
Unlocking Africa's Tourism Potential: Lessons from Vietnam and Cambodia

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Executive Summary

The worldwide tourism industry is booming. In 2010, tourism's contribution to global GDP was 5 per cent, and to employment 6–7 per cent, through direct and indirect contributions. Despite the global economic crisis and recession, which has proved especially detrimental to European and US markets, the industry has continued on an impressive growth path, with tourist arrivals increasing 6.6 per cent from 2009, to over 940 million international arrivals.

No continent stands to benefit more from the 21st century tourism boom than Africa. But the world's most underdeveloped inhabited continent is also the poorest performer in global tourism rankings. Although its population accounts for 15 per cent of the global total, Africa's share of tourism in 2010 was only 5.2 per cent (approximately 40 million visitors). A healthy increase on the 2008 figure of 3.6 per cent, but still far off its commensurate share.

There are two countries that African countries can look to for inspiration and some lessons on how to build a thriving tourism industry in the face of similarly formidable challenges, from ruinous colonial legacies to weak human resources and shattered infrastructure: Cambodia and Vietnam, two Southeast Asian neighbours that have made remarkable progress in developing their tourism in the past decade.

In July 2011 the Brenthurst Foundation in partnership with Vietnam's Institute of Africa and Middle East Studies convened two roundtables on tourism, one in Cambodia's capital Phnom Penh and the other in Da Nang, a regional capital in Vietnam. The roundtables brought together local tourism officials, both government and the private sector, with senior tourism officials from three southern African countries – Swaziland, Zambia and Mozambique. This Discussion Paper draws on the findings of the roundtables and some additional research.

The examples of Cambodia and Vietnam illustrate the immense potential of tourism not just as a contribution to GDP but as a catalysing force for development across society. As Africa grapples with acute unemployment, especially amongst its youth, and crumbling infrastructure – at least 30 per cent of which is in dire need of rehabilitation – a renewed focus on its under-exploited tourism industry should be a top priority.

China today
comprises the
world's third largest
source market
for tourists

Tourism has gone global in the 21st century. Three decades ago large swathes of the globe were off-limits to tourists. The Soviet Union and Eastern bloc; China; parts of the Middle East, Latin America and Africa; the Himalayan kingdom of Bhutan – places unvisited by all but the most intrepid travellers. In some cases it was due to government restrictions, in others war and conflict. What's more, large sections of the world's population couldn't travel outside their countries, in some cases not even their regions or localities. If you were Chinese, a black South African or a Romanian living in 1980, odds are you never ventured too far from home.

Fast forward to the second decade of the 21st century and the worldwide tourism industry is booming. The burgeoning middle class in China today comprises one of the world's largest sources of outbound tourists and is the fastest growing in terms of spending.¹ War is still a deterrent to travel in parts of the Middle East and Africa, but the dramatic reduction in armed conflicts worldwide coupled with the end of the Cold War has rendered nearly all corners of the globe open for tourist business.

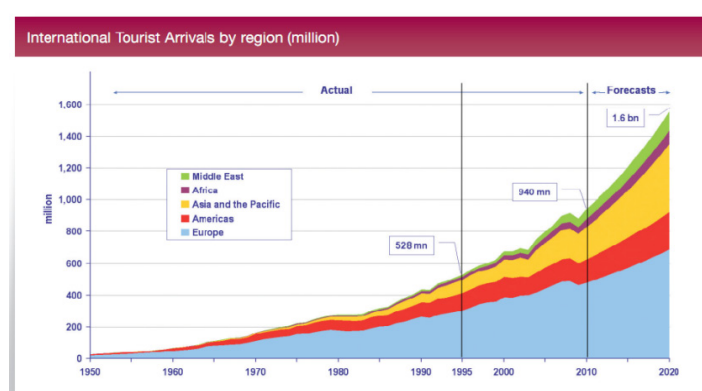
And the business is big. In 2010, tourism's contribution to global GDP was 5 per cent, and to employment 6–7 per cent, through direct and indirect contributions. Despite the global economic crisis and recession, which has proved especially detrimental to European and US markets, the industry has continued on an impressive growth path, with tourist arrivals increasing 6.6 per cent from 2009, to over 940 million international arrivals. According to the World Trade Organisation (WTO), growth for 2011 is set to increase by 4 per cent, despite major shocks to tourism hubs such as Egypt and Tunisia, which became engulfed in the Arab Spring, and Japan, still reeling from the earthquake in March. The WTO forecasts international arrivals to reach 1.6 billion by the end of this decade.² Helping to drive this upward trend has been the emergence of the 'global south' as a mass tourism draw. Previously only accessible to high-income tourists, the liberalisation of air travel and various deregulations have brought the global south into affordable reach. Emerging regions, especially those of Asia and the Pacific, have increased their contribution to global arrivals by 16 per cent over the past 20 years, and now comprise 47 per cent of the global total.³ In developing countries tourism has proved to be one of the most important catalysts for economic growth, through job creation and as an entry market for a wide range of businesses, ranging from SMEs to multinational corporations. Part and parcel of investments in tourism have been dramatic improvements in infrastructure (roads, airports, energy) to support the industry directly and indirectly, as well as trickle-down improvements ranging from better healthcare facilities to improved security.

In 2010, tourism's
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global GDP was
5 per cent

No continent stands to benefit more from the 21st century tourism boom than Africa. The world's most underdeveloped inhabited continent is also the poorest performer in global tourism rankings, notwithstanding some impressive exceptions, most notably South Africa. This desultory record belies the natural advantages Africa has over other regions that have performed much better, in particular the continent's extraordinary diversity – of wildlife, environment and people.

The reasons frequently cited for Africa's failure to realise its tourist potential include its ruinous colonial legacy, persistent reputation for war and famine, and history of autocratic leadership. Formidable obstacles, to be sure. There are at least two countries, however, that African countries can look to for inspiration and some lessons on how to build a thriving tourism industry in the face of similarly dire circumstances: Cambodia and Vietnam, two Southeast Asian neighbours that have made remarkable progress in developing their tourism in the past decade.⁴

In July 2011 the Brenthurst Foundation in partnership with Vietnam's Institute of Africa and Middle East Studies convened two roundtables on tourism, one in Cambodia's capital Phnom Penh and the other in Da Nang, a regional capital about halfway between Vietnam's two main cities, Hanoi and Ho Chi Minh City. The roundtables brought together local tourism officials, both government and the private sector, with senior tourism officials from three southern African countries – Swaziland, Zambia and Mozambique. The aim of the roundtables was to share experiences in developing their respective tourism industries, in particular tourism's contribution to sustainable economic growth. This Discussion Paper draws on the findings of the roundtables and some additional research.



Source: United Nations World Trade Organisation, Tourism Highlights 2011

Although its population accounts for 15 per cent of the global total, Africa's share of tourism in 2010 was only 5.2 per cent (approximately 40 million visitors). A healthy increase on the 2008 figure of 3.6 per cent, but still far off its

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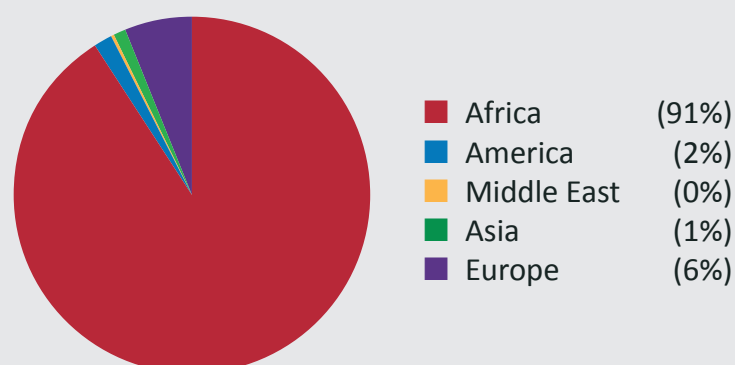
commensurate share. According to the World Economic Forum's Travel and Tourism Competitive Index (TTCI), in 2009 eight of the ten least competitive countries in the world were from Africa, whilst only 2 per cent of African real GDP in 2010 was attributable to tourism. In the first eight months of 2011 these figures remained roughly unchanged, though some countries have slid further down in global rankings. Of 35 African countries evaluated, 18 were ranked in the lowest 100, with African countries occupying all but one of the last ten positions.⁵ Although some improvement is indicative across the continent, if Africa's major tourism hubs, South Africa and Egypt, are excluded, the picture looks more dismal. Sub-Saharan Africa is also ranked last by the TTCI out of 13 regions in the world in its tourism competitiveness.

Swaziland

The tiny landlocked Kingdom of Swaziland is nestled between South Africa and Mozambique. Forty-five minutes by air from Johannesburg and with 13 border posts accessible by road, the Kingdom is one of the world's last absolute monarchies. From the 1960s to the 1990s Swaziland grew as an alternative tourist destination as Apartheid South Africa became increasingly isolated and Mozambique descended into bloody civil war. When war and Apartheid ended, tourism in Swaziland slumped. The Kingdom is now struggling to find a new niche.

Ask Swazis where their comparative advantage in the global tourism market lies and they're more than likely to cite their rich cultural history and unique monarchical traditions. Culture is one of the four key pillars that support its tourism strategy, along with adventure, relaxation and wildlife. Unfortunately, Swaziland's international 'brand' has been damaged by the monarchy's hoarding of the country's very limited wealth and perceptions that its signature cultural event – the famous Reed Dance Festival – is nothing

Arrivals to Swaziland



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more than a vehicle for its polygamous King to choose his next young wife. Only 4.9 per cent of visitors to Swaziland cited 'culture' as a highlight of their visit in a study by its Tourism Board, whereas nearly 40 per cent cited the Kingdom's 'friendly people'.

As worryingly, most visitors to Swaziland only stay one or two nights – 58 per cent – as they travel between Mozambique and South Africa. Just 16 per cent stayed between three to six nights. Its major source markets are neighbours South Africa (accounting for 68 per cent of arrivals) and Mozambique (18 per cent). Arrivals from Europe and North America accounted for just 6 and 2 per cent respectively, doubtless in part attributable to the fact there are no direct flights to Swaziland. This should change in 2012 with the completion of the new Sikhuphe International Airport. Otherwise, however, the industry will need to dramatically increase foreign and domestic investment in the sector, and do much better in capitalising on its position as a safe and friendly alternative to South Africa. Without iconic attractions in the country, Swaziland will need to redouble its efforts to promote the Kingdom as a cultural heritage destination. But until the monarchy loosens its grip on the country's economy and politics, those efforts will not bear fruit.

Compare that to Southeast Asia, with its tourist arrivals growing 12.1 per cent between 2009 and 2010. Over the same period Africa's grew 7.3 per cent, the lowest out of all emerging regions in the world (Asia and the Pacific as a whole experienced 12.7 per cent growth, the highest globally, after the Middle East).

Vietnam and Cambodia

The devastation to life and property wrought by venal leaders and foreign powers in Southeast Asia's recent history is well documented. Millions of Vietnamese perished in a three-decade long war that ended in 1975. During one seven-month period more bombs were dropped on the north of the country than were absorbed by any other country in history. From 1975–79 Cambodia lost as many as two million people in a genocidal campaign to 'deindustrialise' the country and return it to a peasant economy. Thereafter the country remained in the grip of civil war until 1998.

Suffice to say, the challenges faced by Vietnam and Cambodia in rebuilding their shattered societies were at least as daunting as those found in the most enervated post-colonial states in Africa. Despite appalling legacies of misrule and conflict, both Vietnam and Cambodia have achieved impressive rates of economic growth on the back of widespread reforms and integration in the global economy since the end of the 1990s.

	International Tourist Arrivals (million)								Market Share (%)	Change (%)		Average annual growth (%)
	1990	1995	2000	2005	2008	2009	2010*	2010*		09/08	10*/09	
World	435	528	675	798	917	882	940	100		-3.8	6.6	3.4
Advanced economies¹	296	334	417	453	495	474	498	53.0		-4.3	5.1	1.8
Emerging economies¹	139	193	257	345	421	408	442	47.0		-3.2	8.3	5.6
By UNWTO regions:												
Europe	261.5	304.1	385.6	439.4	485.2	461.5	476.6	50.7		-4.9	3.3	2.1
Northern Europe	28.6	35.8	43.7	57.3	60.8	57.7	58.1	6.2		-5.1	0.8	2.9
Western Europe	108.6	112.2	139.7	141.7	153.2	148.5	153.7	16.3		-3.0	3.4	1.0
Central/Eastern Europe	33.9	58.1	69.3	8.5	100.0	90.2	95.1	10.1		-9.9	5.4	3.2
Southern/Mediterranean. Europe	90.3	98.0	133.0	153.0	171.2	165.1	169.7	18.1		-3.6	2.8	2.5
Asia and the Pacific	55.8	82.0	110.1	153.6	184.1	180.9	203.8	21.7		-1.7	12.7	6.3
North-East Asia	26.4	41.3	58.3	85.9	100.9	98.0	111.6	11.9		-2.9	13.8	6.7
South-East Asia	21.2	28.4	36.1	48.5	51.8	62.1	69.6	7.4		0.5	12.1	6.8
Oceania	5.2	8.1	9.6	11.0	11.1	10.9	11.6	1.2		-1.7	6.1	1.9
South Asia	3.2	4.2	6.1	8.1	10.3	9.9	11.1	1.2		-3.6	11.9	6.2
Americas	92.8	109.0	128.2	133.3	147.8	140.6	149.8	15.9		-4.9	6.4	1.6
North America	71.7	80.7	91.5	89.9	97.7	92.2	98.2	10.5		-5.7	6.6	0.7
Caribbean	11.4	14.0	17.1	18.8	20.1	19.5	20.1	2.1		-2.8	3.0	1.6
Central America	1.9	2.6	4.3	6.3	8.2	7.6	7.9	0.8		-7.4	3.8	6.2
South America	7.7	11.7	15.3	18.3	21.8	21.3	23.5	2.5		-2.3	9.7	4.4
Africa	14.8	18.9	26.5	35.4	44.4	46.0	49.4	5.2		3.7	7.3	6.4
North Africa	8.4	7.3	10.2	13.9	17.1	17.6	18.7	2.0		2.5	6.2	6.2
Sub-Saharan Africa	6.4	11.6	16.2	21.5	27.2	28.4	30.7	3.3		4.4	8.0	6.6
Middle East	9.6	13.7	24.1	36.3	55.2	52.9	60.3	6.4		-4.3	14.1	9.6

Source: World Tourism Organization (UNWTO) (Data as collected by UNWTO, June 2011)

¹ Based on the classification by the International Monetary Fund (IMF), see Statistical Appendix at www.imf.org/external/pubs/ft/web/2011/01.

In 2011 nine of
the ten least
competitive
countries in
the world were
from Africa

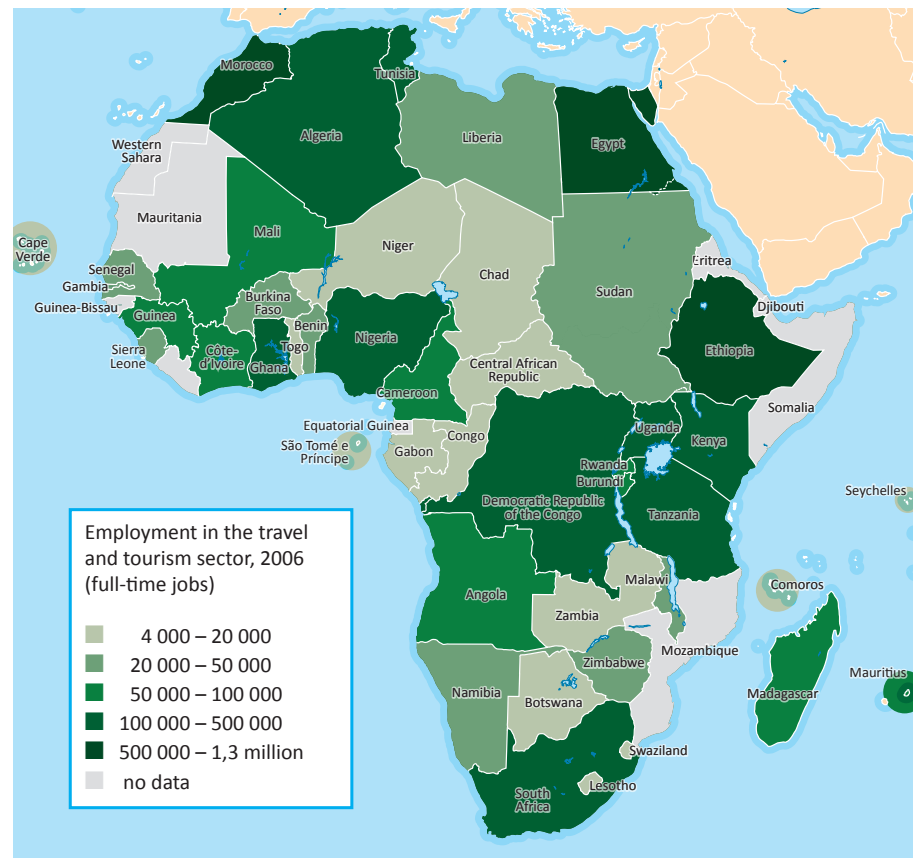
Still a predominantly rural country, Cambodia has sustained high GDP growth through agriculture, construction and especially textiles and tourism.⁶ In 2011 the textiles industry employed more than 280 000 people or about 5 per cent of the work force, and contributed 70 per cent of exports.⁷ The fall-off in demand and consequent unemployment caused by the global economic recession redoubled the government's efforts to diversify the economy, in particular new investments in the country's burgeoning tourism sector. It is now a major contributor to the country's economy through the provision of services (along with telecommunication, transportation and construction), together amounting to 45.2 per cent of GDP.⁸ In one year alone, 2010, the industry grew 17.3 per cent to just over 2.5 million tourist arrivals. That's up from 787 000 in 2002 and less than 1 000 in 1987. It is now Cambodia's second-largest foreign exchange earner after the textiles industry.

Since the government embraced *Đổi Mới* ('innovation') beginning in 1986, abandoning agricultural collectivisation in favour of private ownership, Vietnam's economic transformation has been dramatic. Today the tourism element in Vietnam's 'socialist oriented market economy' is beginning to mirror the country's coffee sector – as recently as the 1980s Vietnam produced virtually no coffee, yet today it is the second largest coffee producer in the world after Brazil – in terms of scale and ambition. In the 15 years between 1995 and 2010, domestic tourist arrivals increased to over 28 million, an annual growth rate of 10.7 per cent that translates into an income growth rate of 16.6 per cent. At present tourism contributes to 12.4 per cent of the country's GDP.⁹

Vietnam has also been forced to diversify as agriculture's share of the economy has steadily declined to 20 per cent of GDP (down 5 per cent from 2000) and its role as a mass employer diminished. The tourism sector is absorbing an increasing share of the one million new workers entering Vietnam's job market each year.¹⁰ The tourism workforce increased from 81 000 workers in 1995, to 1.4 million in 2010 – through direct and indirect service provision. The World Tourist Council's numbers are even more impressive: Vietnam's tourism supported 4.53 million jobs in 2010, according to their figures, equal to 9.9 per cent of the total labour force. Tourism is at present one of the most important economic sectors in Vietnam, contributing substantially to higher income levels, employment, poverty reduction, social security, the maintenance of cultural heritage and the environment, and also national security.

With such palpable benefits to be gained across society, Africa's current efforts to meet the rising global appetite for tourism appear meagre. Tellingly, a US\$250 000 investment in this sector can generate 182 full time jobs – up to 50 per cent more jobs than a similar investment in agriculture or mining.¹¹ Tourism has the potential

Vietnam's tourism industry supported 4.53 million jobs in 2010, according to the WTTC



Source: World Travel and Tourism Council, 'Employment in the travel and tourism industry in Africa 2006'

to significantly ameliorate one of Africa's most urgent challenges – the youth unemployment crisis. With roughly 200 million people aged between 15 and 24, the region is the world's youngest. This cohort comprises 47 per cent of Africa's unemployed, whilst making up only 32 per cent of the workforce.¹² Potentially, the tourism sector continent-wide could provide meaningful livelihood options for millions of young people who lack tertiary education or professional qualifications.

Currently, one in 20 jobs in sub-Saharan Africa are in travel and tourism. There are roughly 2 500–3 000 tour operators in sub-Saharan Africa, responsible for 10–15 per cent of tourist spending and 30 000–45 000 jobs in the industry.¹³ Their performance is commendable, if one considers the myriad difficulties of operating in the African environment: high transport costs, security concerns, access to clients and corruption, to name only the most prominent.

Perhaps above all other factors, governments in Africa have generally not prioritised their tourism sectors; beyond the rhetoric, few countries have made the

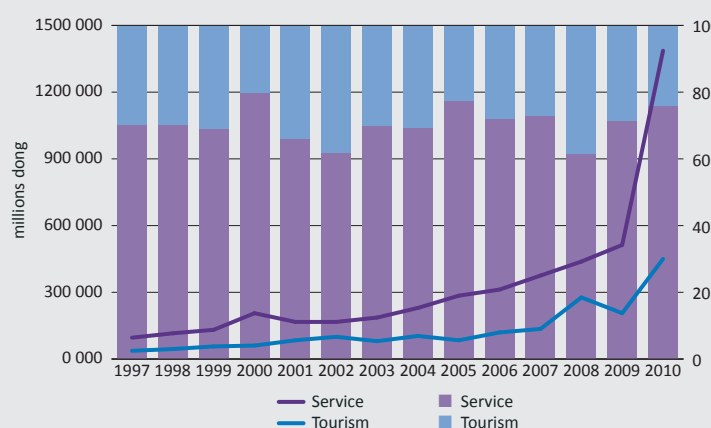
Tourism is now
Cambodia's
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Da Nang

The city of Da Nang lies in the heart of Vietnam, at the midpoint of the North–South transportation route. The government has recast the city as ‘the gateway to the East West Economic Corridor’. Da Nang is also strategically placed within close proximity to three World Heritage Sites – Hue, Hoi An and My Son Holy Land. Since 2001, the government has relentlessly promoted Da Nang as a major tourism and cultural hub of Southeast Asia.

Over ten years, arrivals have more than doubled to over 1 800 000 visitors in 2010, with 79 per cent of visits attributable to domestic tourists. The revenue from tourism contributed over 20 per cent of total revenue in 2010.

Between 2006 and 2009, the services sector contributed 51 per cent to GDP in Da Nang, an increase of 19 per cent in just three years. In 2010 alone, more than US\$2.8 billion was invested in 55 tourism projects, including 4 five star hotels and 22 three star hotels. The number of tour operators has also increased three-fold to 101 from 2001–2010 (71 domestic, 31 international). Da Nang's new airport terminal, scheduled to open at the beginning of 2012, is designed to handle up to six million passengers and from 400 000 to one million tons of cargo a year.



Revenue from service

2001–2005	8%/year
2006–2010	47%/year

Revenue from tourism

2001–2005	14%/year
2006–2010	50%/year

Da Nang is seeking to bolster its tourism industry and lure individual investors through an ambitious plan to build holiday (or second) homes close to the city. The project comprises water sport and entertainment parks, a complex of coastal condos, villas, a hotel and office buildings, and Da Nang's first marina. While investors have been pouring money into luxury resort projects, the local administrators have recognised the city possesses relatively few sites to satisfy tourists' entertainment demands. 'This project is unique

In the 15 years between 1995 and 2010, Vietnam's domestic tourist arrivals increased to over 28 million annually

in the central region. It will make the city more attractive to tourists,' said Lam Quang Minh, director of the Da Nang Investment Promotion Centre. He said the project, with a luxurious marina, sport and entertainment park, would underscore Da Nang as a famous coastal tourism destination like Phuket in Thailand or Bali in Indonesia.

necessary investments and reforms to support the industry in the way Vietnam and Cambodia have done recently.

Vietnam

2011 marked the beginning of Vietnam's second Ten Year Strategy for developing its tourism industry, which includes various benchmarks incorporated in its Vision for 2030.¹⁴ By the end of this year the government expects 2.3 million foreign tourists to visit Vietnam, which is an increase of 21 per cent since 2010.¹⁵

History and culture are at the heart of Vietnam's tourism strategy. The government has encouraged the development of an eclectic range of attractions – heritage trails, theme parks, festival events, farm experiences, handy craft villages, and riverside tours, to name a few – that showcase Vietnam's rich culture and also draw visitors to parts of the country they might otherwise neglect. In doing so, the government has been ever-mindful of the need to attract the kind of private investment that can have a multiplier effect on wider economic development. Four main areas for new investment have been identified:

Diversifying tourism products and destinations: Combining where possible eco-tourism, cultural tourism and maritime tourism (i.e. beach holidays) in integrated packages. The aim is to encourage greater integration and collaboration between Vietnam's different regions, especially rural parts of the country that are currently largely excluded from the mainstream economy and where unemployment is comparatively high, owing to the government's attempt to reduce its dependence on agriculture and textiles.

Trademarks and branding: The government has committed to transforming some of its established 'brands', such as Ha Long Bay and Vinpearl Land, into global icons through intensive international marketing. It is also encouraging SMEs to develop new tourist brands. One of the most potent examples of successful government-private sector partnership in developing new tourist hubs is Da Nang (see box above).

Professionalisation: The government is developing a network of institutions and schools that provide specialised hospitality and tourism-related training.

A US\$ 250 000
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Target markets: The government has initiated various campaigns to identify and then target its priority source markets, especially upper middle income visitors on long-stay visits. The main concentration of effort has been on neighbouring Asian countries, in particular China, Japan, South Korea, Singapore, Malaysia, Indonesia and Thailand. Entry visas have been waived for all these countries. Vietnam's key non-Asian markets are the Middle East, North America and Europe.

Vital to the success of Vietnam's tourism strategy has been the maintenance of a stable socio-political environment and a determination to align the industry with global standards and industry trends. This involved liberalising Vietnam's once-isolated airways and deregulation to enable more direct flights to and from Vietnam. From December 2011, Vietnam Airlines will fly direct to London – part of an integrated plan with local tourism firms to increase its share of the British market, particularly those on winter breaks who traditionally have opted for Thailand.¹⁶

One of the key aims of Vietnam's 2030 Vision is to increase its contribution of GDP to 13.1 per cent. On current trends, Vietnam will reach that objective, although it must first grapple with some lingering weaknesses. In 2011 the World Economic Forum (WEF) ranked Vietnam 80th of 139 nations in its Travel and Tourism Competitiveness Report. Whilst this is good relative to African countries (with 9 of 10 countries listed in the bottom 10th, excluding Timor-Leste at 134th), compared to similar countries in the region such as Singapore (10th), Malaysia (35th), Thailand (41st) and Indonesia (74th), Vietnam still has much work to do.

Some of the major challenges identified by the WEF include weak infrastructure; poor marketing and promotions; insufficient project management; environmental damage; and limited participation of local communities. The WEF recommends that 'in order to strengthen its competitiveness Vietnam must further develop its transport infrastructure and tourism infrastructure (ranked 110th), while ensuring that the sector is developed in an environmentally-sustainable way (ranked 115th).'¹⁷ Local travel agencies also list inflation as one of their biggest challenges.¹⁸ In 2010, rates soared to 11.8 per cent. This is in large part due to the influx of foreign currency and increasing demand for local goods and services. Agents who keep standard prices for guests that pay in advance are unable to adjust upwards once a deal has been brokered, and higher interest rates will inevitably hinder new businesses that are heavily dependent on loans.

Notwithstanding these shortcomings, Vietnam has still moved up 9 places (from 89th) since the last ranking in 2009. By 2016 Vietnam is predicted to be one of the top ten tourist destinations in the world – no small achievement for a socialist country that suffered the longest and most devastating war of the second

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half of the 20th century. Vietnam's tourist planners saw an enormous opportunity in tourism to generate jobs, increase incomes, and contribute to overall economic growth. It also understood that businesses in a wide range of sectors would also expect to benefit from rising international tourist arrivals.

Cambodia

The Cambodia Association of Travel Agents (CATA) has been on the forefront of tourism development in this once war-ravaged Southeast Asian nation. The Association, created in 1996 and comprising 194 members, was designed to bring together all of Cambodia's travel agents – large and small – as a robust lobbying voice for the commercial sector as the industry grows at a blistering pace. CATA works closely with the public sector, including the Cambodian Ministry of Tourism, Ministry of Foreign Affairs, and other authorities whose work impacts on the tourism sector, such as civil aviation authorities, to promote Cambodia as an international tourism destination.

Cambodia has recently altered its Tourism Development Strategy to comply with the recommendations of the World Tourism Outlook 2010–20 and with the ASEAN Tourism Strategic Plan 2010–15. In an address to policymakers at the National Seminar on Tourism Development Strategic Plan 2011–20 and National Ecotourism Policy, Minister of Tourism, Thong Khon, referred to tourism as 'green gold' for its 'important role in contributing to economic development, environmental protection, conservation of cultural heritages and national resources toward Green Economy development in Cambodia.'¹⁹ It is expected that by 2015 Cambodia will receive 4.5 million tourists annually, and by 2020 this is predicted to increase to 7 million people, generating 5 billion US dollars of revenue annually (10 per cent of GDP). In addition, tourism is expected to create one million jobs by 2020.

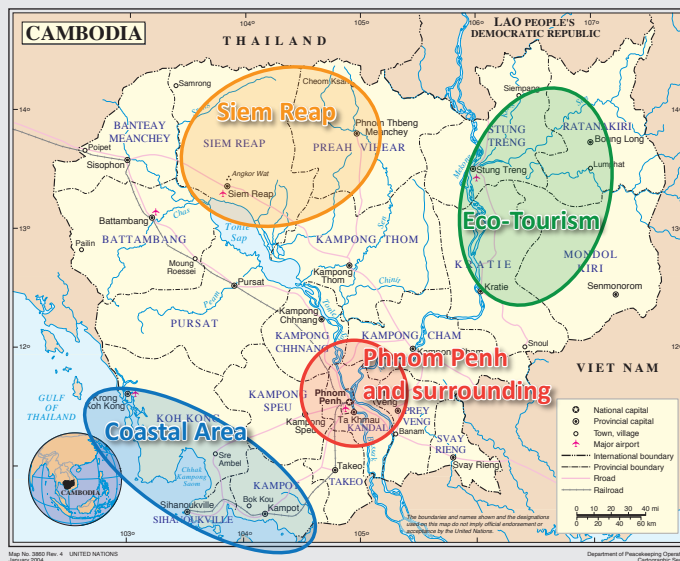
In 2010, the largest market for tourists to Cambodia were from the Asia–Pacific region (contributing 67.7 per cent of total arrivals), with China being the largest source of international tourists. Another large source of tourists was domestic, which increased by 7.7 per cent on the previous year. The industry is broadly broken down into cultural–historical tourism and eco-tourism. The jewels in the crown are the temples at Angkor Wat near the city of Siem Reap (see box below), which has seen an increase in visitors by 25.7 per cent since last year. But the global trend for eco-tourism presents tremendous opportunities for growth: The World Tourism Outlook estimates that this sector, which represents significant employment potential for relatively impoverished rural communities, is expected to grow

By 2016 Vietnam is predicted to be one of the top ten tourist destinations in the world

by 20 per cent in the next few decades, as opposed to the 5 per cent of tourism in general worldwide.²⁰

Angkor Wat

The temples at Angkor, first built for King Suryavarman II in the 12th century, is the world's largest religious site, of immense significance as a Hindu and later Buddhist place of worship. The largest temple, Angkor Wat, is deeply enmeshed in the identity of the Cambodian people, so much so it is depicted on the country's national flag. Situated next to the once sleepy town of Siem Reap in the north of the country about 300kms from the capital Phom Penh, Angkor is at the centre of a tourism gold rush. Since the early 1990s when the site was declared a World Heritage Site, the Cambodian authorities have wisely transferred responsibility for long-term conservation of the temples to specific countries, such as Japan and India, in part because it lacks the expertise. But this has enabled the government to concentrate on related investment – in hotels, restaurants, and transportation infrastructure, including a new international airport in Siem Reap. The results speak for themselves: in the first eight months of 2011, arrivals have increased 25 per cent on 2010. According to the Ministry of Tourism, Siem Reap is now the largest hub for foreign visitors to the kingdom. This has been aided by an increase in direct flights to Cambodia and the removal of visa restrictions for its main source markets. Neighbouring Vietnam provided the most visitor arrivals in 2011, with nearly 200 000 – an increase of just over 37 per cent compared to 2010. The next biggest source markets were China and South Korea.²¹



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The Angkor site has been maintained by a private firm, SOKIMEX, since 1990, which rents from the government and operates commercially. This eliminates many of the distortions and inefficiencies otherwise associated with the Kingdom's many state-owned enterprises. Angkor Wat is Cambodia's premier cultural tourism destination and ticket revenues – 20 US dollars for foreign visitors – go mainly to the upkeep of the ancient site.

In recent years Cambodian authorities have successfully made the transition from a once largely backpacker market to the more lucrative source markets, especially the high income explorer-cum-luxury tourist, who seeks to combine a trip to Angkor Wat with either a beach resort stay or eco-lodge experience.²² These international tourists usually arrive at Angkor Wat through travel agents linked to the Cambodian Association of Travel Agents; in 2010 between 70 and 80 per cent of all arrivals were through the association.

The government has actively sought out partnerships with CATA on joint initiatives to ensure businesses in the tourism sector are sustainable. Also evident is a tremendous appetite to learn from international experience on everything from brand management and marketing to tourist security measures.²³ Intrinsic to Cambodia's tourism is a strong emphasis on employment and conservation. 'Conservation', argues Minister Khon, 'serves development while development is in favour of conservation.'

Mozambique

Mozambique is potentially one of Africa's premier tourist destinations. Civil war ravaged the coastal southern African nation for two decades until 1994. Since then Mozambique's pristine beaches, renowned seafood cuisine and vibrant culture have attracted considerable inward investment. The Ministry of Tourism's Strategic Plan for Tourism Development was initiated in 2004 and will continue until 2013. Since the onset of the Plan, 40 000 jobs have been created, 127 travel agencies have been established and 37 550 beds have been supplied in the hotel and accommodation services. The key principles for developing the country's tourism sector include enhancing private-public partnerships; the adoption of sustainable tourism policies designed to benefit local communities; and the need to diversify the products on offer in the tourism market. Of particular importance in this diversification process is new investment in eco-tourism.

With 2 470km of beautiful coastline, a liberal scattering of picturesque islands in the Indian Ocean and a stable socio-political environment, Mozambique's vision for 2013 to position the country as one of the continent's coastal destination of choice should be within reach. By 2021 it is projected that Mozambique's tourism industry will support

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300 000 jobs directly and a total of 700 000 jobs including ancillary services. In 2011 Mozambique is expected to attract 1 852 000 international tourist (overnight visitors) arrivals; by 2021, the figure is expected to jump to 3 126 000, according to the World Travel and Tourism Council. Yet Mozambique remains one of the poorest 20 countries in the world and in 2010 experienced serious food riots which called into doubt its hard-won political stability. A return to insecurity will put a very deep dent in these forecasts. Mozambique also suffers from an acute infrastructure shortage. That gap will, however, at least partly be filled by China. In 2010, the two countries signed new agreements under which Beijing will invest \$13 billion in several projects in Mozambique until the end of 2015. Significantly, Beijing declared Mozambique as an official tourist destination for its citizens. The 'official' list includes about 30 countries that are considered privileged destinations for Chinese tourists. With China's total outbound travel spending expected to be the fastest growing in the world to 2015, it is a list on which all countries – African or otherwise – are keen to be included.

Africa's Opportunities

Much has been written about Africa's economic performance since 2000. In the decade prior to the global economic crisis, economic growth averaged 5 per cent. Even though growth has fallen off, prudent macroeconomic management policies has helped the continent stave off the worst impacts of the crisis and begin to edge back to pre-crisis levels. So bullish on Africa's future prospects is *The Economist*, which once famously labelled it the 'hopeless continent', that the highly influential magazine observed in its 3 December cover story that a 'profound change has taken hold' and 'Africa's growth is now underpinned by a permanent shift in expectations.'

Africa's economic growth would be all the more impressive if it had vigorously harnessed its tourist potential. Answering the question 'why' it has fallen short is not difficult; it reflects the more general constraints on major investments in large parts of Africa: skills, business environment and infrastructure. Progressing from diagnosis to actions and policies to address Africa's tourism deficit is the critical challenge.

Prior to the Arab Spring, the four main tourist destinations in Africa – namely Egypt, South Africa, Morocco and Tunisia – accounted for nearly $\frac{3}{4}$ of all the continent's tourism receipts. The lone sub-Saharan African high performer, South Africa, has been a dynamic player in the global tourism industry since the end of Apartheid, but there is much that can be done to unlock the rest of the region's

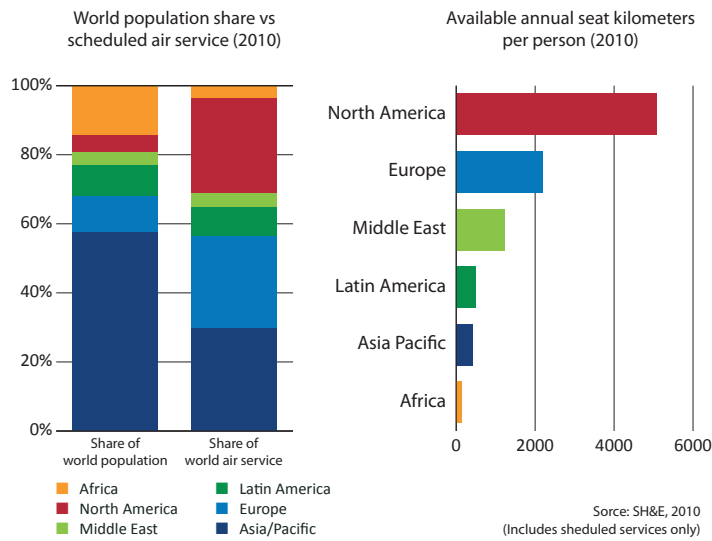
‘Conservation
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Zambia

Located in the heart of southern Africa, Zambia is rich in wildlife and adventure attractions, and boasts (along with neighbouring Zimbabwe) the world-renowned Victoria Falls. The government is keen to promote the 13-million strong country as an ‘oasis of peace’ for visitors.

The benefits of tourism to an economy heavily dependent on resource extraction – especially copper mining, which is subject to highly volatile price changes – failed to dawn on Zambian authorities until the late 1990s. Previously there was no overarching plan for the industry’s growth or indeed an appreciation of its potential contribution to Zambia’s foreign revenues and socioeconomic development. Finally in 1996 the sector was reclassified from being a ‘social’ sector, to an ‘economic’ sector, and in 2002 the government designated tourism as a priority sector for economic development (second to agriculture). Although presently under review, the Tourism Policy of 1997 still guides the industry. The policy’s three main principles are: tourism should be a private sector-led industry, supported by the state; that the growth derived from tourism should be environmentally sustainable; and it should have a pro-poor community-centric focus that empowers locals, especially in matters around safari hunting. Home to the ‘big five’ animals and with over 5 000 heritage sites, spectacular scenery and 35 per cent of southern Africa’s water reserves – Zambia should be one of the most competitive destinations for wildlife and nature tourism in Africa. Arrivals have increased 7.7 per cent in four years and over 25 000 jobs have been created. Yet considering Zambia’s natural advantages, its 815 140 arrivals in 2010 suggests the sector is underperforming. If one takes into account the dramatic fall in tourists to neighbouring Zimbabwe as it unravelled under Mugabe’s brutal repression in the 2000s, Zambia’s performance in the sector is more disappointing. The reasons why it has failed to capitalise on Zimbabwe’s collapse in tourist numbers include: poor infrastructure (domestic roads); limited accessibility via air, which forces visitors to make use of chartered flights between destinations; high capital costs limiting investment; and limited land resources available for the development of the sector. With visitors returning to Zimbabwe, and regional neighbours South Africa and Botswana aggressively targeting new tourism source markets and improving standards across their respective industries, Zambia faces a stark challenge in getting its ‘tourist house’ in order. The government seeks to transform the sector by making use of regional partnerships, investing in facilitative infrastructure and creating a human resources development programme, but it faces an uphill task trying to capture a greater share of arrivals to Africa.

There are distinct advantages to appealing to the middle-income bracket as large developing economies produce more travellers



potential. Currently Europe, with its high-income market of relaxers (who prefer beach holidays and city breaks) and explorers (who prefer luxury safaris and off-the-beaten track experiences such as nature and culture exploration) is by far the largest source of foreign tourists to Africa.²⁴ Although improving the European market's perceptions of security and safety on the continent will do much to increase arrivals, the bigger prize lies elsewhere. By appealing more to the middle income bracket rather than the highest income market, the large developing economies that produce more travellers in this range, such as China and Brazil, come into play. At present the cost of travel to Africa is largely out of their range. Business tourists represent another group that may yield significant returns to African economies. As African markets become increasingly integrated into the global economy and investment prospects arise for potential stakeholders, the opportunities for conferences, seminars and other business-related travel will grow exponentially. According to the TTCI business tourists spend, on average, three times more than their leisure counterparts.

Secondly, African governments need to address a number of impediments to tourism as measured by the World Economic Forum's Travel and Tourism Competitiveness Index, 2011. Of particular significance are widespread concerns over safety and security, as well as health and sanitation. The list of other impediments includes onerous entry requirements, poor domestic road networks and, most inhibiting, inadequate air links and related infrastructure (at present only South Africa and Cape Verde rank in the top 50). Only 3.9 per cent of all scheduled air service seats in the world were attributable to Africa, which as indicated above comprised 15 per cent of the world's population; that's roughly the same proportion as Europe and North America, which represents about 54.6 per

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Ihla de Mozambique

Ihla de Mozambique is illustrative both of the challenges and potential in developing African tourism. Housing the oldest European colonial building in the southern hemisphere, the Portuguese established a port and naval base on the island in 1507. The Portuguese settlement (known as Stone Town) became the capital of Portuguese East Africa during the 16th century, as well as an important missionary centre and trading post for Portuguese sailors en route to India. Fort São Sebastião was an important military outpost tipping the northern part of the island which, in contrast to the other half, is stone built and was inhabited by the colonial authorities. In 1898, the capital was relocated to Lourenço Marques (renamed Maputo after independence in 1975). Much of the trade was taken by the harbour of Nacala, a two hours' drive to the north.

Despite enormous potential as a coastal resort akin to Colombia's famous historical city of Cartagena, the island is emblematic of many of the challenges facing African tourism development. With basic services built for not more than 5 000 people, the island is currently overpopulated, supporting between 25 000–50 000 people. A major infrastructure push is essential, and must include a new airport and hospital. The current hospital, a neo-classical building constructed in 1877 by the Portuguese, was for a time the largest infirmary south of the Sahara. Today only one wing of several is in operation, the remainder derelict. It could be developed as a hotel, but replacement services would have to be provided elsewhere. The existing airport that services Ihla, Lumbo airport on the mainland, operates very sporadically from a tiny, if magnificent, classical terminal. To enable charter flights, the airport would need a complete restoration.

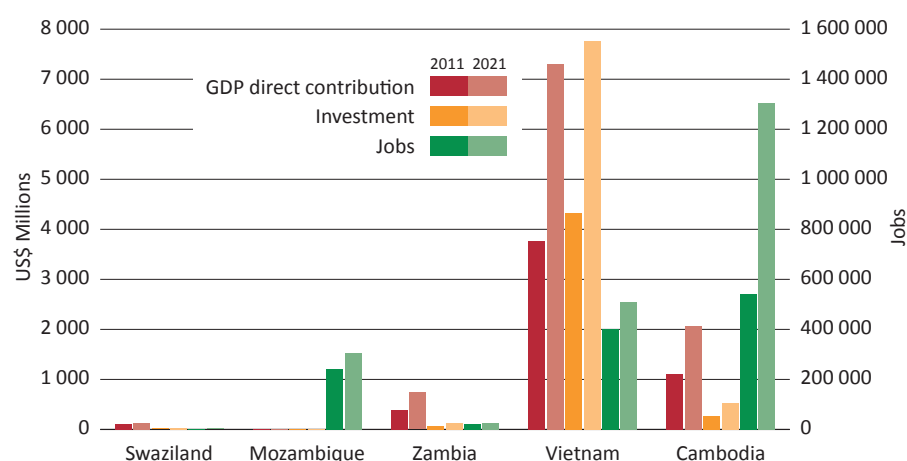


In 2010 tourism
earned Africa
US\$ 29 billion

Although renovation efforts in Ihla de Mozambique have progressed – in a piecemeal fashion – since 2008, this is mainly at the behest of the small number (around 30) of permanent expatriates rather than with government funding. And to complicate matters further, as a World Heritage Site there are various restrictions and technically sophisticated renovations involved.

As the momentum builds to preserve and exploit this unique tourist destination, the Mozambican government will need to grapple with a host of questions: How to balance tourist development with the needs and aspirations of the locals? Who should pay for the restoration and development, and for the replacement services? How best to successfully manage this complex process? What sort of leasehold and incentives are needed to encourage foreign investment, while protecting the rights and meeting the expectations of locals?

The information on Ihla de Mozambique is drawn from research by The Brenthurst Foundation commissioned by the Mozambican government as part of The Presidential International Advisory Board (PIAB). The Foundation established the PIAB in 2007 and serves as its secretariat.



GDP Direct Contribution – GDP generated by industries that deal directly with tourists

Investment – The proportion of total investment in the economy that is attributable to Travel and Tourism – including both private and public sector investment

Jobs – the number of direct jobs within the Travel & Tourism industry

Source: World Travel and Tourism Council, Economic Impact Research 2011

cent of global seat capacity – needless to say, there is much potential for growth. The International Civil Aviation Organisation forecasted growth for the intra-African aviation market to be 10 per cent in the near future – owing in large part to Africa's increasing reputation as a dynamic investment opportunity.²⁵ But until

At least 30 per cent of African infrastructure is in dire need of rehabilitation

all elements of air transport infrastructure are considered safe and reliable, visitor numbers will still lag behind the rest of the world.

Conclusion

In 2010, Africa garnered only 5 per cent of the world's inbound tourists, which in total numbers is just less than 49 million. They earned the continent US\$29 billion. Europe's share of the global total earned it US\$411 billion; Asia and the Pacific earned US\$203 billion. As Africa grapples with acute unemployment, especially amongst its youth, and crumbling infrastructure – at least 30 per cent of which is in dire need of rehabilitation – a renewed focus on its under-exploited tourism industry should be a top priority. The examples of Cambodia and Vietnam illustrate the immense potential of tourism not just as a contribution to GDP but as a catalysing force for development across society.

Since the formulation and adoption of their respective ten-year tourism strategies, both countries have experienced significant socio-economic gains. Critical to their success has been their deeper global integration via ASEAN, the WTO and various global dialogues. For economies in need of a major new impetus for growth, tourism has proved one of the most impressive returns on investment in Southeast Asia. The success of Vietnam and Cambodia raises a number of concrete lessons for African states that are grappling with similar challenges.

Tourism cannot be developed without a stable political system and a dynamic macroeconomic mechanism. These two conditions have been the perquisites for the development of every sector, though particularly in tourism. In the case of Vietnam, the transformation from a highly statist method to much more innovative public–private approaches has catapulted the country towards the top-tier of global tourism destinations. Also essential is a clear strategy that privileges tourism investment and positions the sector at the heart of national development policy. That requires integrating tourism with other social and economic programmes to address societal challenges such as job creation, poverty reduction and environmental protection.

More specifically, the Southeast Asian experience strongly suggests that the state has a vital role to play in mobilising multiple stakeholders as part of a holistic tourism strategy. The Vietnamese call this the 'socialisation' of tourism development, which comprises not just business and government but a host of civil society actors and local authorities. Vietnam has taken a very proactive role in the creation of new enterprises, but over time has loosened their hold as they have become self-sustainable. To compete successfully in an increasingly competitive global tourism

market, the state needs to give way to industry specialists able to build international reputations and brands.

The need for suitable – and reliable – infrastructure to support tourism's manifold requirements is well known, as is the necessity to develop quality training across the sector. Study after study reaffirms that the quality of services determines to a great extent whether visitors extend or repeat their stays, or instead deter others from visiting on account of bad experiences with staff. Indeed, well-trained human resources are the bedrock of a successful tourism industry. The lack of skilled workers is a major impediment to the growth of the industry in Africa.

The good news for Africa is that its economies are consistently growing faster than nearly all other regions of the world. This presents extraordinary opportunities for new investment in the continent's tourism sector. The industry worldwide is in a period of unprecedented expansion, with new source markets of China, India and Brazil in the forefront of a massive shift in global travel. African countries need to align their investment, policy and training to these new trends. At the same time, vast numbers of tourists in the traditional source markets of Europe and North America that have previously shied away from Africa can be drawn in, now that the scourges of conflict and dictatorship are receding. In tourism perhaps more than any other sector, this really is Africa's time.

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