

East Africa: Trends in Coastal Tourism & Strategies for Promoting Sustainable Development

Prepared by:

**Fred Nelson, M.A.
Maliasili Initiatives
Arusha, Tanzania**

On behalf of:

**Center on Ecotourism and Sustainable Development
A Nonprofit Research Organization
Stanford University and Washington, DC**



**Prepared for:
Marine Program
World Wildlife Fund
Washington, DC**

November 2007

Table of Contents

1.0: INTRODUCTION: SCOPE AND STRUCTURE OF THE REPORT	4
2.0: SUMMARY OF KEY FINDINGS	6
3.0: SUSTAINABLE TOURISM IN EASTERN AFRICA: WHAT IT IS AND HOW TO GET IT	8
4.0: COASTAL TOURISM IN EASTERN AFRICA: ECONOMIC AND POLICY CONTEXT AND TRENDS	14
4.1: TOURISM INDUSTRY GROWTH.....	14
4.2: COASTAL TOURISM MARKET DYNAMICS AND TRENDS.....	18
4.3: TOURISM POLICY AND GOVERNANCE	23
5.0: UNDERSTANDING TRENDS AND PATTERNS OF COASTAL TOURISM DEVELOPMENT IN EASTERN AFRICA	28
5.1: WWF WORKING HYPOTHESIS REVISITED	29
6.0: TOWARDS A STRATEGIC APPROACH TO COASTAL TOURISM IN EASTERN AFRICA	31
7.0: LIST OF CONTACTS AND INTERVIEWS	35

Acronyms

EAME	Eastern Africa Marine Eco-region
GDP	Gross Domestic Product
IFC	International Finance Corporation
FAO	Food and Agriculture Organization of the United Nations
MIGA	Multilateral Investment Guarantee Agency
MPA	Marine Protected Area
NGO	Non-government organization
ODA	Overseas Development Assistance
Tshs	Tanzania Shillings
UAE	United Arab Emirates
USAID	United States Agency for International Development
WTO	World Tourism Organization
WWF	World Wildlife Fund

1.0: Introduction: Scope and Structure of the Report

This report summarizes trends in coastal tourism development in eastern Africa (Kenya, Tanzania, and Mozambique), analyzing the key macroeconomic factors and forces underpinning regional tourism trends. The purpose of the report is to analyze these trends in light of the provisional WWF working hypothesis provided in the Terms of Reference, which are reproduced below:

Box 1: WWF's working hypothesis that coastal/marine tourism development is mainly driven by two large-scale sets of primary actors:

1) Land use development decisions for tourism which are made by governments at the national and/or local level. These are accompanied by investment in infrastructure to support development which is financed through both public institutions and private investors, who can be influenced at the national, regional, and/or global levels;

2) Real estate development industry which includes principally financial institutions and real estate developers who can operate at any level from local to global and are primarily private sector,

WWF's working hypothesis is also that there are two other secondary players who have some influence:

- 3) Tourism operators such as hotel chain and cruise lines;
- 4) Tourism consumers and consumer demand.

The purpose of the analysis is to create a basis for development of a strategic approach to promoting forms of tourism that contribute to biodiversity conservation in eastern Africa, in line with WWF's global mission and objectives. Strategic recommendations are made explicitly with this overall conservation objective in mind; a key consideration revolves around what an organization such as WWF can do to promote forms of tourism that contribute to the conservation and sustainability of environmental values and resources in coastal eastern Africa.

The report is structured as follows:

- Section 2.0 provides a summary of key finding of the report;
- Section 3.0 provides background to the examination of coastal tourism trends by providing a conceptual framework for thinking about how tourism contributes to conservation objectives, and provides some strong empirical examples from the region where theory has been successfully applied;
- Section 4.0 summarizes macro-trends in regional tourism industries and specifically in coastal tourism development, including both economic and policy-making elements;

- Section 5.0 revisits the WWF working hypothesis in Box 1 above based on the report's findings and analysis;
- Section 6.0 concludes with a cursory set of strategic recommendations for WWF's engagement with coastal tourism in the region.

2.0: Summary of Key Findings

The following key trends and issues summarize the state of coastal tourism development in eastern Africa with respect to its potential for supporting biodiversity conservation in the near and medium term future:

- Eastern Africa, including the coastal regions, has an exceptionally high potential for tourism to support conservation. The reason for this is that a) the region is one of the world's poorest in terms of standards of living and b) ecological resources are the major draw for the tourism industry and thereby represent a significant economically strategic resource at both local and national levels for the region's countries. Ecotourism thus has tremendous potential in the region to create the economic incentives which are fundamental to sustainable conservation policy and practice in the region.
- Tourism is either a major component of national and local economies (in Kenya and Tanzania) or a rapidly growing component of the economy (in Mozambique) and is particularly important as a source of foreign exchange and form of economic diversification.
- Growth in regional tourism markets, including coastal destinations, is currently robust as a result of:
 - Government promotion of tourism sector investment as part of broader economic growth and poverty reduction strategies;
 - Increasing global demand for African tourism products;
 - Steadily increasing levels of foreign direct investment, improved financial services, and domestic availability of capital within the region;
 - Generally improving infrastructure (roads, communications, air travel) in the region.
- Coastal tourism markets are linked to broader 'safari-and-beach' products in Kenya and Tanzania, while in Mozambique these inland-and-coastal circuits are in their initial stages of development. Coastal destinations in the region vary from relatively developed and saturated (in much of Kenya and Zanzibar) to relatively undeveloped products with a high future potential (e.g. parts of southern Tanzania and much of Mozambique's coast).
- While the growth prospects for coastal tourism in the region are strong, environmentally sensitive and locally beneficial ecotourism products are relatively undeveloped in the coastal market as opposed to the inland, wildlife safari market. The main reason for this relates to relatively weak local land tenure and control over the key natural resources that tourism industry investors seek to access. Progressive tourism business models that create local economic benefits and conservation incentives are much less developed in coastal areas; by contrast, there is proportionately more concern about tourism development as a form of environmental degradation in coastal areas.

- Key strategic issues for WWF to consider in terms of its conservation objectives in coastal areas include:
 - Structuring engagement through national policy-making, private sector, and local community actors;
 - How to promote progressive forms of environmentally beneficial tourism, including community-based ecotourism ventures, by engaging with both private developers and local communities;
 - The central role of local land and resource tenure in enabling and supporting development of progressive coastal tourism models;
 - Understanding the nature of government decision-making processes in terms of promoting certain forms of tourism development in coastal areas.

3.0: Sustainable Tourism in Eastern Africa: What it is and How to Get it

From the standpoint of environmental conservation and sustainability, tourism creates both risks and opportunities on a fairly large scale. Tourism generates an increase in commercial development and economic activity, which can increase consumptive pressure on natural resources in general as well as directly destroying environmental assets through development. This is particularly true in coastal areas where tourism developments tend to be particularly dense in prime areas and environmental impacts commensurately high.¹ In eastern African coastal areas, these negative impacts are evident in many coastal areas, particularly parts of the Kenyan coast and Zanzibar in Tanzania.

The flip side of the coin is that tourism, when linked directly to natural resources such as wildlife, forests, or coral reefs, can provide an important economic rationale, both locally and nationally, for environmental conservation. In eastern African countries such as Tanzania and Mozambique, which are among the poorest in the world and where the chief priority of both governments and local citizens is to increase incomes and economic opportunities, such economic incentives are essential for sustainable conservation policy and practice. For example, Tanzania has one of the world's largest networks of state protected areas, covering about 25% of its total land area. These parks, led by areas such as Serengeti, Lake Manyara, and Kilimanjaro National Parks, are in turn the foundation for the country's rapidly growing tourism industry. Without the income and other socioeconomic benefits generated by tourism there would be little public justification for maintaining such a vast protected area estate at the exclusion of other economic activities.

Box 2: Community participation in tourism: What do we mean and what do we want?

The past ten year has seen a great deal of debate- often generating more heat than light- about the role of local communities in achieving sustainable biodiversity conservation. While it is well beyond the scope of this report to delve into these issues adequately, the issue of what the appropriate role is for local communities in tourism development, and more broadly in the use and control of natural resources (of which tourism is one component), is a key strategic issue for WWF to consider.

A number of different forms of community participation can be considered, including:

¹ EAME. 2004. *The Eastern African Marine Ecoregion Biodiversity Conservation Strategic Framework 2005-2025*. Dar es Salaam: EAME Programme.

1. Where the community is effectively the proprietor of the tourism development, such as some of the examples provided in this section. This is the strongest model for generating sustained and widely disbursed economic benefits to the community level, and as a result it is also the strongest model for creating behavioral incentives to invest in conservation at the local level.

2. Where the community has no real jurisdictional control over the tourism development, but receives a range of charitable development contributions from investors. This type of participation may result in significant economic benefits being realized locally, but the involvement of communities is often largely *passive*, and the incentives for local investments in resource conservation are likely to be much weaker than when there is a higher level of local empowerment and ownership.

3. Where there is little collective community involvement in tourism enterprises and participation is mainly in terms of individual employment and sale of crafts and other products.

It should be noted that these are listed in order of declining levels of participation; the model of #1 generally also includes the types of participation in #2 and #3, but the reverse is obviously not true.

From the perspective of biodiversity conservation, tourism is a means to an end- it is a way of creating economic incentives that will lead to investments in sustainable resource management.² Community participation in tourism is important because, even where protected areas cover 10-20% of the landscape or seascape, most natural resources are subject to local use and local management regimes. These local uses can be sustainable or unsustainable, depending on the way that local institutions and local incentives, coupled with external resource governance institutions, operate. For tourism to maximize its contribution to establishing incentives for locally-driven conservation measures, community participation along the lines of #1 above is highly desirable.

The dual nature of tourism development as both a threat and opportunity to the environment is fundamental to determining how to construct a strategic approach to the industry from a conservation perspective. Sustainable tourism requires striking a balance and developing models of tourism development that create strong local and national conservation incentives, while creating disincentives for the types of overdevelopment that can 'kill the golden goose'.

² For a useful discussion of the importance of economic incentives and the distribution of costs and benefits in a coastal eastern African context, see Emerton, L. and Y. Tessema. 2001. *Economic Constraints to the Management of Marine Protected Areas: the Case of Kisite Marine National Park and Mpunguti Marine National Reserve, Kenya*. Nairobi: IUCN Eastern Africa Regional Office.

Finding this balance is challenging, as many experiences from eastern Africa demonstrate. In Kenya, which possesses the region's most mature tourism industry, this balance is frequently elusive. Over-development with attendant negative environmental impacts has predominated in parts of the Kenyan coast, and despite the importance of wildlife tourism to the national economy, the link between tourism and conservation has often failed to materialize.

For example, the Maasai Mara National Reserve in southern Kenya is undoubtedly eastern Africa's premier nature-based tourism attraction, generating tens of millions of dollars in total tourism revenue in addition to at least \$3.5 million in annual gate fees. Despite this tremendous value, conservation in the Mara is failing, with resident large mammal populations declining by about 60% from 1975 to 1995.³ During the same period, a ten-fold increase occurred in wheat farming in the lands surrounding the Mara. The core problem in this area is that the economic benefits from tourism do not sufficiently translate into local incentives to conserve wildlife on private and communal lands. Most tourism revenue accrues to district level governments and local elites, by-passing the majority of the area's residents.⁴

A more positive example of how well-designed tourism investments *can* lead to major conservation gains comes from another part of Kenya, in the central part of the country north of Mount Kenya, in Laikipia and Samburu Districts. There, over 400,000 ha of land has been set aside since the late 1990's by local communities for conservation and ecotourism developments in locally-managed 'conservancies'.⁵ Tourism development has been the main rationale for these land use decisions, and facilitation and leadership from private sector and NGO actors have played key roles.⁶ The key innovation in these areas is that tourism investments have been structured as jointly owned ventures, in the form of lodges or tented camps, between private investors and the local land-owning communities.

In the savannahs of northern Tanzania, effective models for community-based ecotourism have also emerged as a result of private sector leadership and engagement at the local level. A range of tour operators lease community lands

³ Ottichilo, W.K. 2000. *Wildlife Dynamics: An Analysis of Change in the Masai Mara Ecosystem of Kenya*. ITC Publication Series No. 76. International Institute for Aerospace Survey and Earth Sciences. Enschede, The Netherlands.

⁴ See: Thompson, M. and K. Homewood. 2002. Entrepreneurs, elites and exclusion in Maasailand: Trends in wildlife conservation and pastoralist development. *Human Ecology* 30(1): 107-138.

⁵ These ventures include Il Ngwesi Lodge on Il Ngwesi Group Ranch, which was the pioneering community joint venture starting in 1996 and, among other distinctions, was awarded a UN Equator Initiative prize in 2002. This Laikipia ecotourism model has also spread to other parts of Kenya, such as Shompole Group Ranch in southern Kajiado District; Shompole lodge was also an Equator prize recipient in 2006. For more information on the north-central Kenyan conservancies refer to the Northern Rangelands Trust web site: www.nrt-kenya.org

⁶ These include the Laikipia Wildlife Forum and Lewa Wildlife Conservancy. The Kenya Wildlife Service, under the directorship of David Western from 1994 to 1998, also provided strong support to development of these ventures at this time.

for either permanent lodges or non-permanent campsites in at least two dozen different villages in the northern part of the country, mostly areas near or adjacent to Serengeti and Tarangire National Parks where community lands offer high-quality tourism products. This contractual model, pioneered by a few operators in the early 1990's and more widely adopted in the following years, integrates tourism with indigenous pastoralist land use patterns and provides payments directly to elected village governments, which are corporate entities capable of entering into contracts and managing financial resources on behalf of their constituent community.⁷ These village level contracts have enabled communities to earn income directly from wildlife-based tourism (as opposed to passively receiving benefit-sharing projects from adjacent national park authorities) and are responsible for local communities setting aside at least 100,000 ha for conservation purposes in these ecosystems.

Box 3: A 'perfect' model of community-based ecotourism? The case of Ololosokwan village

Ololosokwan village is situated in the northwestern corner of Ngorongoro District, northern Tanzania. The village is bordered on its west by Serengeti National Park, and to the north by the Maasai Mara National Reserve in Kenya. The village is inhabited by about 4,000 Maasai pastoralists and agro-pastoralists. As with all other villages in Tanzania, the village is a corporate entity governed by an elected Village Council and with demarcated boundaries and customary rights of land tenure. The village's lands comprise about 500 km² and are managed according to customary rules governing communal and individual grazing areas and other resource uses.

Ololosokwan has tremendous scenic and wildlife resources, including all large mammals present in the Serengeti ecosystem. In November, following the onset of the short rainy season, hundreds of thousands of wildebeest pass through the village's lands on their way south from the Mara to the Serengeti plains.

Ololosokwan's involvement in conservation and tourism prior to the late 1990's was largely negative, comprising loss of land and resources to the neighboring Serengeti National Park, and recurrent boundary conflicts with the park authority. In 1998/99 the village became involved in two tourism ventures which have since made it the leading community in terms of tourism earnings in Tanzania. One development was the construction of Klein's Camp, a small high-end lodge owned by Conservation Corporation Africa, and the other was a campsite used by two high-end mobile camping safari companies. By 2003, these two ventures were earning the village about \$55,000 in annual income, based on the provisions of contracts between the Village Council and the companies, and by 2007 it is estimated the village earns in excess of \$90,000 as a result of both re-negotiated terms of one of the contracts and general increases in tourism visitor

⁷ See: Nelson, F. 2004. *The Evolution and Impacts of Community-based Ecotourism in Northern Tanzania*. Drylands Issue Paper No. 131. London: IIED.

numbers to both developments during the past four years. Just as important as the volume of revenue earned is the fact that the village has developed a reputation for transparent, accountable, and democratic local governance and decision-making processes with respect to the use of those revenues.

Educational and health facilities have been constructed and individuals benefit directly through village subsidization of health costs and payment of secondary school and university bursary fees. The village has also been able to carefully control tourism development on its lands and has refused numerous other development proposals.

The main challenge that Ololosokwan has faced is from continuous external pressure from central and district levels of government which effectively seek to appropriate the revenue that the village earns. A controversial centrally-granted tourist hunting continues to operate in their area despite years of challenges by the community, and boundary conflicts with Serengeti National Park continue to erupt intermittently. Nevertheless, Ololosokwan remains the standard bearer for community-based tourism in the region.

Key ingredients in the success of ecotourism ventures in Kenya and northern Tanzania include:

- Visionary and committed private sector leadership is essential to creating tourism enterprises that create community benefits and conservation incentives;
- Local institutional capacity is also often vital for sustaining such ventures, particularly in terms of defending local land and resource claims from the external expropriative pressures that commercially successful ventures in the region face;⁸
- Effective NGO facilitation both in terms of forging private-community partnerships and building local capacity for tourism management can be invaluable. The role of government authorities in supporting such ventures is variable; in Kenya the Kenya Wildlife Service played a strong facilitation role whereas in northern Tanzania state agencies were supportive in the early 1990's but later became largely obstructive as a result of political economic interests that conflicted with those of local communities.

Several additional broad key strategic considerations regarding the relationship between tourism and conservation emerge from this brief review:

⁸ Northern Tanzania's tourism industry provides repeated reminders of this reality. For example, Ololosokwan village has become Tanzania's most successful community-based ecotourism venture, but only as a result of persistent and skillful community advocacy for land tenure security which enabled them to capture tourism revenues. See Nelson, F. and S. Ole Makko. 2005. Communities, conservation, and conflict in the Tanzanian Serengeti. In: Child, B. and Lyman, M.W. (eds.) *Natural Resources as Community Assets: Lessons from Two Continents*. Madison and Washington, D.C.: Sand County Foundation and The Aspen Institute, pp. 121-145.

- A large and thriving nature-based tourism industry does not necessarily translate into sustainable conservation outcomes, even where the links between the resource and the tourism industry are clearly understood by all stakeholders (e.g. the Maasai Mara);
- For tourism revenues to translate into effective conservation incentives, the distribution and control of revenues- i.e. who reaps the benefits of tourism- is a fundamental issue. For tourism to contribute effectively to conservation it needs to channel substantial benefits to both national and local levels of society.
- Issues of **governance** revolving around rights to and ownership of resources largely determine who shares in tourism's economic benefits, and are thus central to promoting tourism as a component of effective conservation strategies. The control over tourism revenues, and the environmental assets that tourism depends on, is predominantly a political issue rather than a technical one.

These principles may serve to orient and frame efforts to design effective conservation-based interventions in the tourism industry- in both terrestrial and coastal areas- and are further developed in the strategic recommendations found at the end of this report.

4.0: Coastal Tourism in Eastern Africa: Economic and Policy Context and Trends

Several basic economic and institutional contextual factors are fundamental to understanding tourism development dynamics in the region:

- **Economic growth** is currently at high levels and commercial investment is increasing fairly rapidly in all three countries;
- Commensurate with this growth, **infrastructure** in all three countries is improving with respect to areas such as telecommunications and internet connectivity, roads, and air travel;
- **Institutionalized corruption** in all three countries is high and in some cases increasing; government decision-making and planning processes are, in general, determined more by informal relationships (i.e. patron-client networks) and interests than the rule of law;
- Following from the above point, the line between public and private sectors in this **institutional environment** is often blurred, as a main function of public office is the use of such powers and resources for private gain, and policy-making processes need to be understood in light of this political economic context.

The above three points are basic to an understanding of regional tourism development patterns, including how public policy decisions are made (i.e. #1 in the WWF working hypothesis) and influence those patterns.

4.1: Tourism Industry Growth

Macroeconomic growth in eastern Africa in recent years has been high, with Kenya, Tanzania, and Mozambique all registering estimated GDP growth rates in excess of 6% for 2007.⁹ In Tanzania and Mozambique, GDP growth of 5-7% annually has been sustained since around 2000, but in Kenya the economy was in recession from the late 1990's until 2003, but has recovered strongly since 2003.

The tourism industry in the region reflects these patterns of increased growth and investment, and tourism is a significant driver of macroeconomic growth in all three countries and thus of major strategic national importance in terms of generating foreign exchange and attracting capital flows. Overall, Africa's share of global tourism is growing, increasing from 1.5% of total international arrivals in 1970 to 4.5% in 2003, and it is projected to continue to increase.

Tourism represents about 17% of GDP in Tanzania and around 10% in Kenya; growth has been more sustained in Tanzania since the 1990's while Kenya's

⁹ IMF World Economic Outlook Database

industry, again reflecting the broader economic and political climate, declined from 1997-2003 but is now recovering rapidly, with annual surges in growth of 20-30% in 2004-2006. Tanzania earned an estimated \$850 million in 2006, while Kenya is forecast to exceed \$1 billion in total tourism revenues for the first time in 2007, based on earnings the first half of the year. In Mozambique, the tourism industry is much smaller at about 2.5% of GDP and 12% of exports, although it is has grown rapidly in recent years as well (13% per annum from 1999 to 2003).¹⁰

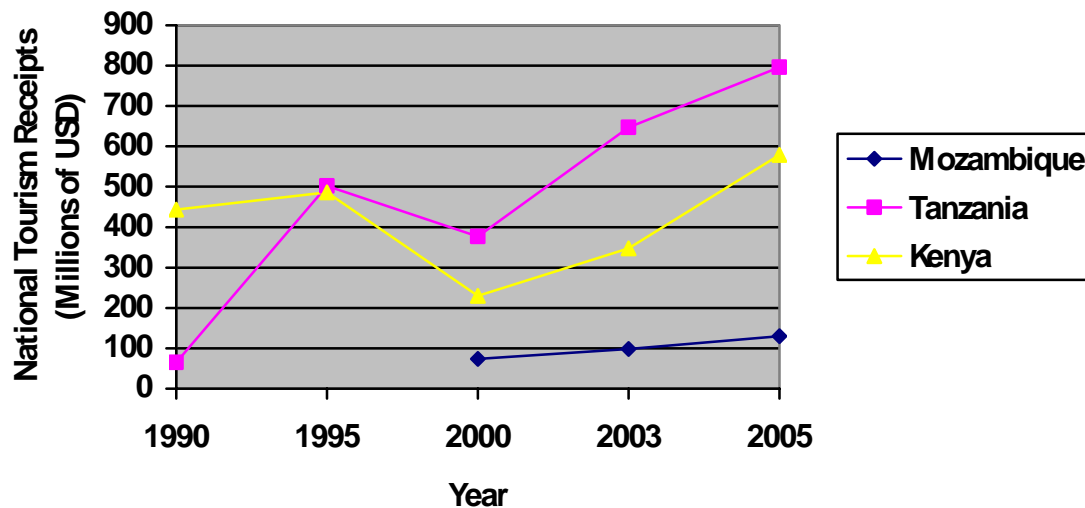


Figure 1: Gross national tourism receipts in eastern African countries, 1990-2005. Source: WTO¹¹

Tourism industry growth in the region is historically reliant on flows of foreign capital, although this is decreasing as wealth builds up in the region's private sector and economic elites. For the tourism industry, particularly in Tanzania and Mozambique, externally-sourced management expertise and marketing linkages are particularly important as well.

Foreign investment is a major driver of broad macroeconomic growth, and foreign direct investment in Africa as a whole doubled from 2004 to 2005, and the eastern Africa region is seeing significantly greater capital flows, and commensurate establishment of private financial service infrastructure, than even five years ago. This results from a range of factors, including:

- Continued domestic policy reforms designed to attract investment, including in the tourism industry;

¹⁰ International Finance Corporation. 2006. *The Tourism Sector in Mozambique: A Value Chain Analysis. Volume I.* IFC/FIAS/OECD Development Centre.

¹¹ World Tourism Organisation (WTO). 2006. Tourism market trends, 2006 edition- annex, [http://www.unwto.org/facts/eng/pdf/indicators/new/ITR05_africa_US\\$.pdf](http://www.unwto.org/facts/eng/pdf/indicators/new/ITR05_africa_US$.pdf). (accessed 5 March 2007)

- Continued large-scale foreign donor support of private investment as a core element of development policy;
- Gradually greater international awareness of economic opportunities in Africa as an investment destination and improvements in financial infrastructure, particularly in Kenya and Tanzania.

Although the business environment in the region remains generally poor by international standards (Table 1), particularly in Tanzania and Mozambique, it is improving as result of policy reforms and increasing commercial activity. Tanzania was one of the most improved African countries in terms of the national business environment in the 2007 World Bank *Doing Business* report.¹² Existing trends in the region suggest that the business environment in eastern Africa will continue to improve, foreign capital flows will increase substantially in the next 5-10 years, and the tourism industry will undoubtedly be a significant focus of commercial investment.

Table 1: Ease of doing business in countries in the region. Rankings from World Bank *Doing Business 2007* report and are out of 175 total countries.

Country	Ease of doing business ranking, 2007
Kenya	83
Mozambique	140
Tanzania	142

Financial support to the tourism industry in the region from aid institutions such as the World Bank is relatively limited and has been mainly ad hoc.¹³ Nevertheless, multilateral lenders such as the International Finance Corporation and European Investment Bank remain among the three key sources of long-term financing for tourism investments, along with domestic and international equity investors. The IFC had \$100 million invested in Africa's hotel sector in 2006, making it the most significant lender in the industry.¹⁴

Table 2: IFC tourism sector investments in eastern Africa, 1990-2005.¹⁵

Country	Project	Commitment (USD millions)	Fiscal Year
Kenya	Nairobi Hilton	6.0	1994
	Fairmont Hotels	20.0	--
Mozambique	Polana Hotel	3.5	1992

¹² World Bank. 2006. *Doing Business 2007: How to Reform*. Washington, D.C.: The International Bank for Reconstruction and Development/World Bank.

¹³ World Bank/MIGA. n.d. *Development through Tourism: The World Bank's Role 1966-2005*. Washington, D.C.: MIGA.

¹⁴ Ward, T. 2007. International hotel chains wake up to African potential. *African Business*, August-September, pp. 48-50.

¹⁵ Source: World Bank/MIGA, *op cit*, Ward, *op cit*

	Complexo Turistico Oasis	.73	1997
Tanzania	Zanzibar Serena Inn	1.44	1991
	Serena Lodges	9.0	1993
	Abercrombie and Kent	.80	1996,1999
	Blue Bay	1.5	1998
	Indian Ocean Hotel	2.5	2000
	Zanzibar Safari Club	.70	2000
	Boundary Hill Lodge	.20	2001

Multilateral donor institutions also provide significant coastal infrastructure and management funding, such as the \$62 million Marine Coastal Environment and Management Project, which operates as a six-year loan from the World Bank to Tanzania. The region's infrastructural development has historically been reliant on such loans and grants from bilateral and multilateral aid agencies, although the importance of private domestic capital is now increasing (Box 3).

Box 4: Donors, private domestic capital, and infrastructure development

Foreign donor agencies, both bilateral and multilateral, continue to play a major role in supporting national governments in eastern Africa. In Tanzania, about 40% of the budget is funded through Overseas Development Assistance (ODA). Donors have also played a major role in Tanzania and Mozambique in the shift from prior socialist economic policies to the current market-oriented consensus favoring private sector investment and enterprise as the requisite drivers of economic growth and poverty reduction.

Bilateral donors, with the exception of USAID, are increasingly directing their funding to general budget support, rather than project-based or sector-based support. This effectively lessens the degree of control donors have over the use of their funds- leaving it up to the recipient government to allocate the funds according to the overall national budget- but is designed to increase ownership on the part of the beneficiary governments. Major infrastructure projects often remain contingent on securing loans from multi-lateral agencies such as the World Bank.

However, African countries' financing of infrastructure is becoming more diversified by two major trends. The first is the rapidly increasing investment presence of China and other Asian countries in the region, as well as investors from Middle Eastern locales such as Dubai and Abu Dhabi. The second factor is the increasing vitality of domestic financial services infrastructure, and expanding debt and equity markets. For example, in an unprecedented transaction, Tanzania's national electricity utility company recently secured a loan of \$240 million from a consortium of domestic commercial banks and pension funds,

enabling it to by-pass multilateral lending agencies in order to secure financing for a major infrastructural overhaul.¹⁶

As a result of increasing levels of commercial investment and continuing large-scale donor support, the area's infrastructure is improving fairly rapidly, with significant implications for regional and coastal tourism. For example, the construction of the Mkapa Bridge across central Tanzania's Rufiji River has greatly improved accessibility of the country's southern coast from Dar es Salaam.¹⁷ The long-planned bridge across the Ruvuma River linking southern Tanzania and Mozambique is likely to become a reality over the next five years, and regular commercial flights between Pemba in Mozambique and Dar es Salaam has also improved access to northern Mozambique. The merger of the private domestic Tanzanian airline, Precision Air, with Kenya Airways, one of Africa's premier carriers, has also greatly improved air travel within the region, and Kenya Airways also offers relatively high-quality and inexpensive domestic travel between Nairobi and the coast. In contrast, Mozambique's international air linkages and internal airline services remain significantly inferior to its neighbors and a constraint on travel along its long coastline.

With respect to source markets, Tanzania and Kenya receive a fairly diverse mixture of European and North American, and some Asian, visitors. Kenya has begun marketing more aggressively to less conventional markets such as Russia and China in recent years. Mozambique is very different in being heavily reliant on South Africa (46% of arrivals) for its visitors and enjoys much lower levels of international recognition as a tourist destination.¹⁸ Mozambique is also notable in that 76% of its visitors are either business travelers or visiting friends/relatives; this reflects the relative underdevelopment of its holiday tourism market.¹⁹

4.2: Coastal Tourism Market Dynamics and Trends

Coastal areas in the region include both relatively 'mature' tourism destinations and relatively undeveloped areas which are likely to become more developed and utilized by the tourism industry in the near to medium-term future. Much of the Kenyan coast is relatively developed for tourism, and beach areas around Mombasa are the most heavily developed coastal areas north of South Africa. In Tanzania, the main coastal tourism destination is the island of Unguja

¹⁶ Mwamunyange, J. 2007. \$240m historic bailout for Tanesco. *The East African*, September 10-16, p. 2.

¹⁷ In an example from the northern part of the country, the Japanese-funded tarmac road from Makuyuni to Ngorongoro Conservation Area has greatly improved the road quality of northern Tanzania's main safari circuit.

¹⁸ Language is also something of a unique constraint for Mozambique, although it has a strong competitive advantage in attracting the Portuguese market.

¹⁹ IFC, *op cit*. If only the holiday market is considered, then the South African proportion of Mozambique's tourism visitors increases to over 90%, further reflecting the extremely low level of intercontinental holiday tourism in the country as of yet.

('Zanzibar'), whereas the mainland coast, except for the beach resorts north and south of Dar es Salaam, is mostly undeveloped. The islands of Pemba and Mafia, and a few coastal locales such as Pangani and Bagamoyo, have intermediate levels of development with much potential to expand. Tanzania's southern coast is mostly undeveloped but areas such as Kilwa and Mnazi Bay are likely to grow substantially during the next 5-10 years. Most of Mozambique is relatively undeveloped with the exception of a few areas such as Vilanculos (Bazaruto Archipelago).

Table 3: Varying levels of development in regional coastal tourism destinations

	Level of market development or maturity		
	Established or saturated destinations	Emerging destinations	Future destinations
Tanzania	<ul style="list-style-type: none"> • Unguja (Zanzibar) • Dar es Salaam beaches 	<ul style="list-style-type: none"> • Pemba Island • Pangani • Bagamoyo • Mafia Island 	<ul style="list-style-type: none"> • Mtwara and southern coast; Mnazi Bay/Ruvuma Estuary Marine Park • Kilwa • Rufiji Delta
Kenya	<ul style="list-style-type: none"> • Mombasa beaches • Lamu • Malindi 	<ul style="list-style-type: none"> • Arabuko-Sokoke forest • Kaya coastal forests 	<ul style="list-style-type: none"> • Tana Delta
Mozambique		<ul style="list-style-type: none"> • Pemba/Quirimbas NP • Vilanculos/Bazaruto Archipelago 	<ul style="list-style-type: none"> • Other coastal areas

Coastal tourism development throughout the region is developing rapidly at present. Kenya's coastal tourism industry, which was hit hardest during the downturn of the late 1990's,²⁰ has also recovered and once again comprises over 50% of total bed-nights in the country. In Mozambique, tourism's growth is highly concentrated in the coast as, unlike Kenya and Tanzania, a significant wildlife-based safari component is not established. In contrast, both Kenya and Tanzania have successfully developed well-known 'sun-and-safari' tourism products integrating their famous wildlife parks and coastal destinations into ten-day or two-week itineraries. In Tanzania, many lodge owners from the traditional wildlife circuit in the northern part of the country increasingly horizontally integrate by obtaining properties on the coast (mostly Zanzibar) so that they can offer this entire package themselves. This may be helping to spread the more high-priced, low volume ecotourism models to coastal destinations in Tanzania.

²⁰ Kenya's downturn from about 1997 to 2003 was largely driven by internal violence and terrorist attacks, including: the Likoni ethnic clashes on the coast in 1997 linked to the general election politicking of that year; the 1998 bombing of the American embassy in Nairobi; the 2002 terrorist attacks near Mombasa involving bombing of an Israeli-owned hotel and firing surface missiles at an Israeli charter aircraft. The 1997 Likoni clashes were particularly deleterious for coastal tourism and caused a rapid drop in visitors and massive layoffs from coastal tourism properties.

More developed destinations in coastal areas are typically 'mass tourism' destinations. On the Kenyan coast, large package tours catering to mostly European (British, Italian, German) tourists predominate and an emerging market in time-share villas is growing. For example, tourism in Malindi is dominated by the Italian market- Italian is more widely spoken locally than English- which is oriented mainly towards resort-style beach products as well as the area's noted informal sex industry.²¹ The coastal beach resort tourism model has also spread to much of the Zanzibar coast, although Zanzibar's total tourism volumes remain well below the Kenyan coast's. Cruise tourism is a component of coastal tourism industries in Kenya and Tanzania (particularly Zanzibar), with the lead destination being Mombasa, which receives comparable numbers of visitors to other leading western Indian Ocean ports (e.g. Durban, Reunion). A Cruise Indian Ocean Association has been formed to promote cruise tourism throughout the broader region.

²¹ There is a substantial professional literature of this aspect of Kenya's coastal tourism industry, which is far more developed than elsewhere in eastern Africa. See for example, Kibicho, W. 2005. Tourism and the sex trade in Kenya's coastal region. *Journal of Sustainable Tourism* 13(3): 256-280.

East Africa: Coastal Tourism Trends



Figure 2: Map of each country showing main areas of coastal tourism development.

Financing of eastern Africa’s tourism sector is spread widely among an array of sources, including Europe, Arabia (e.g. Dubai and other UAE principalities), Asia, North America, and South Africa. For example, Ronnie Resorts, the largest owner of island lodges and resorts in Mozambique’s Pemba area, is financed by Middle Eastern investors, while Serena Hotels, among Tanzania and Zanzibar’s largest tourism properties, is owned by the Aga Khan Fund for Economic Development.²² Investment by international hotel chains in eastern Africa has

²² Serena also owns a hotel in Mombasa and the Hotel Polana in Maputo but is most heavily invested in Tanzania.

thus far been limited, but these investors are likely to play an increasing role in the future. For example, the German hotel chain, Kempinski, has recently opened properties in Zanzibar and Dar es Salaam²³ and is planning expansion into Kenya.²⁴ Other international chains such as InterContinental, Radison, and Movenpick are looking to either enter or expand within coastal eastern Africa as well and growth prospects are considered high in this market.²⁵ Eastern Africa's coastal tourism industry is a truly globalized one with respect to financing and ownership.

Although tourism is booming in coastal eastern Africa in terms of growth and investment, ecotourism product development remains far behind the inland tourism market. For example, of 32 eco-rated properties certified under the Ecotourism Kenya rating scheme, only three of these are coastal facilities.²⁶ There are no stand-out examples on the coast of community joint ownership or high levels of socioeconomic impact, such as those reviewed in section 3.0 with respect to locales in Kenya and Tanzania's inland safari market.

The strongest examples of ecotourism in coastal Tanzania, in terms of supporting biodiversity conservation, are areas such as Chumbe Island Lodge and Mnemba Island Lodge which function as privately owned and managed marine parks. These areas have, however, involved some conflict with local communities as a result of excluding local fishermen from the designated areas.²⁷ A similar impression of community involvement in coastal tourism development in Mozambique, whereby private investments basically replace local resource utilization practices, is documented in a number of recent studies and reports.²⁸

Several reasons appear to explain the relative lack of community-based tourism ventures in the region's coastal areas. First, coastal tourism is heavily dependent on high value lands located on fairly small and often concentrated areas- i.e. beachfront property. These small, prized areas are thus particularly prone to expropriation and alienation, and less likely to be owned at the collective community level than, say, the extensive rangelands and savannahs in the interior. In Kenya, most coastal lands are district-owned trust lands, as opposed

²³ The Kempinski properties in Tanzania are partially financed by the Gulf-based Albawardi Investments. Kempinski is also currently among the investors in new tourism lodges in the Serengeti.

²⁴ Riungu, C. 2007. German hotel chain eyes Kenya as tourism booms. *The East African*, August 13-19, p. 35.

²⁵ Ward, T. 2007. International hotel chains wake up to African potential. *African Business*, August-September, pp. 48-50.

²⁶ These are Turtle Bay Beach Club in Watamu, Mombasa Serena in Mombasa, and Kizingo Lodge in Lamu.

²⁷ Honey, M. Forthcoming. Zanzibar: Ecotourism on a Muslim island. Chapter 8 in 2nd edition of *Ecotourism and Sustainable Development: Who Owns Paradise*. Washington, D.C.: Island Press.

²⁸ Tanner, C. and S. Baleira. 2006. *Mozambique's legal framework for access to natural resources: The impact of new legal rights and community consultations on local livelihoods*. LSP Working Paper 28. Rome: FAO; IFC 2006 also refers to displacement of indigenous communities in Vilanculos/Bazaruto, and refers to "strained relations" between the tourist resorts and communities.

to privately held Group Ranches in most wildlife safari areas, which has made alienation of coastal lands much easier and marginalizes community involvement in tourism ventures.

An additional factor is that coastal tourism utilizes marine natural resources- reefs and fisheries- which generally are not subject to any recognized property rights on the part of local communities. By contrast, even though wildlife throughout the region remains, statutorily, the property of the state, for tour operators to access that wildlife on community lands- at least where local land rights are defined- requires them to negotiate with the communities for that access. The different ecological and spatial circumstances in coastal areas makes it more difficult for operators to contract exclusively with the local community as the basis for their operations as is done in many inland safari destinations.

Despite these constraints, it seems clear that prospects exist for developing more effective organizational and institutional mechanisms for coastal tourism ventures which involve local communities in meaningful ways.

4.3: Tourism Policy and Governance

In order to understand the way that government decision-making processes and formal policies influence tourism development patterns, it is important to have a general understanding of how regional political institutions function. An important aspect of the policy-making process in eastern Africa is that the institutional environment is characterized by high levels of corruption in all three countries.²⁹ All the countries discussed here function as patron-client states where informal relations and large-scale privatization of public resources by state agents are basic elements of the operations of governing institutions. These institutional patronage interests exert a high level of influence on the way that policy decisions are made and enforced. Public policy seeks to, on the one hand, increase investment and growth, but at the same time to maintain consolidated central control of economic resources and transactions in order to further personal and institutional patronage objectives. These parallel objectives are often incongruent and this can lead to confusion over 'official' policy as opposed to 'actual' policy.³⁰ It is important to understand the incentives and institutional structures that underlie policy decisions. Many formal policies, particularly those championed by relatively short-term donor projects, do not reflect the incentives of governing institutions or elites and thus are not implemented.

²⁹ Based on data from, for example, the Transparency International Corruption Perceptions Index and World Bank *Governance Matters* annual reports, as well as an array of national and local reports.

³⁰ A practical example of this disparity in Tanzania's tourism industry is that while formal policies have, since the late 1990's, called for greater community involvement in benefitting from wildlife-based tourism revenues, actual administrative and legislative decisions have repeatedly undermined this ostensible goal. See Nelson, F, *op cit*.

Another key outcome of this institutional context is that public officials often become leading actors in private sector activity. In an economy largely controlled by informal institutional relationships, commercial interests often enter into partnership with powerful public officials in order to obtain market access. It is necessarily difficult to document these relationships,³¹ but they are an elemental aspect of the structure of economic activities in tourism and other industries in the region.

Box 5: Tourism planning and decision-making- the case of Serengeti National Park

The Serengeti National Park is, along with Ngorongoro Crater and Mount Kilimanjaro, the centerpiece of Tanzania's tourism industry and a key to the country's competitive advantage in Africa's growing ecotourism markets. In 2004/05, Serengeti generated 9.8 million Tshs (about \$8.5 million), accounting for about 30% of the total earnings of Tanzania's fourteen national parks.³²

Tourism development in the Serengeti's 14,000 km² has generally followed Tanzania's policy of promoting high value and lower volume tourism; there are only four major hotels in the park with capacity of over 100 beds, and numerous other smaller tented camps and non-permanent luxury campsites. In 2006, in order to maximize revenues while limiting tourist numbers, the 24-hour entry fee for the park was raised from \$30 to \$50.

In his annual budget speech to Parliament given in July, 2007, Tanzania's Minister for Natural Resources and Tourism announced government plans to increase the number of bed-nights in Serengeti National Park from the current 950 to about 4,500 by 2012. This followed on announcements of similar plans before Parliament by the Prime Minister. Both speeches emphasized the importance of increasing the tourist capacity of the park in order to generate more revenue, and stated that these economic objectives will not be needlessly constrained by environmentalists' concerns. In the coming year the Serengeti National Park's general management plan will be revised in order to provide for this increase 500% in the park's tourist capacity.

What drives this dramatic change in tourism development policy in one of the country's most important conservation areas and economic assets? Certainly, no foreign donor or NGO pressure has encouraged these measures; these actors have, by contrast, generally discouraged or opposed the move. Although donors such as the Frankfurt Zoological Society continue to play a major role in supporting the Serengeti's management through technical and financial resources, these events illustrate the minimal influence played by these

³¹ Although in recent months a daily glance at the headlines of Tanzania's newspapers would provide ample evidence of these dynamics.

³² Tanzania National Parks. 2005. *Annual Report 2004/2005*. Arusha: TANAPA.

organizations with respect to major development decisions. Rather, one can interpret the change in policy as a result of both national policy level pressures to generate more revenue in order to fund infrastructure, social services, and other developmental priorities, coupled with the enormous private sector interest in the Serengeti and the potential for a range of actors, particularly interlinked international tourism investors and national economic elites, to capture some of the Serengeti's growing financial production.

These governance issues are also central to understanding one of the most significant outcomes of increasing tourism investment in the region, particularly in coastal areas: the concentration of land ownership and loss of local land rights. This is a uniform theme throughout coastal tourism development in all three countries. In Kenya, most coastal areas have been obtained by local or national elites and private operators. In Zanzibar, there has been little recognition of customary land rights (compensation was paid only for coconut trees) and most prime coastal areas were granted/sold by the state to private investors and local rights and access extinguished. In Mozambique this process is on-going and apparently intensifying in the northern part of the country.³³ A recent FAO study documents the process of forcing locals to vacate land in order to make way for tourism developments in the vicinity of Quirimbas National Park: compensation payments were made but *“these values bear no relation to the real economic value of the resource being secured by the developers, and are barely enough to allow the families to set up home again in the coastal areas to which they were transferred.”*³⁴ The same study notes that because compensation is based only on coconut tree values, on average communities were paid compensation of US\$390/ha, while subsequently the developers were able to sell such properties at an actual market value of US\$20,000/ha.³⁵ Such concentration of land holdings and expropriation of local land rights undermines the potential for establishing strong local interests in the tourism industry through private-community partnerships and joint ventures. This trend has political economic roots but in the context of coastal tourism can contribute to enhancing negative environmental outcomes while minimizing generation of local economic benefits.

With respect to formal policies, all three countries in the region are generally very supportive of expanding the tourism sector, recognizing it as a high-potential growth area and a sector where they hold a competitive advantage compared to other parts of the world. For example, Tanzania's National Strategy for Growth and Reduction of Poverty focuses on a) continuing to build the national tourism industry as an 'engine' of GDP growth; and b) improving the macro-micro linkages in the tourism sector to increase direct benefits to local communities. Mozambique's government is supportive of growing the tourism sector, developed a strategic plan and implementation strategy for the tourism sector in

³³ This problem has, over the last several years, caused WWF's Northern Mozambique office to focus on securing community land rights as a basis for community-private tourism joint ventures.

³⁴ Tanner, and Baleira, *op cit*, p. 30.

³⁵ *Ibid.*, pp. 28-30.

2003, and is investing in marketing the country's attractions. Kenya's commitment to aggressive marketing since 2003 was one of the keys to reviving its tourism industry, and the capacity of its central government to provide an enabling environment for private sector activity clearly stands out in the region. Tanzania in particular promotes 'high-end' tourism- i.e. low volume and highly priced- although this is perhaps more a function of the high costs of doing business and high costs of travelling to the country, than any deliberate choices made by the tourism sector itself.

In general, while policies promote tourism development and investment in various ways, the *de facto* reality is that tourism industries in the region are largely unregulated. For example, despite various policies and regulations which nominally govern and guide tourism development, Zanzibar's coastal tourism industry has been virtually unregulated during its period of rapid growth for the past decade.³⁶ Tanzania completed an Integrated Tourism Strategy and Master Plan with European Union funding in 2002, but this plan has had little relevance to development of the industry since then. Kenya's coastal tourism industry has developed largely in the absence of any formal planning processes.

Although there is a persistent gap between formal policies and practical realities in the region, there is a variable level of recognition among policy-makers that sustaining a healthy and growing tourism industry over time, with its attendant economic benefits, requires environmentally and socially sustainable development practices. There have been significant regional improvements in the capacity of governments in the region to regulate environmental impacts of tourism developments in recent years, as well as to increase the statutory protection of marine resources. Kenya passed the Environmental Management and Coordination Act in 1999, which has reportedly had a major impact on tourism facilities in terms of forcing compliance with improved environmental standards. Tanzania passed a similar Environment Management Act in 2004 and Environmental Impact Assessment is now a standard component of most large-scale developments.³⁷

Also reflecting regional governments' strategic interests in both a) environmental sustainability and b) central control of valuable resources, the extent of Marine Protected Areas (MPA's) is steadily increasing in the region. All three countries are currently expanding MPA's, with Tanzania, for example, committed to increasing the proportion of its coastal waters under protection to 10% by 2012 and 20% by 2025.³⁸

³⁶ Honey, *op cit.*

³⁷ That said, it remains the case that such EIA's will in most cases have little impact on projects that have informal political support. A present controversy related to such issues concerns a proposed soda ash factory at Lake Natron in northern Tanzania. See: <http://news.bbc.co.uk/2/hi/africa/6292434.stm>

³⁸ Ruitenbeek, J., I. Hewawasam, and M. Ngoile. 2005. *Blueprint 2050: Sustaining the Marine Environment in Mainland Tanzania and Zanzibar*. Washington, D.C.: The World Bank.

5.0: Understanding Trends and Patterns of Coastal Tourism Development in Eastern Africa

The following provides a summary of key trends and impacts in eastern African coastal tourism development, as a prelude to revisiting the WWF working hypothesis introduced in the beginning of the report:

- Tourism is rapidly growing at present throughout the region and has high potential to continue this growth, with many undeveloped areas remaining, particularly in Tanzania and Mozambique. This growth is driven by a range of factors, including:
 - High levels of global tourism growth and increasing awareness of and demand for African destinations;
 - High levels of broad regional macroeconomic growth and increasing capital flows, from both domestic and foreign sources, in eastern Africa;
 - Improving infrastructure, supported largely by donor loans and grants;
 - Continued donor pressure to improve local and national business environments and attract commercial investment as the mainstream regional poverty reduction strategy;
 - Resulting from this donor pressure, domestic political priorities, and elite interests, continued government support for and emphasis of tourism development as a key economic growth strategy and investment focus;
- Positive impacts on coastal areas from the growing tourism industry, from a strictly environmental perspective, include:
 - Increased government interest in establishing Marine Protected Areas, stopping destructive practices such as dynamite fishing, and safeguarding biodiversity in coral reef systems
 - A number of innovative ecotourism projects and private marine reserves with particularly high conservation outputs, and other tourism lodges that prioritize investing in conservation as part of their corporate social mission or business vision;
 - A gradually improved legal framework for controlling the impacts of tourism and other developments in coastal areas through environmental impact laws and regulations.
- Negative impacts on coastal areas in the region from the growing tourism industry from an environmental perspective include:
 - Increased consumption and exploitation of coastal resources leading to unsustainable use and degradation in certain areas, particularly parts of coastal Kenya, Tanzania, and Zanzibar;
 - Concentration of land holdings and alienation of local land and resource rights in highly valued coastal areas;
 - From an environmental perspective, this undermines the potential for developing strong private-community joint

ventures, which are central to creating the local economic incentives necessary for long-term resource conservation.

5.1: WWF Working Hypothesis Revisited

The WWF hypothesis is built on the assumption that a) government land use decisions and b) real estate developers with a high level of global integration are the two principal drivers of coastal tourism development patterns. Two secondary players, tourism operators and tourism consumers (the 'demand' market), are also included as relevant but secondary influences.

With respect to government land use decisions, most coastal tourism developments in the region do not result from active policy decisions or formal plans, but occur within a relatively loosely structured or ineffectual regulatory environment where the primary driver is the market. Most economic investments occur through a web of formal and informal relationships between private investors, state agencies, and public officials pursuing private economic interests within the broader macro-political environment.

Land tenure throughout the region is subject to overlapping jurisdictional claims, and often contested amongst multiple parties, and restrictions on purchase of land rights by foreigners. Thus the real estate industry, as such, is limited in its scope as a formalized market, and many land transactions are largely informal. The overriding trend in land tenure in coastal areas is that increasing investment and market activity creates incentives for powerful actors- often those linked to central government institutions formally or informally- to gain control over valuable coastal lands. In Kenya, coastal areas have been a locus of broader national patterns of private capture of valuable lands. In Tanzania, Zanzibar has seen nearly all of its high-value coastal lands developed and alienated from coastal communities. In Mozambique, a similar process appears to be unfolding.

Thus the following key points with regards to the above hypothesis emerge:

- Government land use decisions, by and large, do not drive tourism development patterns, although government provision of infrastructure and other policy decisions (e.g. liberalization of private enterprise) support expansion of tourism markets;
- Broad market dynamics in a relatively unplanned and undirected manner drive coastal tourism development patterns;
- The market, which is based on valuable coastal lands, is subject to high levels of control or capture by elite public-private interests, and linked to broader patron-client governing structures;
- This market does not facilitate easy entry by globally integrated private actors as purchasers of real estate; the role of such players is largely limited to construction and management of tourism properties, usually in strategic 'local partnerships' with key domestic public and private actors.

This control over market entry on the part of powerful central actors is one reason for a) the region's generally poor business environment rankings using western-derived metrics and b) the disparate and de-concentrated nature of financial investment patterns in the region's tourism sector.

6.0: Towards a Strategic Approach to Coastal Tourism in Eastern Africa

Current trends in coastal tourism in eastern Africa represent both significant threats and opportunities for sustainable environmental management. The chief opportunity is that tourism can provide major economic incentives, both locally and nationally, for environmental stewardship of natural resources and biodiversity. For such incentives to operate at the local level, however, local communities and landholders must have a secure stake in the revenues generated by tourism investments, as well as control over development patterns and impacts.

Sustainable tourism development depends on developing management systems and institutions which create incentives for controlling negative impacts while effectively sharing benefits between local and central actors. **Engaging strategically with national management agencies, local communities, and the private sector all play a part in developing such systems.** At present, ecotourism is highly underdeveloped in coastal parts of eastern Africa in comparison to the inland safari market. Changing this should be a focus of WWF efforts to work with the region's tourism industry. I offer several possible ways of structuring such engagement at these three entry points, although these suggestions are necessarily preliminary based on the limited scope of the report and the diversity of contexts in the region.

National Planning and Regulatory Agencies:

Clearly, tourism development benefits tremendously from an integrated planning and regulatory approach, which must be developed and coordinated by national authorities. Close relationships with central authorities in key marine areas in the region, such as Mafia Island Marine Park and Quirimbas National Park, are a relative strength of WWF's historical role in the region. Possible interventions aiming to promote sustainable forms of coastal tourism at this level could therefore include:

- Increasing capacity for central environmental planning, regulation, and enforcement. Opportunities clearly exist for capitalizing on new regulatory institutions and requirements in the region, and for using these institutions to leverage improved environmental management in coastal areas, including improved standards within the tourism industry.
- Promoting collaborative management between state agencies and local communities, as a strategy for creating local opportunities from the tourism sector and participation in management of areas such as Mafia Island and Quirimbas.³⁹

³⁹ WWF has a great deal of experience in playing this role and dealing with the challenges of engendering effective public-local participation in the management of protected areas.

It should however be noted that national level interventions, and particularly with respect to planning and regulatory capacity of central institutions, is generally the main focus of large-scale donor programs in the region.⁴⁰ Investments by other large donors also focus on improving the business environment and marketing of regional tourism products, which appears to be particularly important in Mozambique at present. It is therefore not clear if focusing on this area would, in all contexts, be the most strategic area of investment for WWF.

Local Communities:

A key strategic objective for sustainable coastal tourism is ensuring that tourism revenues create direct local incentives for conservation at the local level.⁴¹ It is important to recognize that this objective fundamentally relates to local rights to manage valuable lands and resources, and thus has important political economic dimensions which any effective strategy must thoroughly analyze and take account of. Some key areas for WWF to focus on in the region may include:

- Promoting and supporting private-community tourism joint ventures based on existing 'best practice' models from elsewhere in the region (e.g. community-owned lodges in Kenya, village-operator concession contracts in northern Tanzania).
 - This would include investing in building community organizational capacity, knowledge, and skills over time in order to enhance local commercial opportunities.
- Working to improve local resource tenure and security, particularly focusing on land tenure as a priority in vulnerable areas.
 - This would likely necessitate WWF developing collaborative (and perhaps non-traditional) relationships with local development and advocacy organizations with experience and expertise in addressing land tenure issues, including their often contentious political dimensions.

Private Sector:

Much of the key leadership and innovation for sustainable tourism in the region comes from committed and visionary private sector actors. Any effective strategy for enhancing the environmental benefits of tourism in the region must be based on strong collaborative relationships with private tour operators, and develop tactics for supporting operator initiatives in ways that add value and spur innovation. A range of possible strategies exist for promoting community-private partnerships and progressive coastal tourism business models from the private sector side.

⁴⁰ I.e. USAID support of tourism planning in Cabo Delgado province and similar long-term support to integrated coastal management planning in Tanzania.

⁴¹ WWF's Northern Mozambique programme appears to be most clearly aligned to addressing the issues under this heading, including specifically both issues of jointly owned community-private ventures and securing community land rights. These efforts might provide an organizational model for addressing these issues relating to conflicting interests in valuable resources and empowerment of local communities.

- As with communities, facilitating private-community joint ventures based on shared interests and a business relationship between investors and local people;⁴²
- Building and promoting the case for community partnerships and environmentally sustainable operations from a business perspective;
 - Tourism certification schemes represent an emerging opportunity for pursuing this strategy in the region. Such opportunities are probably most substantial in Kenya, where formal standards for ecotourism have been developed by Ecotourism Kenya.⁴³ Interest is however growing on the part of a range of government, NGO, and private sector actors in certification in Tanzania and Mozambique as well, and this may be an area that WWF could leverage its experience in developing other types of environmental products certification schemes.
 - Working with the tourism supply chain, especially outbound and inbound tour operators servicing East Africa, to set environmental and social standards for accommodations and to help educate consumers. The Tour Operators Initiative, which is supported by WWF, provides a model.
- Developing ways of providing or leveraging financial support to progressive tourism businesses through ‘venture philanthropy’ models of investment.⁴⁴
- Identifying innovators of best practices, and helping to bring them together with a more powerful and organized voice – to government, the media, consumers, and other target audiences. Tourism innovators include some developers and architects, companies involved, for instance, in carbon offset and alternative energy, certification, and Travelers’ Philanthropy.

Cross-cutting Collaboration

A final suggestion is that relates to all three of the entry points discussed above (central government, private sector, local community), is that addressing complex and multi-faceted conservation and development issues such as tourism is best pursued through a collaborative and adaptive approach. In particular, the significant governance and political elements inherent in tourism development, as an economic process, creates an imperative for organizations such as WWF to build collaborative efforts among stakeholders to address these key issues. A

⁴² Rather than the more conventional relationship between tourism businesses and communities, which tends to be based on discretionary charity on the part of the former towards the latter, which greatly weakens their impact in terms of strengthening local livelihoods and building the local stake in tourism investments (refer back to Box 2 in section 3)

⁴³ See: <http://www.ecotourismkenya.org>

⁴⁴ See for example the Acumen Fund (<http://www.acumenfund.org>) ‘social enterprise’ model of making philanthropically-oriented investments, mainly in the form of preferential loans and augmented with Acumen’s technical support, in businesses in developing countries which have measurable outputs in their focal areas of water, housing, health, and energy.

number of existing collaborative networks in the region provide a basis for developing such strategic partnerships.⁴⁵

⁴⁵ These include Ecotourism Kenya, the Kenya Marine Forum, Kenya Wetlands Forum, Kenya Community-based Tourism Network, Tanzania Dynamite Fishing Monitoring Network, and Tanzania Natural Resource Forum (Community-based tourism working group),

7.0: List of Contacts and Interviews

Name	Location/Country	Position/Organization
Simon Anstey	Mozambique	Expert in community-based natural resource management in Mozambique; former employee of IUCN-MZ
Peter Bechtel	Mozambique	Northern MZ Coordinator, WWF
Julia Bishop	Pemba Island, Tanzania	Manager, Fundu Lagoon Lodge
Judy Kepher-Gona	Kenya	Coordinator, Ecotourism Kenya
Matt Lutkenhouse	Mozambique	Managing Associate, Nathan Associates
Donald Mombo	Kenya	Kenya Community-based Tourism Organization
Thad Peterson	Tanzania	Friends of Maziwi Island/Dorobo Tours
Dave Reynolds	Tanzania	Technical Advisor, Mnazi Bay- Ruvuma Estuary Marine Park
Sibylle Riedmiller	Tanzania	Coordinator, Tanzania Dynamite Fishing Network