring the possibility of issuing a travel related credit/debit card
h) Positive involvement of retail business as partners in conversion for domestic tourism (ix) Increased understanding and appreciation of domestic tourism by the media, resulting in dedicated editorial sections targeted at domestic tourism.

2.5.2 Potential for Domestic Tourism

Kenya's current demographic increasingly consuming domestic tourism is the growing middle class in urban and peri-urban centres particularly Nairobi. This segment is capable of taking an annual domestic family holiday, considering that many travel outside the country especially to Europe, America, South Africa and more recently, Asia for holidaying purposes or to visit friends and relatives (VFR).

Sporting events like soccer and especially rugby, have the potential to significantly alter the travel landscape of young people while exhibitions like trade expos and now home expos, provide a big potential for the growth in domestic tourism. Mega arts and cultural events as seen in music concerts and schools music and drama festivals, can easily be used to spur domestic tourism. Further, religion based events are gaining popularity among the youth.

The above trends and indicators of potential for growth, point towards the need for intervention in developing facilities as well as secondary product and packages that can further stimulate growth, with the collaborative engagement of private sector investors.

2.7 REGIONAL TOURISM

Under the EAC Development Strategy 2006-2010 key interventions were proposed to ensure that East Africa is developed and promoted as a single destination. These include:

a) Marketing and promotion of Tourism in East Africa as a single tourist destination.
b) Operationalizing the East African Tourism and Wildlife Conservation Agency (EATWCA).
c) Implementing the Criteria for Classification of Hotels, Restaurants, and other Tourist facilities.
d) Harmonizing policies and legislation on Wildlife Conservation and Management.
e) Adopting a regional approach to the protection of wildlife resources from illegal use and practice.
f) Adopting a regional approach for participation in regional and international treaties/agreements on wildlife conservation and management.
g) Enhancing capacity building in the tourism and wildlife sector.

An overall Tourism and Marketing Plan and Strategy is currently in Place. Furthermore, the East African Tourism and Wildlife Co-ordination Agency (EATWCA) has been established. In addition, partner states have since 2006 been participating jointly as EAC in major international fairs like WTM in UK and ITB in Germany. In terms of promotion efforts, promotion materials (DVDs, brochures, posters etc.) have been produced and distributed. In addition, East Africans are now treated equally and benefit from preferential tariffs when using accommodation facilities and visiting attractions in the partner states.

However, several basic economic and institutional contextual factors are fundamental to understanding tourism development dynamics in the Eastern Africa region. Economic growth is currently at high levels and commercial investment is increasing fairly rapidly in all five countries; Commensurate with this growth, infrastructure in all the member countries is improving in respect to areas such as telecommunications and internet connectivity, roads, and air travel.

2.8 CHALLENGES AND OPPORTUNITIES FACING KENYA'S TOURISM INDUSTRY

The world has changed dramatically over the past 10 years, but some of the issues that faced the tourism industry in the early 1990's are still here today. The environment in which the industry operates requires tourism stakeholders to fundamentally shift their strategic approach not only to resolve long-standing issues but more importantly to effectively address current challenges and capitalize on new opportunities.

Challenge 1: Reinforce the Kenya tourism industry as a high quality service sector

It is the **combination of strong resources with high quality services** that enables the Kenya tourism industry to offer its visitors good value for money. This requires a customer-focused approach, tourism infrastructure that meets international standards, good training in hospitality and motivated and knowledgeable staff. However, some stakeholders in the tourism industry argue that many Kenya's tourism enterprises are still too **"product driven" rather than "consumer driven**". Moreover, the Kenya tourism industry has **difficulties in attracting the necessary skills** and is confronted with a high turnover in personnel. This is due to a mismatch between the demand for skills from the tourism sector and current skills supply provided through education and training, as well as the sector's reputation for sometimes unfavourable working conditions (irregular working hours, low remuneration) - especially in the hotels, restaurants and catering sector. This not only results in additional costs for the employer, but also negatively affects the service quality the sector can provide. Finally, the tourism **infrastructure** in more mature tourism destinations in Kenya is often relatively old (dating back from the 1960s and 1980s) and in **need of refurbishment** to meet current consumer expectations.

Challenge 2: Better position Kenya as the number 1 tourism destination in the world

Tourism in Kenya is dominated by foreign travelers. Inbound tourism, especially from non-Western countries, is not currently being addressed in a structured and systematic way. Given that the European travel market is largely mature and several non-European regions show promising figures in terms of important source markets in the future, the industry in collaboration with the public sector could make more focused efforts to attract additional non-European visitors. In order to gain a competitive position as the leading tourism region in the world, Kenya would benefit from better branding, to reflect its core values and to adequately differentiate itself from other world destinations. Moreover, improved regional branding could strengthen the cohesion within Eastern Africa, by focusing on commonalities between different parts of Eastern Africa as well as on their distinct national and regional identities.

Challenge 3: Make the tourism industry part of the knowledge economy

The tourism industry in Kenya has not yet made the transition to the knowledge economy. In addition to the lack of good market knowledge and skills, many entrepreneurs in the tourism industry are ‘self-made’ (men and women with no specific educational background in tourism or management. Although they have built up the necessary skills to run a business, they often fail to capitalise on opportunities, as they are not always aware of their own position in the tourism industry. Improving the professionalism of these enterprises is often cited as a critical priority for improving the competitiveness of the industry.

Challenge 4: Develop Kenya tourism in a sustainable manner
The principles of sustainable development must be taken as the basis for further developing and strengthening tourism within the country. Sustainable development means that ecological, economic and social welfare go hand in hand. Given the importance of human capital and the strong dependency of tourism on natural and cultural resources, further development of the industry in a sustainable way is key to its continued competitiveness. This has also been recognized at various policy levels and UNWTO. The Kenya tourism industry is seen as a job creator, especially for women, young people and less skilled persons. However, a question remains about the quality of these jobs. Applying the principles of sustainability, while making better use of the opportunities that social dialogue offers, could help the industry to develop further in a more sustainable manner.

The Kenya governments and the industry must work together to develop a cohesive strategy for tourism sustainability in Kenya. The DoT should undertake an update of the mainstreaming the Code of Ethics and Guidelines for Sustainable Tourism development in Kenya. The Code would provide a common basis and framework for the industry to move forward effectively in support of the shared responsibility for sustainable tourism.

Challenge 5: Increase the value generated from available resources
There is considerable fragmentation within the Kenya tourism industry. This means that many actors are involved in delivering a given travel experience to a particular customer, which complicates the task of providing customers with a ‘total holiday experience’. A major challenge lies in improved collaboration between the different stakeholders in the tourism value chain in order to deliver a coherent ‘total experience’. Increased collaboration across the tourism value chain could also help individual enterprises to reduce the impact of the strong seasonal pattern of tourism activities on their business. Currently, tourism demand in Kenya is highly concentrated in the two high seasonal periods (July and September; months of December and February) and the two low seasons include March-June and October-December. This not only affects revenue streams, but also leads to inefficient use of the existing infrastructure and staff. The inefficient management of human resource capacity is reflected in the low labour productivity that characterizes the tourism industry.

Challenge 6: Create environment conducive to tourism businesses
In any industry that wants to grow, entrepreneurship is critical. In order to ensure that tourism enterprises can grow and invest in innovation and training, it is crucial that the right environment is present. This covers not only financial means, but also regulatory and other framework conditions that can either hinder or support entrepreneurship and innovation. Tourism is a relatively volatile activity that can be severely impacted by specific shocks such as terrorist attacks, natural disasters or diseases. Moreover, tourism is subject to rapidly changing trends: what is “hot” today might be “out” tomorrow. This uncertainty leaves its mark on the ease with which tourism enterprises can access finance. However, access to finance is critical in order to innovate, to invest in quality, to adapt to changes in consumer demand or to just survive in more difficult times. The regulatory framework in which Kenya tourism enterprises operate is complex. Moreover, although tourism activities as such are not heavily regulated directly, they are influenced by horizontal regulations in many policy areas. To comply with all regulations and taxes

demands a considerable investment in (both financial and human) resources. Especially for the many micro-enterprises in the sector, this is a heavy burden to cope with.

Challenge 7: Attracting and Retaining a Workforce

The tourism labour market is characterized as a seasonal, fragmented, multi-faceted service industry, with a large number of entry-level jobs. The seasonal nature of the tourism industry is contributing to the development of dual labour markets, comprised of core workers and peripheral ones. In many cases, employees view tourism as a gateway into the labour market. Approximately 60 per cent of tourism employment is within the food and beverage, and accommodation sectors. These are the areas most in need of a stable and skilled workforce.

Although the tourism industry offers the first work experience for many people, the sector is sometimes ill-perceived as a career choice. At the same time, the ability to attract skilled employees is critical to the industry's growth. There is a need to Department of Tourism the wide range of long-term career opportunities and prospects that tourism offers, particularly in the operation and management ranks, as well as general hospitality. Attractions, hotels, airlines, auto rentals, and entertainment are but a few areas that offer rewarding, long-term careers.

Challenge 8: Investing in Tourism Infrastructure

Typically tourism infrastructure is viewed as consisting of museums, cultural institutions, heritage sites and parks, but the enjoyment and success of tourism experiences also requires quality public infrastructure. The Kenya government has invested more than $30 billion in infrastructure since 2003 in numerous projects across the country. The significance of tourism interests in infrastructure projects must continue to be communicated to the various jurisdictions responsible for infrastructure development. The strategy will be instrumental in championing coordination and cooperation between governments, particularly in providing policy direction on tourism and related infrastructure projects.

Challenge 9: Ensuring an Efficient Transportation System

Kenya's vast territory and diverse geography pose an on-going transportation challenge for the tourism industry. During the stakeholder consultations, concerns regarding the impact of an inadequate transportation system were raised. The high cost of air travel in Kenya's remote areas and limited transportation options, especially by rail and ferry, affect the ability of tourism operators to Department of Tourism their products. At the same time, recent shifts and growth in the low-cost carrier segment of the airline industry is helping the domestic tourism market. The cheaper, more flexible price structure of these airlines has enticed more people to travel. They provide affordable air access to many areas in the country that were once considered too costly to serve.

Efforts to seek opportunities for new international bilateral agreements with other countries need to continue. In addition, the updating of existing agreements, such as the liberalization of the Open Skies bilateral agreement should be encouraged. As changes to air liberalization are primarily related to national transport policy, the DoT will facilitate and coordinate collaboration with key transportation departments and other stakeholders, as required, in achieving the key results and outcomes.

There is also a need to better integrate the national transportation system to allow passengers to connect easily between modes of transportation, whether they are travelling by bus, boat, plane, train or automobile to or from other points within and outside Kenya. As part of this, particular attention should be paid to ensuring the efficiency and security of the Kenya borders, since the EAC is considered as our main source of regional travelers. To this end, Kenya and other EAC partner states should agree on action plans to address border processes, invest in border infrastructure, and identify technological solutions to speed movement across the border while ensuring security. Furthermore, the EAC should establish a Border Infrastructure Fund to support border infrastructure projects at Kenya’s busiest land border ports of entry. Also, as part of the Coordinated Security Partnership of Kenya and other EAC partner states should be committed to a number of initiatives that would Department of Tourism border efficiency and security.

The fluidity of our major international gateways and trade corridors is crucial not only for the tourism industry, but for the economy as a whole. Through the Northern Corridor Initiative, Kenya seeks to boost commerce with the EAC region to integrate investments in transportation infrastructure and improve the efficiency and reliability of the regional transportation system.

Road transport is an integral component of any holiday package. Vehicles that carry tourists range from the minibus - carrying between seven and nine passengers; the 4x4 carrying between four and seven passengers; to the larger buses of up to 60 passengers. In most cases, the class of clientele will dictate the type and capacity of vehicle to be used. There is need to put in place measures that will promote maintenance of high standards within the tour industry while at the same creating an enabling environment for growth in this important sector. This will of necessity require differentiation of tourist vehicles within the relevant traffic laws and different rules of engagement for the same. A Tourist Service Vehicle" as applied in several other tourist destinations would be most ideal. However, the standard vehicle will depend on the products the tourists are engaged in. The type of tourists will determine the need. The categories to take into consideration are domestic, regional and international tourists that the sector will be dealing with.

2.9 SWOT ANALYSIS OF KENYA'S TOURISM SECTOR

KEY STRENGTHS	KEY WEAKNESSES

1. Internationally renowned tourist destination. 2. Reputation for hospitality and diverse tourism products (Sectoral). 3. Political Stability. 4. Well established tourist facilities and tourism infrastructure in the region (Sectoral). 5. Quality trained staff in the region (Sectoral). 6. Highly ranked in East Africa as a Conference Tourism Destination in Africa (Sectoral). 7. Ability to develop niche marketing strategies (institutional). 8. Strong NGO community available as educational resource, e.g. environmental NGOs (institutional). 9. Attention given to preservation and sustainability of nature-based attractions (Sectoral). 10. Strategic geographic location for Eastern African market (Sectoral). 11. Diverse natural tourism resource base (Sectoral). 12. Pleasant and diverse climate all year round (Sectoral). 13. Diverse historical and cultural product base (Sectoral). 14. Favourable policies and enabling legal frameworks for institutions (institutional). 15. Stable economy and a regional economic hub (Sectoral). 16. Sea and air travel hub in the region (Sectoral). 17. Vibrant technological platform and uptake for domestic tourists (Sectoral). 18. Reliable domestic market with favourable outlook on an expanding middle class (Sectoral). 19. Market, brand visibility and recognition of destination (Sectoral). 20. Vibrant regional media hub (Sectoral). 21. Dependable (best practice based) destination management framework and capacity (Sectoral). 22. Strong bilateral/multilateral network and partnerships (institutional). 23. Existence of national and county structures for tourism promotion and coordination. 24. Qualified staff in the Destination Management Organizations (DMOs) (Institutional). 25. Dependable frameworks and standards operation procedures (SOPs) (institutional). 26. Specialised agencies to handle and support diverse issues in tourism (institutional)	1. Numerous policies, legal and institutional frameworks (Institutional). 2. Over-reliance on traditional source markets (Sectoral). 3. Poor general infrastructure (institutional). 4. Insufficient financial resources for tourism development and marketing (institutional). 5. Inadequate skills in areas necessary for strengthening the sector (top and middle level management) (Sectoral). 6. Inappropriate standardization/regulations for tourist facilities and offerings (Sectoral) 7. Inadequate research in tourism (Institutional). 8. Inadequate capacity of tourist security and safety agents (institutional). 9. Weak monitoring and evaluation of the sector (institutional). 10. High cost of doing business (Sectoral). 11. Weak spatial planning including for hotel development. 12. Unfavourable taxation regime (institutional). 13. Heavy reliance on nature-based tourism products (Sectoral). 14. Not fully implemented legal frameworks (institutional). 15. Inadequate guidance and coordination (institutional) 16. Poor harmony within and among the implementing partners (institutional) 17. Weak coordination (stakeholders) – Association, Lobby groups, Trade Unions and Employers (Sectoral) 18. Inadequate human capacity (institutional) 19. Low adoption of ICT (Institutional/Sectoral) 20. Red tape and bureaucracy (institutions) 21. Weak inter-Sectoral interrelations (institutional) 22. Poor implementation of plans (Institutional) 23. Inadequate work place environment policies (implementation) 24. Too many NGOs weakening the business orientation of host communities and bringing in dependency 25. Weak strategic focus plus negative attitude/in fighting among institutions (Institutional) 26. Weak product and market diversification

KEY OPPORTUNITIES	KEY THREATS
1. Untapped tourism potential e.g. eco-tourism, culture, conference, and cruise (Sectoral). 2. Market demand for creative packaging of tourism product (Sectoral).	1. **Security:** Kenya as a tourism destination is experiencing negative perception on security matters with respect to perceived threats of terrorism and costs associated with managing

3. Technological advancement e.g. Expansion of global digital economy (E-business) (Sectoral). 4. Expansion of air, road and water transportation (Sectoral). 5. Political goodwill (Sectoral) 6. Enabling legal framework, the constitution, Tourism Act 2011, and other Sectoral law such as EMCA, Forest ACT and the land Act (institutional). 7. Geopolitical realignment towards the Far East (China, Japan, and India) (Sectoral) 8. Bilateral/multilateral and regional economic blocks EAC, COMESA and SADC (institutional) 9. Kenya geographical position as a regional economic hub (Sectoral). 10. Growing income among the middle class of the Kenyan and African population (Sectoral). 11. Binding treaties and convention on sustainable tourism development (Institutional) 12. Kenya's international fame in athletics and emerging sports (Sectoral). 13. Increasing appreciation of cultural and geographical diversities (Sectoral). 14. Improved literacy level, awareness and change in lifestyle (Sectoral) 15. Increasing regional security and stability (Sectoral). 16. Favourable climate (Sectoral) 17. Rich natural and resource diversity (Sectoral) 18. Kenyan hospitality and warmth of the host communities (Sectoral). 19. Expansion of national carrier destination routes (Sectoral) 20. Growing Diaspora (Sectoral)	terrorism. 2. Competitive environment: Competition from existing sites in other international and regional destinations with established reputations and favourable comparative advantage like Seychelles, Mauritius, South Africa, et 3. **Climate change and its impacts:** Vulnerability to multi-hazards including natural and health hazards, climate change etc. 4. **Global economic recession and oil prices:** There exists negative impact due to global currency dynamism and changes in oil prices in the international markets hence increasing the cost of doing business 5. **International media based in Nairobi** constantly searching for bad news 6. **Travel Advisory notes** especially from the US and UK governments that also affects other European citizen's interest to travel to Kenya

2.10 KEY STRATEGIC ISSUES FOR KENYA'S TOURISM

In the analysis of Kenya's tourism and its socio-economic situational designs against the global takings thereby, a number of strategic issues can be identified. These strategic issues can be summed up as follows:

1. Weak coordination mechanism for policy, strategies, management and marketing activities in the sector in Kenya.
2. Poor implementation culture among most sector players.
3. Poor tourism investment mechanism.
4. Training framework which is technical rather than conceptual
5. Weak mechanisms in community ownership, participation and community based tourism
6. Weak mechanisms for community based tourism
7. Weak frameworks for resource mobilization and financing of the sector
8. Weak framework for tourism research, monitoring and evaluation
9. Weak development of touristic infrastructure and ancillary services

10. Weak mechanisms for the development and enforcement of standards and quality assurance in the sector.
11. Integration of sustainable tourism development in the destination management and other mainstreamed services – green tourism.
12. Weak integration of ICT in the development and management of the tourism value chain.
13. Weak mechanisms for benefit sharing and trickledown effect of tourism (Tourism Leakages)
14. Weak integrated mechanisms for the development of International, regional and domestic tourism in Kenya.
15. Weak approaches to product development, diversification and differentiation.
16. Limited safety and security measures.
17. Bilateral and multilateral arrangements and partnerships.

These issues form the basis for the strategic intervention that have been proposed in the next chapter as a design for the management of sustainable tourism in Kenya

CHAPTER 3 – STRATEGIC CHOICE AND IMPLEMENTATION

This National Tourism Strategy will be guided the following that have been incorporated. Further, the values, principles and objectives that will guide the implementation have been clearly stated in this section. Finally, clear and specific activities have been identified and stated to assist in clarifying roles and ease the implementation.

3.1 ESTABLISHED VISION

To make Kenya the preferred destination of choice.

3.2 ESTABLISHED MISSION

To develop, manage, and market sustainable tourism in Kenya

3.3 ESTABLISHED CORE VALUES

3.3.1 Good governance, rule of law and dignity;

The players in the tourism sector will exhibit a strong respect for the rule of law and prudently manage the available resources under their control in a transparent and accountable manner. They will freely share information to enhance wider knowledge dissemination. Further, all actions will be geared towards up lifting and protecting the human dignity of the Kenyan people as well as the visitors

3.3.2 Inclusiveness and equity;

The stakeholders are an important component of the tourism sector. Justice, fairness and equity will guide the interactions between stakeholders. Inclusiveness will be constantly used as the guiding beacon in these interactions.

3.3.3 Customer focus, responsiveness and dynamism;

Tourism is a sector that continuously changes. To be relevant, members will constantly focus on the changing needs of the customers, they will be agile and capable of responding to unexpected needs, and will exhibit a high degree of vigour.

3.3.4 Professionalism;

The industry players will exhibit highest levels of honest and moral fortitude when dealing with each other or the customers. Further, the standards so set in the industry will guide the performance of any task a player in the tourism industry in Kenya will employ.

3.3.5 Sustainability

The tourism sector in Kenya will adopt global best standards for sustainable tourism practices that uphold ecological integrity, promote economic development, and respect local cultural values of the people of Kenya.

3.4 ESTABLISHED PRINCIPLES

The National Tourism Strategy will uphold and enhance the following principles:

a) Effective leadership
b) Development and sustenance of tourism enterprise and economic growth
c) Cost management and competitive offering
d) Respect and value of customer needs, wants and expectations
e) Teamwork and multi-sectoral approach

3.5 ESTABLISHED BROAD OBJECTIVES

This National Tourism Strategy is intended to achieve the following broad objectives

a) Mainstream domestic tourism as the main source of income to the tourism sector in Kenya followed by regional tourism then International
b) Increase international arrivals from 1.8million to 3 million
c) Encourage local/women/youth involvement and management of travel and tourism facilities and services
d) Increase Kenya's competitiveness in the tourism sector
e) Provide a platform for development and sustenance of quality standards/regulations of products and services in the tourism sector

3.6 THEMATIC AREAS

The Kenya National Tourism Strategy has been designed to provide strategic interventions under FIVE key strategic themes. These themes have been derived carefully from the 17 Strategic issues earlier discussed under chapter three. These key The FIVE Strategic Themes include:

- Effective product development and deployment approach
- Enhance the marketing of Kenyan tourism products
- Inadequate financing and improve the investment environment
- Be more scientific through research and information management
- Focus on human capital, legal, policy and institutional framework

These themes are briefly explained in the following paragraphs

3.6.1 The need to have an effective product development and deployment approach

The sector is beset with numerous challenges. However, it was observed that the approach to the market has been more supply driven than customer driven. To that end, customer needs have not been entrenched in the formulation of products and the marketing thereof. To arrest the situation, the managers of the sector are determined to make the customer the focal point when developing and deploying products. In this situation, the customers include the stakeholders as well as consumers of the final products. While the products so designed and developed will have the customers as the focus point, the products so designed will enhance and protect the dignity of the Kenyan people. Products attempting to show case poverty and undignified living conditions of the Kenyan people will be strictly discouraged. At the same time, the industry will focus on encouraging community ownership, participation, and community based tourism. The managers will ensure that the concept of sustainable tourism is incorporated at the development and management of products. While continuing to develop and enhance a unique brand of Kenya as a destination, the managers and players in the sector will put priority in coming up with unique and differentiated products targeting the domestic and regional tourists. Finally, members in the tourism industry will take into cognizance the need to work closely with other sectors in the development of infrastructure and other ancillary services.

3.6.2 The need to enhance the marketing of Destination Kenya

Marketing is a powerful tool in the development of any product. Further, the impact on an industry is felt strongly when continuous marketing is employed. The industry has been hit several times by negative publicity such as safety, electioneering cycle, poaching and natural calamities

Destination marketing can be used to mitigate some of the damage these negative reports have generated. It was observed that various players in both private and public sector are involved in marketing the tourism product globally. However, their efforts seem disjointed and uncoordinated resulting in reduced impact vis a vis the total resources employed. The Kenya tourism marketing will employ the multisectoral dynamism the sector is already in. A coordinated and concerted effort of marketing staring from the product development stage will be employed. The lead agent (KTB) will go out of the way to ensure that efforts by other agencies are synergized and when necessary, coordinated with other institutions. Domestic and regional tourism, will receive effective and proportional allocation as per the new paradigm being espoused in this document. To that end there is going to be a GRADUAL paradigm shift from traditional source markets towards No 1. Domestic as the primary/core market, no.2 East Africa as the secondary market, No.3 Emerging markets i.e. BRICS, Asia and Middle East as the tertiary markets and finally no 4. Europe and America as the defend markets.

3.6.3 The need to address inadequate financing and improve the investment environment

Finance was identified as one of the biggest hindrance for effective development of the tourism industry in Kenya with continuous reduction of allocation of funds from the treasury being observed. These challenges will require a different approach to the vexing issue. First, the sector will focus on prudent management and utilization of the available funds. To that end, a coordinated approach to activities to avoid duplication will be encouraged. Further, the sector will require finding out what other sectors are doing on tourism factor and the total funds being employed to the sector. This will enable a more robust lobbying for more funds if necessary. The sector will also require being more innovative in search for funds from other sources rather than the treasury. The county governments will be encouraged to undertake their mandates on domestic tourism and invest in the sector in terms of infrastructure and advertisements. These investments will be tracked and the impact assessed. Other important aspect of finance is the investment environment. The individuals wishing to join in the tourism sector will be encouraged by way of ensuring a smooth investment environment as well as well designed incentives.

3.6.4 The need to be more scientific through research and information management

Information is power. Players in the sector will heavily rely on valid and authentic information to make informed decisions. It is important that the Department of Tourism has at its disposal, scientifically researched information that it can use in making decisions, or share with the private sector players in the industry. To that end, the managers in the sector will see to it the availability of scientifically researched information. Further, the information so gathered will be disseminated to stakeholders in a timely and effective manner. Information and communication technology will be used to ensure that the sector achieves a better level of decision making through scientifically obtained information

3.6.5 The need to focus on human capital, legal, policy and institutional framework

It was observed that there are capacity weaknesses in the human capital both at institutional and sector level especially when viewed against international standards. All the intended activities will be implemented by the human capital. An efficient and effective human capital with the right attitude is a must for any meaningful implementation of a strategy. An effective strategic focus is necessary to drive members to such lofty goals. The institutions leading in the implementation of this national strategy need to have the right skills and attitude to drive the strategy. It was further noted that the training of the graduates needed to service the industry is wanting. To that end, it is expected that the institutions charged with the responsibility of training practitioners in the sector review their curriculum to incorporate modern training approaches to bring forth awareness creation, improvement thinking and an attitude that focuses of positive self-image. The policy and the regulatory framework have not provided an enabling environment for local ownership and investment in the tourism sector since there is high prevalence of foreign ownership. The weaknesses are further manifested in lack of transparency in government policy making and high cost of doing business seriously undermining gender, youth and local community participation in the sector. There exist so many institutions makes it a challenge in terms of coordinating, financing, and sustaining the sector. To ensure that local communities benefit from tourism activities, an investment policy will be developed to answer these needs. Finally, an effective integration of the institutional framework to avoid duplication of efforts and unnecessary conflicts and competition will be put in place.

APPENDICES

4.1 Appendix A: Tourism Projections

	2006	2007	2008	2009	2010	2011	2012	Growth Rate (%)	2013	2014	2015	2016	2017
1. Visitor Exports	127	144	122	103	146	171	179	2.5	184	188	193	198	203
2. Domestic Expenditure	92	98	100	105	111	113	118	4.6	124	129	135	142	148
3. International tourism expenditure (=1+2+government individual spending)	222	245	225	211	26	289	303	3.4	313	324	335	346	358
4. Leisure spending						200	208	2.9	214	221	227	234	240
5. Business spending						88	94	4.4	98	102	106	111	116
6. Purchases by tourism providers including imported goods (supply chain)	- 91	- 100	- 95	- 88	- 108	- 121	- 128	3.4	- 132	- 137	- 141	- 146	- 151
7. Direct contribution of Travel and Tourism to GDP (=3+4)	131	145	131	123	152	168	175	3.4	181	187	193	200	207
8. Other final impacts (indirect and induced) Domestic supply chain	78	87	78	73	91	100	105	3.4	108	112	116	119	124
9. Capital investment	57	54	50	45	40	44	48	4.5	50	52	54	57	59
10. Government collective spending	26	28	27	27	28	29	30	4.7	32	33	35	37	38
11. Imported goods from direct spending	- 14	- 12	- 9	- 10	- 10	- 11	- 12	3.9	- 13	- 13	- 14	- 14	- 15
12. Induced	67	73	64	61	70	73	76	3.7	79	81	84	88	91
13. Total contribution of Travel and Tourism to GDP (=5+6+7+8+9+10)	346	375	341	319	371	404	421	3.7	437	453	470	487	505
14. Employment impacts ('000) Direct contribution of Travel and Tourism to employment	264	280	255	241	290	313	317	1.2	321	325	329	333	337
15. Total contribution of Travel and Tourism to employment	719	748	688	647	730	778	788	1.4	799	810	822	833	845
16. Tourist arrivals (in millions)*	1,600,541	1,816,800	1,203,200	1,490,400	1,609,100	1,822,900	1,873,752	10.0	2,061,127	2,267,240	2,493,964	2,743,360	3,017,696
17. Earnings *	56	65	53	63	74	98	120	20.0	133	143	172	206	240
18. Bed nights available*	13,003,500	14,711,600	14,233,600	17,125,300	17,161,800	17,419,600	19,335,756	11.0	21,462,689	23,823,585	26,444,179	29,353,039	32,581,873
19. Bed nights occupied*	5,921,700	6,939,200	3,699,000	6,242,800	6,662,300	7,015,200	7,997,328	14.0	9,116,954	10,393,327	11,848,393	13,507,168	15,398,172
20. Bed nights occupied by domestic tourists (millions)*	1	2	2	2	3	3	3	19.0	3	4	5	6	7

Source: Compiled from WTTC Travel and Tourism Economic Impact, 2012. * Kenya National Bureau of Statistics

4.2 Appendix B: Travel and Tourism Competitiveness Of Kenya

	2013		2011		2009	
	N= 140		N= 139		N= 133	
	RANK	SCORE	RANK	SCORE	RANK	SCORE
	96	3.7	103	3.5	97	3.6
T&T regulatory framework	108	4.0	113	3.9	93	4.2
Business environment and infrastructure	105	3.0	106	2.9	100	2.8
T&T human, cultural, and natural resources	60	4.0	72	3.7	72	3.8
1st pillar: Policy Rules and Regulations	95	4.3	103	3.8	90	4.0
Prevalence of foreign ownership	91	4.4	69		57	
Property rights.	107	3.6	103		81	
Business impact of rules on FDI	89	4.4	84		79	
Visa requirements, no. of countries*	18	137.8	95		87	
Openness of bilateral Air Service Agreements*	107	7.7	119		115	
Transparency of government policymaking	102	3.8	109		68	
No. of days to start a business*	107	32	105		83	
Cost to start a business, % GNI/capita*	113	40.4	110		101	
GATS commitment restrictiveness (0–100)*	55	62.3	52		-	
2nd pillar: Environmental Sustainability	21	5.2	26	5.1	16	5.3
Stringency of environmental regulation	72	3.9	74		56	
Enforcement of environmental regulation	59	3.8	69		58	
Sustainability of T&T industry development	18	5.3	27		9	
Carbon dioxide emission, million tons/capita*	18	0.3	17		19	
Particulate matter concentration, µg/m³*	69	29.6	73		70	
Threatened species*	59	4.6	62		55	
Environmental treaty ratification*	20	22	16		10	
3rd pillar: Safety and Security	135	3.2	139	3.2	121	3.9
Business costs of terrorism	133	3.5	133		128	
Reliability of police services	110	3.4	117		88	
Business costs of crime and violence	116	3.5	124		125	
Road traffic accidents/100,000 pop.*	128	34.4	125		105	
4th pillar: Health and Hygiene	131	1.9	130	1.6	121	1.9
Physician density/1,000 pop.*	121	0.1	117		115	
Access to improved sanitation, % pop.*	118	32.0	118		106	
Access to improved drinking water, % pop.*	130	59.0	126		121	
Hospital beds/10,000 pop.*	101	14.0	104		93	
5th pillar: Prioritization of Travel & Tourism	23	5.4	18	5.6	12	5.7
Government prioritization of the T&T industry	34	5.9	41		17	
T&T gov't expenditure, % gov't budget*	21	7.0	20		19	

Effectiveness of marketing and branding	12	5.6	19		9	
Comprehensiveness of T&T data (0–120)*	86	58.0	72			
Timeliness of providing monthly/quarterly T&T data	69	14.0	46			
T&T fair attendance*	-		-		25	
6th pillar: Air Transport Infrastructure	77	2.8	72	2.9	77	2.8
Quality of air transport infrastructure	65	4.8	57		68	
Airline seat kms/week, dom., millions*	46	15.1	47		48	
Airline seat kms/week, int'l, millions*	51	253.5	51		53	
Departures per 1,000 population*	97	0.9	96		96	
Airport density/million pop.*	114	0.3	98		106	
Number of operating airlines*	57	32.0	48		54	
International air transport network	54	5.1	59		59	
7th pillar: Ground Transport Infrastructure	86	3.2	87	3.2	98	2.8
Quality of roads	72	3.9	77		95	
Quality of railroad infrastructure	70	2.5	74		68	
Quality of port infrastructure	90	3.8	85		83	
Quality of ground transport network	56	4.6	53		82	
Road density/million pop.*	110	11.0	107		100	
8th pillar: Tourism Infrastructure	104	2.4	111	2.1	98	1.9
Hotel rooms/100 pop.*	122	O.1	119		109	
Presence of major car rental co. (1–7)*	82	4.0	95		73	
ATMs accepting Visa cards/million pop.*	105	50.7	104		98	
9th pillar: ICT Infrastructure	106	2.2	112	2.1	110	1.9
Extent of business Internet use			73		88	
Internet users*			103		98	
Telephone lines*			119		124	
Broadband Internet subscribers*			127		108	
Mobile telephone subscribers*			115		108	
ICT use for B-to-B transactions	76	4.9	-		-	
ICT use for B-to-C transactions	72	4.5	-		-	
Individuals using the Internet, %*	93	28.0	-		-	
Fixed telephone lines/100 pop.*	127	0.7	-		-	
Broadband Internet subscribers/100 pop.*	121	0.1	-		-	
Mobile telephone subscriptions/100 pop.*	118	67.5	-		-	
Mobile broadband subscriptions/100 pop.*	118	0.3	-		-	
10th pillar: Price Competitiveness in the T&T industry	91	4.3	93	4.3	70	4.7
Ticket taxes and airport charges (0–100)*	122	57.7	116		111	
Purchasing power parity*	25	0.5	35		48	
Extent and effect of taxation	87	3.3	122		110	
Fuel price, US$ cents/litre*	86	127.0	83		77	
Hotel price index, US$*	79	144.5	75		16	

11th pillar: Human Resources	106	4.3	106	4.4	100	4.5
Education and Training	102	4.2	93	4.3		
Primary education enrolment, net %*	119	82.8	120		116	
Secondary education enrolment, gross %*	107	60.2	108		107	
Quality of the educational system	37	4.3	32		33	
Local availability specialized research & training services	64	4.3	56		36	
Extent of staff training	69	3.9	70		47	
Availability of qualified labour	124	4.4	-		-	
Hiring and firing practices	11	5.0	12		21	
Ease of hiring foreign labour	73	4.1	71		85	
HIV prevalence, % adult pop.*	130	6.3	129		124	
Business impact of HIV/AIDS	126	3.3	127		119	
Life expectancy, years*	120	57.1	123		117	
12th pillar: Affinity for Travel & Tourism	58	4.7	70	4.6	50	4.9
Tourism openness, % of GDP*	64	4.9	100		82	
Attitude of population toward foreign visitors	51	6.4	31		22	
Extension of business trips recommended	51	5.6	59		26	
Degree of customer orientation	63	4.6	-		-	
13th pillar: Natural resources	14	5.3	28	4.4	25	4.5
Number of World Heritage natural sites*	18	3	24		23	
Protected areas*	-		57		57	
Quality of the natural environment	71	4.3	84		90	
Total known species*	14	1,502	14		14	
Terrestrial biome protection (0–17%)*	66	11.4				
Marine protected areas, %*	37	1.2				
14th pillar: Cultural resources	97	1.8	107	1.6	114	1.4
Number of World Heritage cultural sites*	63	4	73		82	
Sports stadiums, seats/million pop	120	6,710.0	112		113	
Number of international fairs and exhibitions*	60	27.7	66		73	
Creative industries exports, % of world total*	83	0.0	82		76	

4.3 List of Participants of Strategic Planning Workshops

Mombasa Beach Hotel, 12-13 August 2013

Mombasa Beach Hotel, 12-13 August 2013

1.	Dr. Anne Kinyua	-	Tourism Secretary	-	Department of Tourism
2.	Kipkorir Lagat	-	Director of Tourism	-	Department of Tourism
3.	D. Kairu	-	Deputy Chief Economist	-	Planning
4.	D. Ndambuki	-	Economist	-	Planning
5.	Stella Amadi	-	Asst. Director Tourism	-	Department of Tourism
6.	Keziah Odemba	-	Asst. Director Tourism	-	Department of Tourism
7.	Isaac Muthusi	-	Supply Chain Man.	-	Procurement
8.	J.Omondi	-	Chief Tourism Officer	-	Department of Tourism
9.	David Gitonga	-	Chief Tourism Officer	-	Department of Tourism
10.	Simon Kiarie	-	Chief Tourism Officer	-	Department of Tourism
11.	Vincent Bwire	-	Chief Tourism Officer	-	Department of Tourism
12.	Agatha Juma	-	Chief Executive Off.	-	KTF
13.	Fred Kaigua	-	Chief Executive off.	-	KATO
14.	Mike Macharia	-	Chief Executive off.	-	KAHC
15.	Muriithi Ndegwa	-	Managing Director	-	Kenya Tourism Board
16.	Mary Luseka	-	Strategy Manager	-	KTB
17.	Marianne Ndegwa	-	Managing Director	-	KTDC
18.	Dr. Kenneth Ombongi	-	Principal	-	Kenya Utalii College
19.	Fred Simiyu	-	Ag. Managing Director	-	KICC
20.	Ahmed Quresh	-	General Manager	-	Bomas of Kenya
21.	Allan Chenane	-	Chief Executive	-	Tourism Fund
22.	Willis Ondiek	-	Manager S&Q Ass.	-	Tourism Fund
23.	Julius Owino	-	Representative	-	MCTA
24.	Moses Sauti	-	Representative	-	Beach Operators
25.	Lemayian Ole Taiko	-	Executive Director	-	KECOBAT
26.	Annastazia Wakesho	-	National Chairperson	-	Domestic Tourism Association
27.	Kahindi Lekhalaile	-	C.E.O.	-	Ecotourism Kenya
28.	Bernard Ongeri	-		-	Bomas of Kenya
29.	Humphrey Odendo	-		-	KICC
30.	Joseph Aomo	-		-	Department of Tourism
31.	Anderson Jumaa	-		-	KTDC
32.	Humphrey Odendo	-	Snr. Information Officer	-	KICC
33.	Prof. Maina Muchara	-	Consultant	-	GRE
34.	Dr. J. Wadawi	-	Consultant	-	GRE
35.	Ayub Odinda	-	Consultant	-	GRE
36.	Zena Lyaga	-	Consultant	-	GRE

Utallii House, Dept of Tourism Board Room, 30th July 2013

1.	Dr. Anne Kinyua	- Tourism Secretary		-	Department of Tourism
2.	D. Kairu	- Deputy Chief Economist		-	Planning
3.	D. Ndambuki	- Economist		-	Planning
4.	Stella Amadi	- Asst. Director Tourism		-	Department of Tourism
5.	Mathuva S. E	-		-	Department of Tourism
6.	David Gitonga	- Chief Tourism Officer		-	Department of Tourism
7.	Vincent Bwire	- Chief Tourism Officer		-	Department of Tourism
8.	Agatha Juma	- Chief Executive Off.		-	KTF
9.	Muriithi Ndegwa	- Managing Director		-	Kenya Tourism Board
10.	Mary Luseka	-		-	KTB
11.	Dr. Kenneth Ombongi	- Principal		-	Kenya Utalii College
12.	Prof. Maina Muchara	- Consultant		-	GRE
13.	Dr. J. Wadawi	- Consultant		-	GRE
14.	Ayub Odinda	- Consultant		-	GRE
15.	Anderson Jumaa	-		-	KTDC
16.	Willis Ondieki	-		-	TF
17.	Leah Ng'ang'a	-		-	KAHC
18.	Felix Korir	-		-	BOK
19.	Simon K. Korir	-		-	Department of Tourism
20.	Maureen Chayo-chale	-		-	KICC
21.	Anne Musau	-		-	Department of Tourism
22.	Zena Lyaga	- Consultant		-	GRE

Mombasa Beach Hotel, 24-27 June 2013

1. Kipkorir Lagat	-	Director of Tourism	-	Department of Tourism
2. P. Gakure	-	Deputy Secretary	-	Administration
3. Daniel Kairu	-	Deputy Chief Economist	-	Planning
4. Damiana Ndambuki	-	Economist	-	Planning
5. Stella Amadi	-	Asst. Director Tourism	-	Ministry of Tourism
6. Keziah Odemba	-	Asst. Director Tourism	-	Ministry of Tourism
7. Fredrick J.Omondi	-	Chief Tourism Officer	-	Department of Tourism
8. David Gitonga	-	Chief Tourism Officer	-	Department of Tourism
9. Simon Kiarie	-	Chief Tourism Officer	-	Department of Tourism
10. Vincent Bwire	-	Chief Tourism Officer	-	Department of Tourism
11. Samson Odhiambo	-	ICT Officer	-	Ministry of Tourism
12. Dr. Kenneth Ombongi	-	Principal	-	Kenya Utalii College
13. Allan Chenane	-	Chief Executive	-	Tourism Fund
14. Lemayian Ole Taiko	-	Executive Director	-	KECOBAT
15. Annastazia Wakesho	-	National Chairperson	-	Domestic Tourism Association
16. Moses Sauti	-	Beach Operator	-	Mombasa
17. Julius Owino	-		-	MCTA
18. Nicholas Ayimba	-		-	Rural Tourism Network
19. Ruth Kemunto	-	Tourism Officer	-	Kwale County
20. Lawrence Muthamia	-		-	Department of Tourism
21. Charles Muthengi	-		-	Department of Tourism
22. Anderson Jumaa	-	Senior Officer	-	KTDC
23. Willis Ondiek	-		-	Tourism Fund
24. Kauli Mwembe	-		-	Domestic Tourism Association
25. Bernard Ongeri	-		-	Bomas of Kenya
26. Humphrey Odendo	-		-	KICC
27. Joseph Aomo	-		-	Department of Tourism
28. Mary Luseka	-	Strategy Manager	-	KTB
29. Lilian Ayimba	-	Chief Tourism Officer	-	MOT
30. Prof. Maina Muchara	-	Consultant	-	GRE
31. Dr. Joe Wadawi	-	Consultant	-	GRE
32. Zena Lyaga	-	Consultant	-	GRE
33. Ayub Odinda	-	Consultant	-	GRE