

**TOURISM AND ECONOMIC DEVELOPMENT: POLICIES, INSTITUTIONS AND
SUPPLY SIDE, RWANDA CASE COMPARATIVELY TO UGANDA AND TANZANIA**

By

Jeanne d'Arc Umulisa

THESIS

Submitted to

KDI School of Public Policy and Management

in partial fulfillment of the requirements

for the degree of

MASTER OF PUBLIC POLICY IN ECONOMIC DEVELOPMENT

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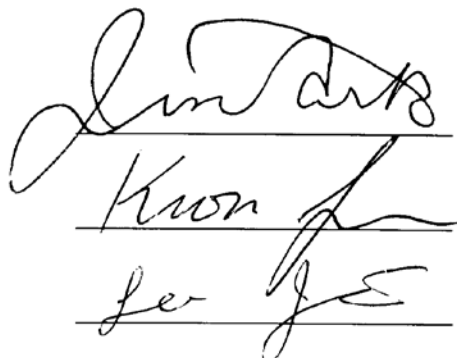
MASTER OF PUBLIC POLICY IN ECONOMIC DEVELOPMENT

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ABSTRACT

Tourism is a diverse and labor-intensive industry that can provide a wide range of employment opportunities. It is also well placed to contribute to poverty reduction: because it is consumed at the point of intervention, even rural community areas can be service exporters in the sector. The government of Rwanda through prioritization of sectors for its strategy of development chose the tourism industry, for it is a sector that has been continuously increasing proving to be profitable for the economy.

However; converting Rwanda's tourism comparative advantages into competitiveness and sustainability require not only coherent policies and a dynamic supply side but also efficient institutions to translate policy measures into Programs. This wider perspective is essential if tourism industry is developed in a way to positively affect poverty reduction especially in rural areas by promoting community based tourism.

Many policies have been put in place to promote this sector, and recently one of them was to join the EAC single visa. Though Rwanda tourism attractions still undiversified the sector has been performing well, but competing with countries possessing more diversified tourism products like Tanzania and Uganda, big in terms of economic geographic size will imply a more strategic marketing model to position Rwanda as unique destination.

This study provides a comparative study between three EAC countries Tanzania and Uganda, and in the end this study presents recommendations to consider at policy, institutional, and supply side level, for Rwanda to continue attracting more tourists and build a global image destination for tourism development.

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Acronyms

CBT: Community Based Tourism

EDPRS: Economic Development Poverty Reduction Strategy

EATWCA: East African Tourism and Wildlife Coordination Agency

EAC: East African Community

DMAs: Destination Management Areas

FDI: Foreigner Direct Investment

FESPAD: The Pan African Dance Festival

GACP: Gishwati Area Conservation Program

GDP: Gross Domestic Product

OECD: Organization for Economic Co-operation and Development

IMF: International Monetary Fund

LDCs: Least Developed Countries

NGO: Non-Governmental Organization

RDB: Rwanda Development Board

SMEs: Small and Medium Enterprises

SSA: Sub Saharan Africa

TSA: Tourism Satellites Accounts

UNDP: United Nations Development Program

UNWTO: World Tourism Organization

WTTC: World Travel and Tourism Council

WEF: World Economic Forum

CHAPTER I INTRODUCTION

Rwanda's economy is based on agriculture and generally this is the same for many developing countries in Africa. The overreliance on the agriculture sector which still at subsistence level; lowers the speed of economic development. Many African governments including Rwanda has seen the potential of tourism sector as a tool diversify local economies and contribute to poverty reduction through generating foreign earnings and increase Foreign Direct Investment (FDI) therefore provide more job opportunities to urban and rural people and improve the standard of living of the population while preserving the biodiversity.

In the 2010 World Bank Development Report, Spenceley and Nelielsen wrote about *the success of Tourism in Rwanda gorillas and more and more*, mentioning that, "Rwanda is well known for its mountain gorillas. First brought to international attention by the conservation efforts of Dian Fossey in the 1960s and 70s, Rwanda's gorillas have featured in numerous documentaries and have in the recent past been visited, for example by Bill Gates, Natalie Portman and Ted Turner, who have all participated in the annual gorilla naming ceremony. Rwanda and Uganda are the only two countries in the world where mountain Gorillas can be visited safely at the moment."¹ The benefits of Tourism sector in Africa are many but for them to stimulate the boom of economic development the private sector must be fully involved, not only it can give quality services but also it is well positioned to easy equal distribution. It is true that many African touristic destinations have been growing and generating revenues for their economies, however this growth must be equitably shared in all sectors of the

¹ Anna Spenceley and Hannah Nelielsen *the success of Tourism in Rwanda gorillas and more and more*, World Bank Development Report 2010, 7

The report states that “The impact on the business model is that a greater proportion of the direct and indirect receipts from tourism accrue in the host country.”² 90% of tourism enterprises in Africa are SMEs and this shows an important role of the private sector in collaboration with the government to sustain SMEs and in most cases they are owned by lower income people and mostly they are the direct services providers to tourists.

Most of the SMEs, both in rural and urban areas, are owned by young entrepreneurs it gives them the opportunity to contribute to the development while transforming their communities this shows another important point of the private sector’s role for a sustained tourism sector and leading to economic development.

1.1 Background of the study

The tourism industry in Rwanda has been growing since 1995, emerging as the top foreign currency earners. It has overtaken the coffee and tea industries, because the government has a commitment to promote this sector and market Rwanda among the top destinations in Africa. After the Genocide in 1994, the economy was completely shaken. The first step was to establish national security and peace, then rebuild the economy by setting priority pillars. As a cross-cutting economic activity Tourism industry was set among the targeted priorities. Tourism has been identified as a priority sector to achieve Rwanda’s development goals set out by the government in its Vision 2020.

With the application of tourism policies, the first one put in place in 2006 and the new one in 2010, the country has been able to make significant progress in developing and

² World Bank Group. July, 2006. *Africa private sector development*,
<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/EXTAFRUMAFTPS/0,,contentMDK:20793743~menuPK:2145169~pagePK:51246584~piPK:51241019~theSitePK:2049987,00.html>
(Accessed July 3rd 2011).

managing its tourism sector in recent years. In 2008 the number of foreigner visitors to Rwanda reached just 1 million from 826,000 in 2007, an increase of **30%**.

Estimates indicate that tourism revenues significantly increased in 2007 and 2008, from \$138 million to \$209 million. According to the UNDP'S 2011 report written in collaboration with UNWTO on *Tourism and Poverty Reduction strategy in the Integrated Framework for Least Developed Counties*: "Tourism is a diverse and labor-intensive industry that provides a wide range of employment opportunities, it is a sector that is well placed to contribute to poverty reduction: because it is consumed at the point of intervention, even low-skilled workers in remote areas can become tourism exporters. However, converting comparative advantages into competitiveness and sustainability require not only a coherent policy framework and a dynamic private sector but also efficient institutions to translate policy measures into programs.

Economic benefits of tourism have been enormous, especially for developing that have limited sources of foreign currency like Rwanda. However, for Rwanda to establish a sustainable tourism sector which is capable to compete regionally, and internationally, a sector that will make Rwanda a destination country not only a transit country requires strategic policies backed up by capable and strong institutions and private sector.

It implies also to develop better programs favorable to the promotion of tourism industry and marketing thus counteract and reverse the unfavorable situation to make the industry more profitable to economic development especially for the local communities."³

Even though Rwanda's tourism industry has been growing, recently East African Community countries decided to market the EAC as one destination and to offer one single visa for all tourists who coming to all EAC countries.

³. Trade and Human Development Unit. 2011. *Tourism and Poverty Reduction Strategies in the Integrated Framework for Least Developed Countries*. UNWTO, 4

However the countries are different in terms of economic level of performance, geographic condition and size, and historic background, the tourism sectors performance and contribution to national economy are different also different. This research will comparatively analyze the tourism sector in 3 EAC countries which are Rwanda, Uganda, and Tanzania. The decision presents a great opportunity for Rwanda to develop its tourism sector, however the questions is Rwanda tourism well equipped to compete as its destination products still less diversified comparatively to other countries in EAC for tourism development.

1.2 Research questions

- ◆ What are the potential that Rwanda tourism has to develop a unique niche market?
- ◆ What are the comparative advantages of the Rwandan tourism industry to contribute to economic development?
- ◆ How community - based Tourism impact the rural communities?
- ◆ What are the Strength, Opportunities to maximize and Threats, weaknesses of Rwanda tourism industry?
- ◆ Can Rwanda tourism potentials be used as tool for sustainable development
- ◆ Can Rwanda tourism develop a unique niche market to compete in EAC single market destination
- ◆ What are the advantages and disadvantages of Rwanda and EAC as whole in joining the EAC tourism single destination and single visa
- ◆ What is the role of the public institutions and supply side stakeholders respectively in the development of tourism?

1.3 Literature Survey

Researchers and international organizations have been interested by the impact of the tourism industry on economic development, especially in Least Developed Countries (LDCs), as this sector has been increasing and has proved to be a profitable economic activity. This paper focuses on the linkages and importance of Rwanda tourism industry and on the linkages, importance of the Rwanda tourism industry and the crucial interventions of key stakeholders all striving for economic development. Dr Nkurayija in his paper, *The Impact of Globalization on Africa's Development: Rwanda tourism as key to mobilize revenue and investment*, he argued that: "As a continuously growing industry worldwide, tourism has often demonstrated its role as a vital tool in the advancement of economies through direct domestic and foreign exchange earnings and through the employment and investment opportunities it can generate."⁴

According to the World Bank's report of 2006 on Africa private sector development, "Tourism industry is one of the leading or even the top sector of export earnings among 20 out of 48 developing countries and it is continuously increasing to raise the GDP of the Least Developed countries (LDCs)."⁵

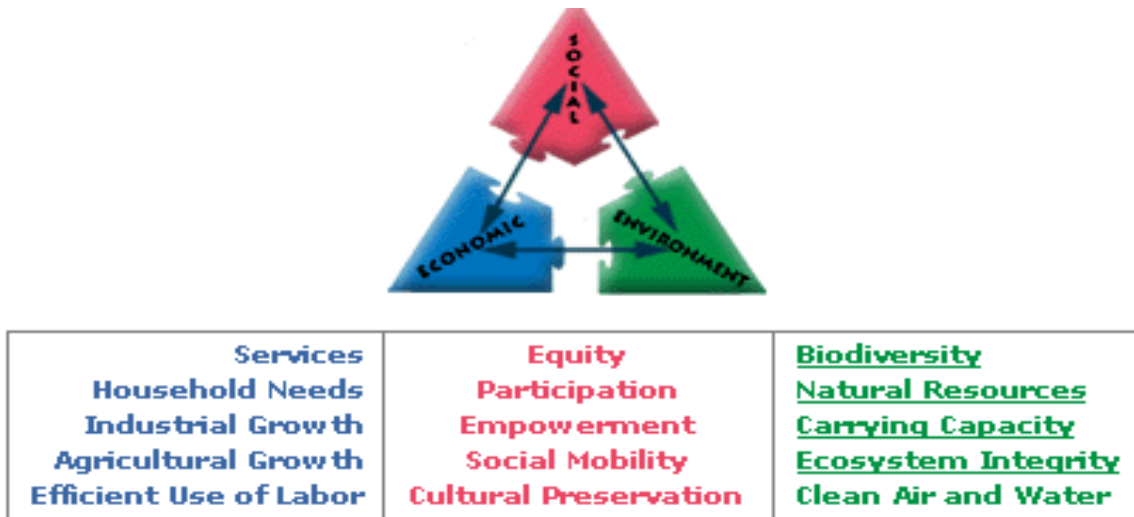
The world Commission on Environment and Development defines Sustainable Development as "Development that meets the needs of the present without compromising the ability of

⁴Dr. Jean de la Croix, Nkurayija.2011. *The impact of globalization on Africa's development. Rwandan tourism as key to mobilize revenue and investment*". National University of Rwanda, n.p.

⁵World Bank Group. July, 2006. *Africa private sector development*, <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/EXTAFRSUMAFTPS/0,,contentMDK:20793743~menuPK:2145169~pagePK:51246584~piPK:51241019~theSitePK:2049987,00.html> (Accessed July 3rd 2011).

future generations to meet their own needs.”⁶ The definition illustrates its meaning in the following figure.

Figure 1: Sustainable development



Source: world Bank Group <http://www.worldbank.org/depweb/english/sd.html>

One of the reasons many developing countries chose to develop Tourism Industry is that it is also a cross-cutting economic activity which can impact different sectors of the economy thus boost the economic growth. In Dr Harold Goodwin and Stuart Robinson’s paper: *Tourism and local economic development*, they mentioned that,

The potential for tourism to contribute significantly to poverty alleviation is considerable; to prosper the tourism industry needs to operate in environments which remain attractive to tourists. The industry needs a relatively well-educated work force, functioning health systems and relatively good transport,

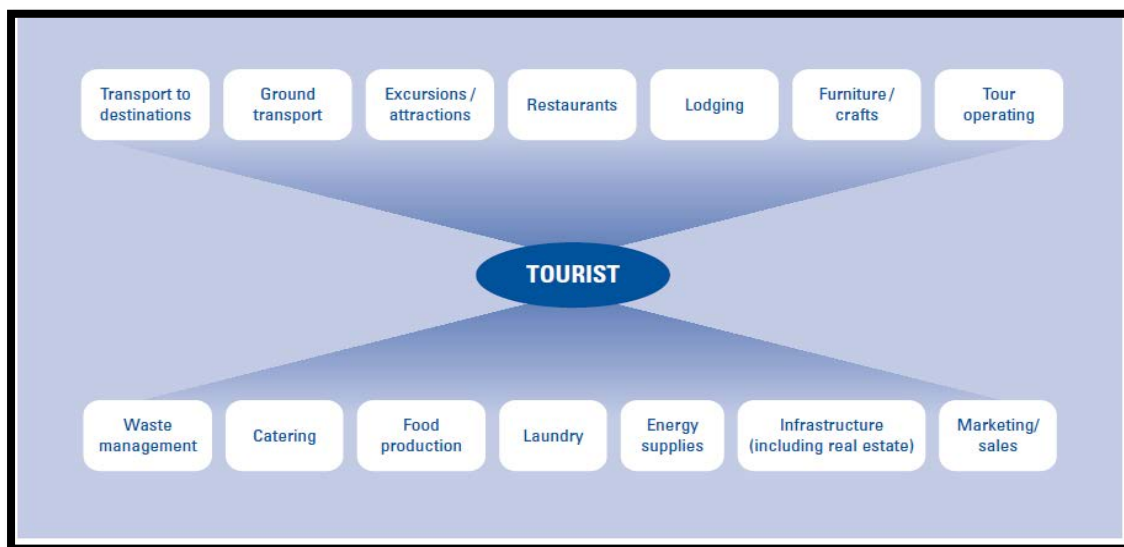
The World commission on Environment and Development,
<http://www.worldbank.org/depweb/english/sd.html>

communications, water and energy infrastructure. These services and facilities are also valuable to local communities.⁷

It is basically shows that tourism as a cross-cutting economic sector has the power of widening economic opportunities, touching to each and every sector in the economy.

Dr Harold and Stuart define pro-poor tourism as “an approach to tourism development and management which ensures that local poor people are able to secure economic benefits from tourism in a fair and sustainable manner.”⁸ The figure below illustrates specific tourism supply chain; this would be interpreted as areas of linkage between economic development and the tourism industry. As stated before tourism is linked to different economic activities of a country as whole such as infrastructures, Investment (FDI), and SMEs. This makes tourism a cross-cutting economic sector that provides different economic opportunities.

Figure 2: Tourism Supply chain



Source: World Economic Forum, 2009

⁷ Dr H Goodwin, S Robison *Tourism and local development*, London: The International Centre for Responsible Tourism, 2004, n.p

⁸ Ibid, n.p.

According to Todaro and Smith in their book *Economic Development*, the term development is defined as a process of improving the quality of all human life,”⁹ they mentioned three important aspects of development, including standards of living, creating condition conducting to growth of people’s self esteem both socially y and economically and increase of people’s freedom by enlarging the range of their choices as by increasing availability of costumer gods and services.

Professor Todaro and Smith also talked about development as self discovery they argued that some developing countries allocate little time to discover their comparative advantages, for him, once the nation discovers its most advantageous products od sectors to specialize in, there can be too much diversification, and government policy must promote and encourage broad investment in the most advantageous sector.

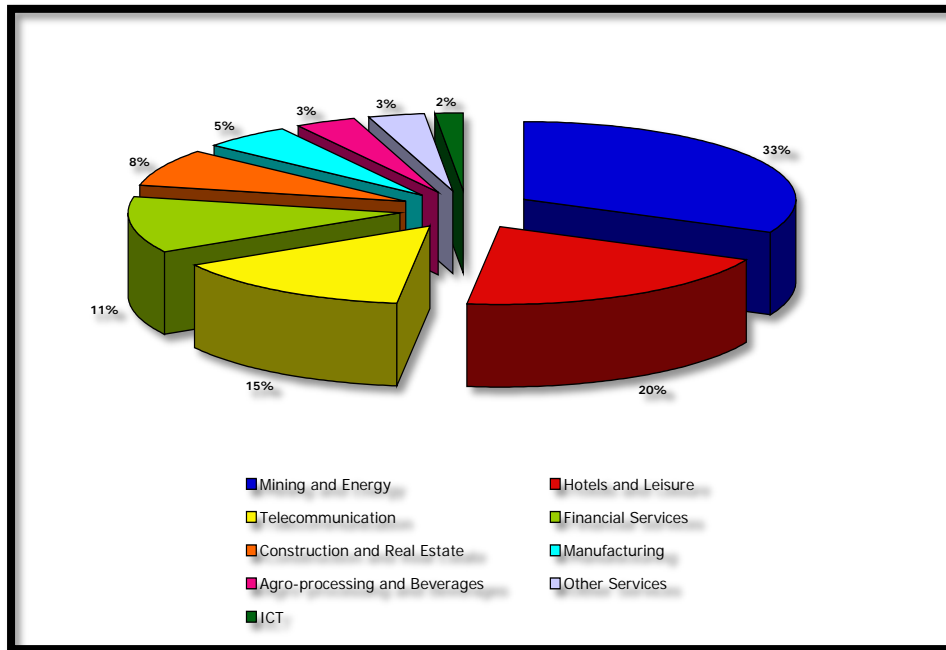
One cannot talk about a sustainable tourism industry without promoting FDI, in one way or another, one back up the other. Rwanda is targeting the tourism sector as a tool for development and that is one of the steps for the self-discovery that Torado and Smith mentioned.

As Rwanda is not the only country in the region which promotes tourism, to be competitive will require more efforts from both outside and inside the country, thus encouraging investments (FDI) as a solution to enlarge and increase the economic activities

In Rwanda the tourism supply chain is mostly linked to the following investment presented in the figure below. Local investment was also significant in tourism the last decade, with 140 billion Rwandan francs or **16%** of total local investment between 2000 and 2009 going to hotels, restaurants and tourism. Again, this contribution of the sector to investment, totaling approximately \$700 million in a ten year period demonstrates the large role that tourism industry is now playing in Rwandan economy.

⁹ M.P.Todaro, S.Smith: *Economic Development*, 10th edition. The New York University and the population council, 2010 p 184-185.

Figure 3: FDI into Rwanda by sector of the economy (2000-2009)



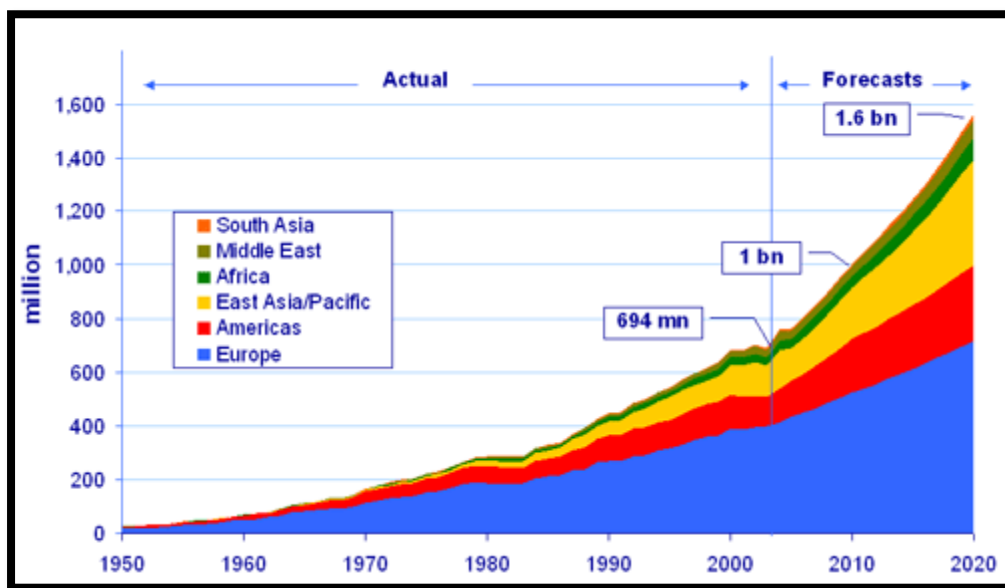
Source: Rwanda Development Board, 2011

Chapter II Tourism and Rwanda

2.1. Overview of Tourism Industry

Tourism is one of the biggest and fastest growing industries in the world. According to the World Tourism Organization (UNWTO), in 2008, international tourist arrivals reached **924 million**. By the year 2010 international arrivals worldwide were expected to reach 1 billion. If domestic tourists are added to the above figure, total tourist arrivals can well be over 3 billion. UNWTO's *Tourism 2020 Vision* forecasts that international arrivals are expected to reach nearly 1.6 billion by the year 2020.¹⁰

Figure 4: W.T.O Tourism Vision 2020 (international arrivals)



Source: UNWTO, 2008

2.1.1 Tourism in EAC

The East African community (EAC) is a regional inter-governmental organization the treaty for its establishment started in July 2000; the membership includes 5 countries which are Kenya, the United Republic of Tanzania, Burundi, Uganda and Rwanda. The

¹⁰ UNWTO, vision 2020, 2008

regional integration established a Customs Union, a Common Market, and negotiation for a Monetary Union and Political Federation are already going on, these enhancing a balanced development and economic growth.”¹¹

EAC Map



2.1.2 EAC Economy and tourism sector overview

The newly partner states who joined EAC Burundi and Rwanda expanded the market up to **135.5 million** people in 2010 as it is stated in *the EAC development Strategy 2011/12-2015/1*. “The expanded trade and investment among the EAC partner states has increased economic growth and development prospects in the region, with regional (GDP at constant 2000 level) increasing from **US \$42.2 billion in 2006** to **74.5 billion in 2009** and is expected to reach **\$80 billion in 2012**. Uganda, Rwanda and Tanzania sustained incremental growth trends between 2006 and 2008.”¹²

After recognizing the complementarily among their tourist attractions, EAC countries have agreed to work together to improve and promote the tourism sector in the EAC region aiming to increase and maximize the gains. For according to EAC development Strategy the impact of tourism would be felt even more when if these countries pools the resources and

¹¹ East African Community. *EAC Development Strategy. 2011/12-2015/16*, 2011, p 3

¹²Ibid , 2011 p 4

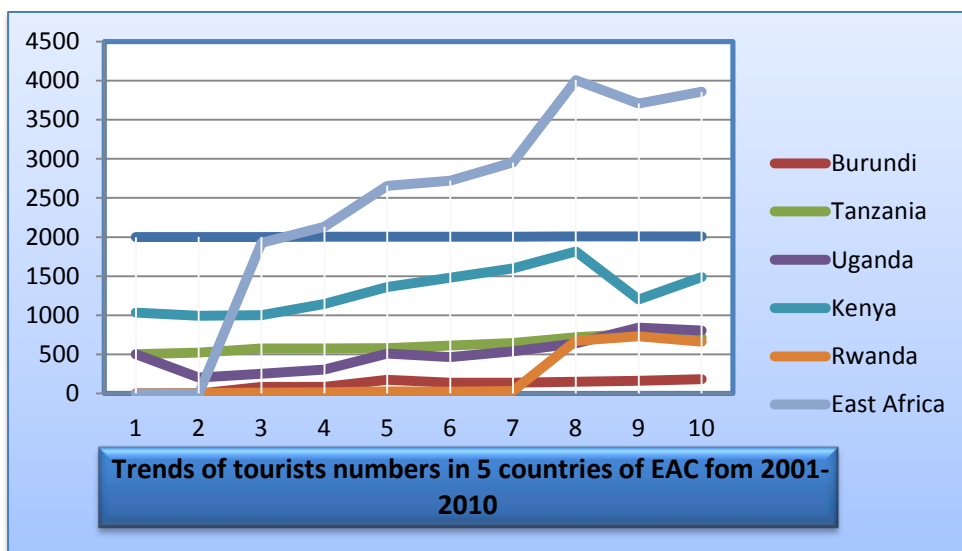
jointly market their attractions. So far each country has been going its way alone and yet there are some tourism products if marketed and sold together would be a marvelous attraction to the foreigner. According to the magazine Business Daily in Nairobi, on 06th October , 2011 the Minister of Tourism Najib Balala Explained the single visa policy for visitors that the EAC are going to adopt mentioning that, “Tourists arrivals in South Africa is estimated at **8 million** a year, **Morocco 10 million** and **Egypt 8 million** a year.

All the 5 East African countries put together receive about **3 million tourists** a year.

These figures clearly show that East Africa is nowhere near her competitors and is not fully exploiting her unique product and thus not reaping the full benefits from tourism. The East African tourism product is unique, rare, and diverse, and yet we do not get its full value generally because of failure to market EAC as a single tourism destination”.¹³

The below figure shows the trends of tourists arrivals in all the 5 countries of EAC, Kenya continues to perform better, followed by Tanzania, then Uganda and Rwanda Burundi still have a long way to go in terms of developing it tourism sector in a sustainable manner.

Figure 5: Trends of tourist’s arrivals in 5 countries of EAC



Source: Made by author with data form EAC website, <http://www.statistics.eac.int>

¹³ Nairobi Business Daily 06th October , 2011 <http://allafrica.com/stories/201110070061.html> accessed 22 November 2011

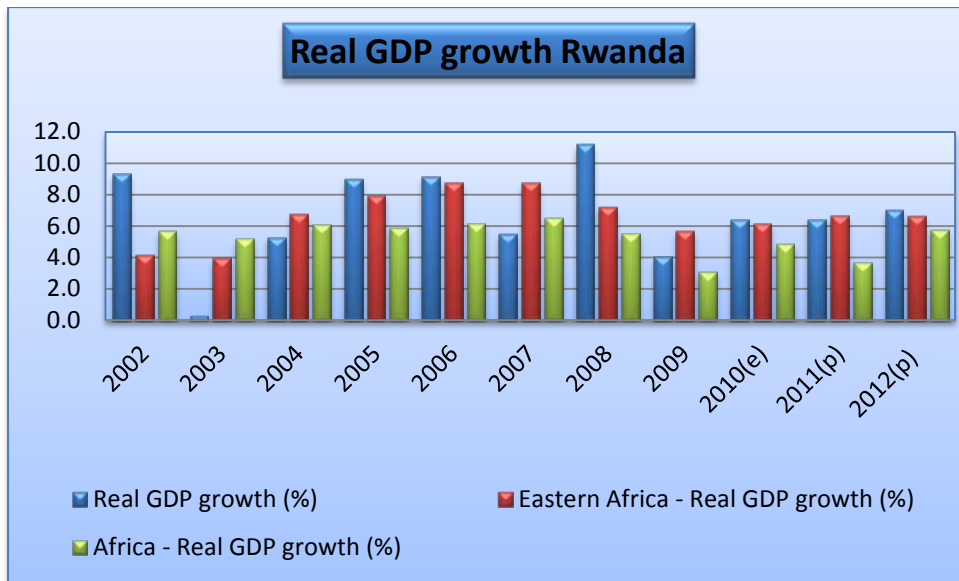
2.2 Over view of Rwanda's Economy

As stated in the report of Rwanda Development Board, the country's economy that is still agro based economy, now in growing and performing well. The goal is to liberalize the economy, diversify the export products through promotion of foreign and domestic investment aiming to build a modern and industrialized economy that can boost an economic development. "the Rwandan economy has posted an impressive 9.9% GDP growth rate, tourism industry itself generated revenues worth US\$42.3 million a growth of 9% since the Tourism industry itself generated revenues worth **US\$42.3million a growth of 9%** since 2007."¹⁴

The vision of Rwanda is to transform itself from subsistence agricultural to a knowledge-based economy by 2020 according to its vision 2020. And in order to achieve this, in one hand the country needs intensification and market-oriented agriculture sector and on the other hand also a diversified economy through a development and promotion of non agricultural sectors. According to the World Bank's 2011 spring report the overall Rwanda's economy was growing at health rate of 7.5% in 201, 2 % higher than the East African Community (EAC) and even more than Sub-Saharan (SSA). See the figure below.

¹⁴Rwanda Development Board.2004. *Economy and investment*
<http://www.rwandatourism.com/economy.htm> (Accessed on 3rd July, 2011).

Figure 6: Rwanda's Real Growth Compared to EAC and Africa as a whole (%)



Source: Made by Author based on IMF and Local authority's estimates and projections

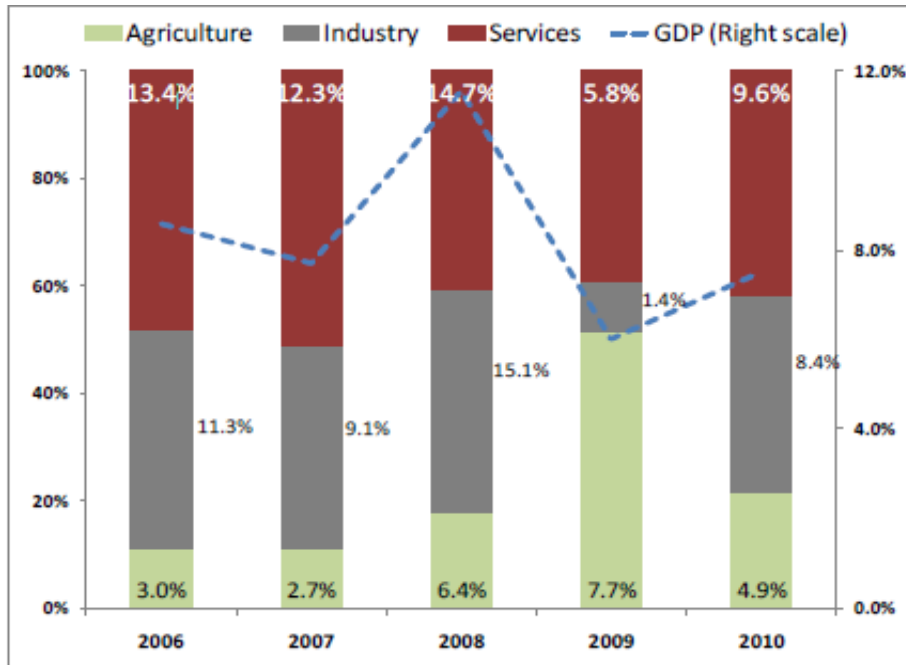
The World Bank report of 2011 in spring on Rwanda economic updates states that “during the whole year of 2010 the services and industrial sectors progressed in their growth recovery, while growth in the agricultural sector slowed down marginally. The agricultural sector grew at an average of **4.9%** over the last five years contributing about **36 %** to the overall Gross Domestic Product (GDP). The sector occupies **79.5 %** of the labor force and generates more than **45%** of the country's export revenues. The services sector established itself as a second growth engine, registering double digit growth between 2004 and 2008 before being affected by the global crisis.”¹⁵

In recent years, services surpassed agriculture as the main contributor to GDP. The figure below, gives a picture of the economic sectors performance of Rwanda economy, for last 5

¹⁵ The World Bank Group. *Rwanda Economic Updates Spring Edition*, 2011, p6

years. The service sector where tourism industry is classified has been boosting, from 2009 it decreased because of the global slowdown but in 2010 increased again.

Figure 7: GDP Growth by sector



Source: World Bank Spring Edition, Rwanda Economic Update, 2011

2.3 Tourism industry in Rwanda

During the 17 years Rwanda faced a violent past which to a great extent impeded the market of its tourism sector. Hannah and Anna in their paper “*The success of tourism in Rwanda: Gorillas and more,*” they Provide qualitative and quantitative information about the current performance of the sector in Rwanda, they argue that,

Rwanda has changed and at present the country is considered one of the safest destinations in the region. This image change goes hand in hand with the marketing of the country and, in particular, the mountain gorillas. The revival of gorilla tourism demonstrates that with the right strategy and instruments, a post-conflict country can

successfully focus on high-end tourism while maintaining conservation and contributing to poverty.¹⁶

The efforts of developing a sustained tourism sector started when putting in place the first tourism sector in 2006, and a new one has been approved recently in 2010. It is envisaged that this new tourism policy will increase revenue figures even further, contributing to tax revenue, boosting the balance of payments, and contributing to the sustainable economic growth and equitable distribution of wealth for the benefit of all Rwandans. This should be balanced with conservation of the environment, support for society and culture. Rwanda tourism

2.3.1 The comparative advantages of the Rwandan tourism industry to contribute to Economic development

Rwanda, the “land of thousand hills” is endowed with potential tourism assets.

The Gorillas groups in Volcanoes National Park provide Rwanda with a world class iconic attraction. However, Rwanda has other attractions to offer tourists which can contribute to the development of the tourism industry if they are developed and well marketed.

For example lush green scenic hills, tropical forests, mountains, lakes, also Rwanda is reputed to be the cleanest country in Africa and its temperate climate enhances its attractiveness as an African destination, but many of these attractions are rarely visited, the mainly known are the **3 national parks**. The list below presents a number of different tourism destinations; there is still a need to fully exploit them to overcome the overreliance on the primates tourism.

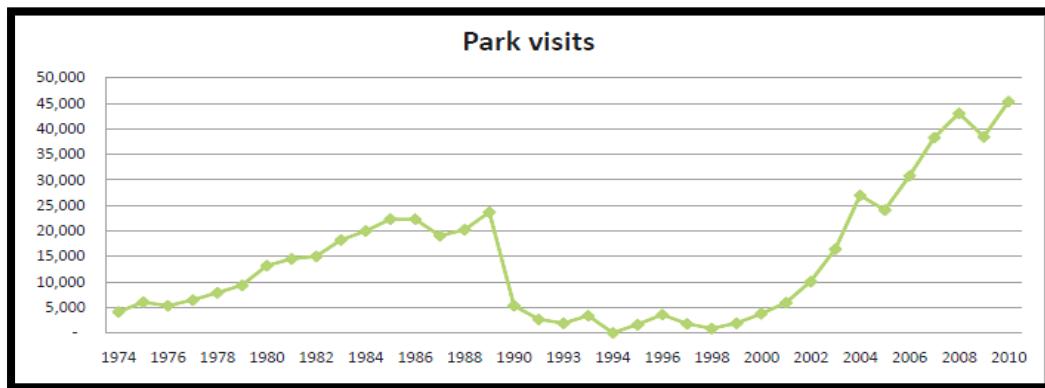
- Mountain gorillas (Volcanoes National Park in the Northern Province)
- Nyungwe canopy walk the only canopy in East Africa

¹⁶ H. Nielsen, A. Spenceley. *The success of tourism in Rwanda Gorillas and more, Background paper for the African Success Stories Study*: World Bank and SNV-Rwanda, 2010, P 6-7.

- Nyungwe one of the best african rain forest
- National Museums in the Southern Province
- King’s Palace in Nyanza Southern Province
- Lake Kivu in the Nothern Province
- Bird Watching
- Nyungwe National Park
- World Class Lodge, Nyungwe Forest Lodge
- Akagera National Park
- The Newly Congo Nile Trail to be launched in November 25, this year,
- Cultural Heritage

The figure below illustrates the trend of tourists who have visited the only the parks since 1974 until recently 2010. The only period it decreased was during the war and a short period after the war from 1990-1998

Figure 8: A trend of National Parks Visits from 1974 - 2010



Source: Rwanda Development Board <http://www.rdb.rw/rdb/tourism-and-conservation.html> ¹⁷

¹⁷ **Cultural Heritage** is defined as wide field of human activity that, in simple terms, reflects a community’s social and cultural identity. It covers both the visible and tangible (historic and cultural sites, or traditional

2.3.2 Community based Tourism impact the rural

The crucial importance of a Community Based Tourism (CBT) has been recognized and well studied though practically it's not yet fully implemented. The Tourism Master plan put in place by Rwanda Development Board in collaboration with UNWTO in May 2009 contains proposals for a sustainable development of cultural heritage. According to Rwanda development Board "In a country where the choice of tourism attractions and activities is currently very limited, CBT has an obvious opportunity of filling some of the gaps in the product range while bringing some of the benefits of tourism to some of the poorest members of society."¹⁸

According to Stynes in his paper *Economic Impact of Tourism*, "The tourism's economic benefits are touted by the industry for a variety of reasons the tourism's economic benefits are touted by the industry for a variety of reasons. Claims of tourism's economic significance give the industry greater respect among the business community, public officials, and the public in general. This often translates into decisions or public policies that are favorable to tourism."¹⁹

The involvement of local communities is essential in terms of conservation of the biodiversity, management of protected areas and also in terms of poverty reduction through job creation and support for the people surrounding the parks. The population is increasing regularly at a rate of **2, 8 %** in Rwanda, the more it increases the more levels of poverty increase, and this exert pressure and risk of illegal activities, for example the land is still a big

handicrafts) and the intangible, also called 'soft culture' (traditional dance, music, folklore, rituals, customs, etc).¹⁷

¹⁸ Rwanda Development Board website: accessed on 21st November 21, 2011
<http://www.rdb.rw/tourism-and-conservation/conservation/community-initiatives.html>

¹⁹ Daniel J. Stynes *Economic Impact of Tourism*
<https://www.msu.edu/course/prr/840/econimpact/pdf/ecimpvol1.pdf> (accessed 20th September 2011)

and permanent challenge for the conservation in Rwanda, even though the land reform is being processed, the bigger the population is the more a piece of land become scarce. The worse situation is showed by a loss of **51%** of initial area for the 3 National Parks since they were created.

However some activities have been initiated to encourage the local communities to get involved in the conservation activities. Over several decades, Gishwati Forest became nearly completely depleted due to large scale cattle ranching and refugee resettlement, by 2001; only 1500 acres of original 250,000 remained. In 2007, Gishwati Forest has been chosen as the site of a new National Park under the project named Gishwati Area Conservation Program GACP. In 2010, the Ministry of Lands and Environment endorsed the establishment of 30 mile forest corridor linking Gishwati to Nyungwe National Park the forest now comprises 3,665 acres. Gishwati is being reforested as part of Rwanda policy of active reforestation that aims to have 30% of the country covered by trees by 2020. To achieve this, Ministry of Forest and Natural Resources has embarked on massive tree planting effort.²⁰

RDB announced project called Nyungwe Nziza in which USAID in collaboration with the government of Rwanda plans to create the Nyungwe National Park into a viable **Ecotourism destination** in order to generate in a sustainable way equitably income to local communities by involving more stakeholders, such as private investors and creating job opportunities for the surrounding communities thus providing economic incentives to conserve the rich biodiversity of this park there is also a number of different NGOs who want

²⁰SW-Associates website accessed on 21th November 2011
<http://www.sw-associates.net/2011/10/31/rwandas-proactive-tourism-policy-national-park/>

to collaborate with RDB to start projects for community based such as Gorilla conservation program, Dian Fossey Gorilla Fund, care International and Wildlife Conservation Society, they are involved in different activities of development such as infrastructure they established schools and health facilities, for agriculture sector they help in seeds production and storage. In agro-forestry and tree planting, there is also a projects of bee keeping, there is also water supply especially rain water and small factories like tile and brick factory.

Additionally since 2005, a revenue sharing scheme was established which consists in giving 5% of total park revenues to communities as incentives for conservation , Rwanda Development Board has so far provided \$ 2,830,000 to support community projects.²¹

Looking at the below table taken from a UNWTO study on Tourism and poverty reduction strategy, titled: *Tourism and Poverty Reduction strategies in the Integrated Framework for Least Developed Countries*, Rwanda's pro-poor proxy percentage (**61%**) still low compared to the growth of tourism sector, the Performance should be better than this. The pro-poor proxy here was calculated basing on 6 core criteria which are the following: Investment climate and SME development, Local Employment, Human resource, Social and environmental issues, and Preservation of cultural heritage.

²¹ Rwanda Development Board website: accessed on 21st November 21, 2011
<http://www.rdb.rw/tourism-and-conservation/conservation/community-initiatives.html>

Table 1: Country comparison pro-poor proxy

COUNTRY	N.	%	Pro-poor proxy
Rwanda	28	72%	61%
Senegal	28	72%	78%
Angola	27	69%	50%
Djibouti	27	69%	72%
Ethiopia	27	69%	72%
Benin	26	67%	61%
Sierra Leone	26	67%	61%
Yemen	26	67%	56%
Sao Tome & Principe	24	62%	50%
Zambia	24	62%	39%
Guinea	23	59%	61%
Lesotho	21	54%	39%
Malawi	20	51%	61%
Central African Rep.	17	44%	44%

Source: UNWTO, 2011

The role government through responsible institutions as regulators is so crucial for better involvement and tourism benefits distribution, even if the NGO and private sector can join to facilitate the implementations, better policies are of great need to have a community based tourism industry.

2.3.3 Rwanda Tourism competitiveness Index analysis

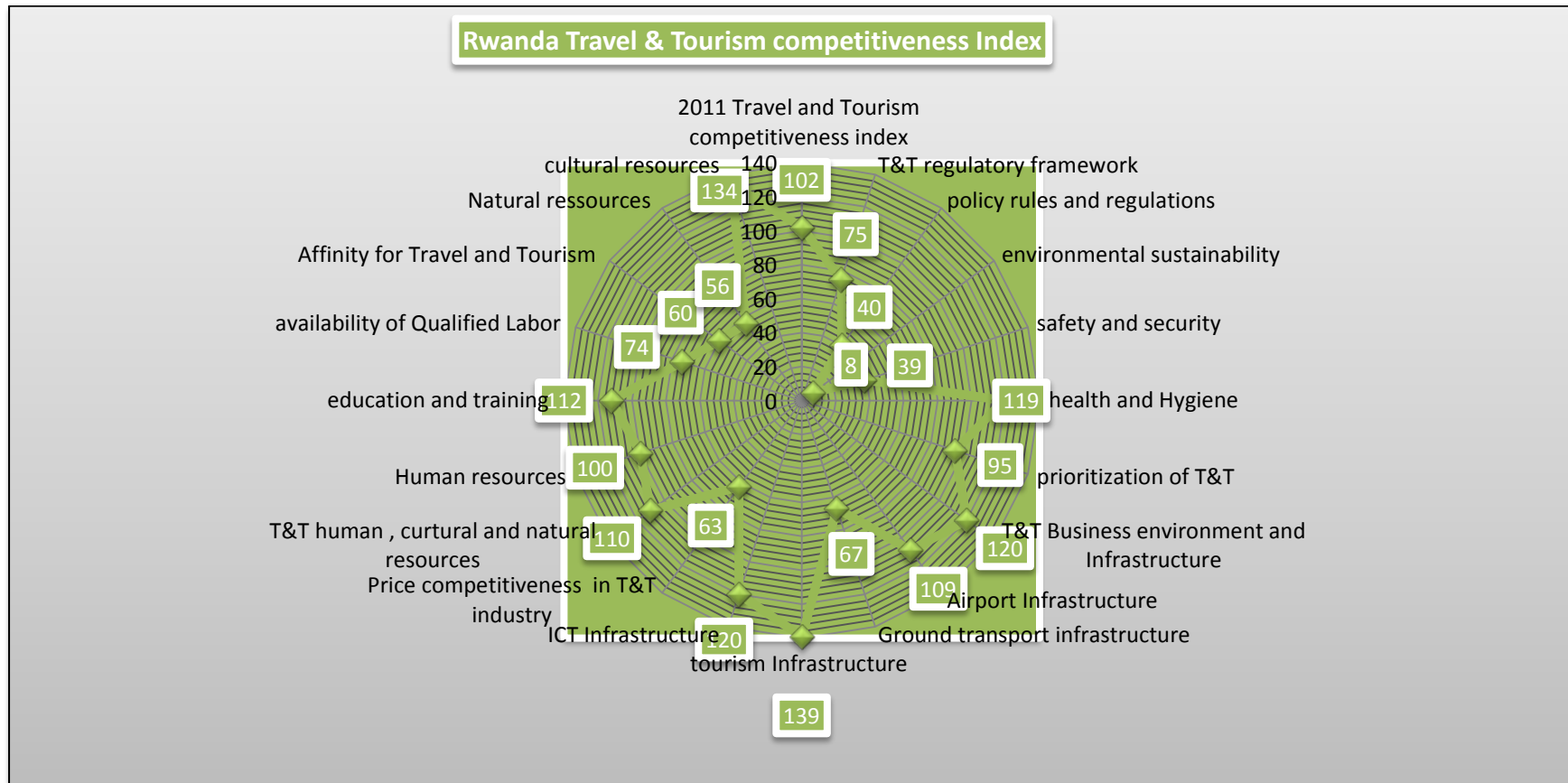
Though the EAC tourism single destination is a great opportunity for Rwanda, one can ask this question:

◆ **Can Rwanda tourism develop a unique niche market to compete in the EAC?**

Looking at the following figures that present Rwanda, Uganda and Tanzania Tourism competitiveness index, they give a wide picture of each country's sector performance.

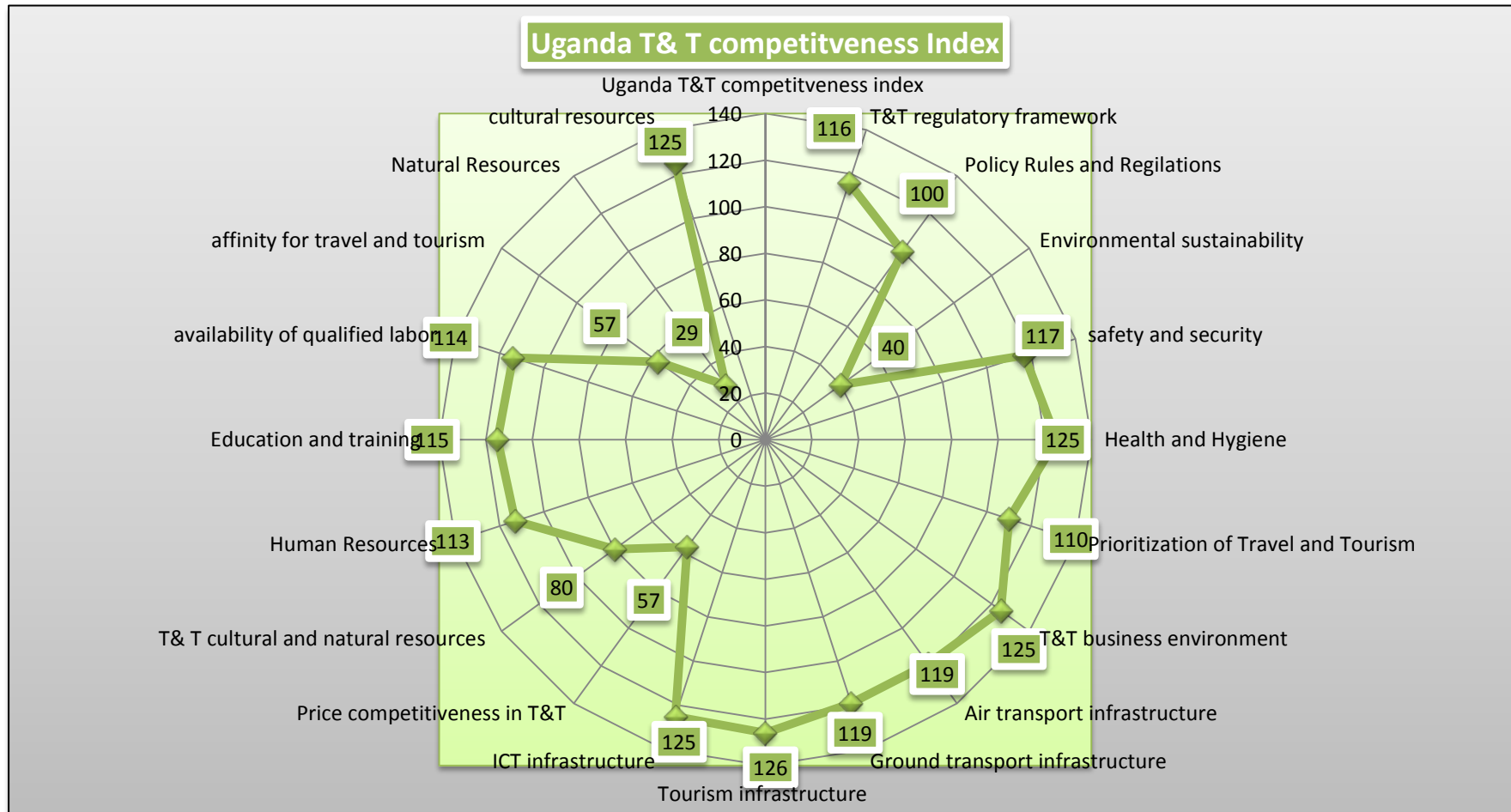
These indexes will help Rwanda to know where its weaknesses lie comparatively to the 2 EAC countries in order to improve them for better performance, and develop its unique niche market the indexes rap up all the major criteria set by UNWTO for a sound competitive environment for tourism development and they give a picture of the whole sector performance at policy, institutional and level and supply side.

Figure 9: Rwanda Travel Tourism competitiveness



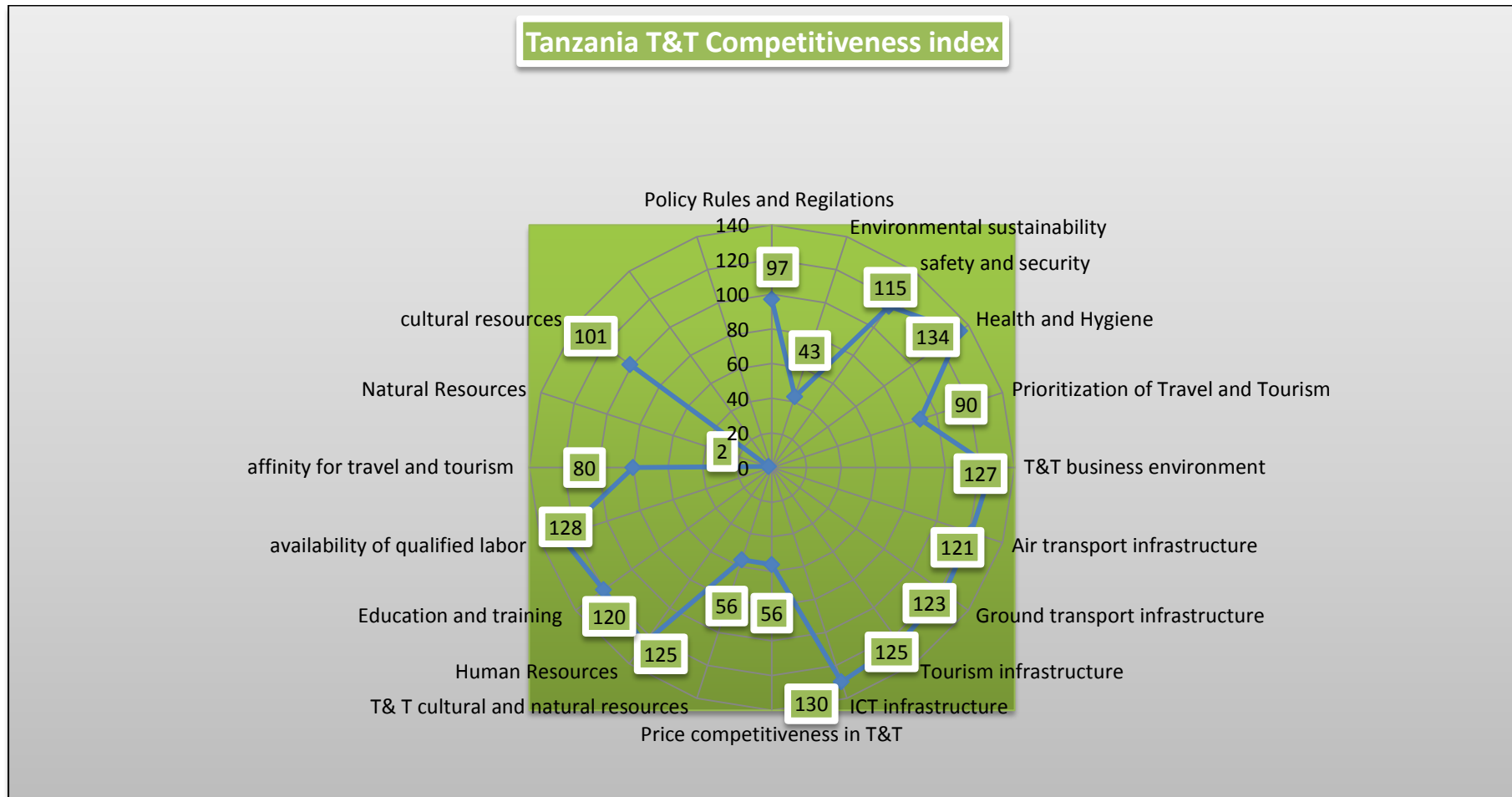
Source: Made by author based on data from 2011 WEF Travel Tourism Competitiveness Report

Figure 10: Uganda Travel Tourism competitiveness



Source: Made by author based on data from 2011WEF Travel Tourism Competitiveness Report

Figure 11: Tanzania Travel Tourism competitiveness



Source: Made by author based on data from 2011WEF Travel Tourism Competitiveness Report

Looking at the 3 countries Travel and tourism indexes of the 3 EAC countries the Rwanda Comparatively to Uganda and Tanzania performed better even though in some areas it is still less competitive.

Yes Rwanda can develop a unique niche market to compete in the single EAC, but to effectively and fully exploit all the benefits of joining the single market opportunity, it needs to improve some important areas. Below shows some chosen important areas where Rwanda presents major gaps and that should be addressed in order to compete on the EAC market.

1. Tourism Infrastructure
2. Transport infrastructure
3. Human resource
4. Price competitiveness
5. ICT infrastructure
6. Education and training

Another question could be the following:

◆ **Can Rwanda tourism potentials be used as tool for sustainable development?**

As a prioritized sector, is it developed enough to sustain the economy or else what are the factors that lack or still lagging behind. The primary measurement of success of tourism industry is based on international tourism revenue in other words the foreign earnings the below table shows the table below indicates the tourism targets in terms of revenue and number of arrivals.

Figure12: Number of Arrivals in Rwanda from 2008 - 2020



Source: Made by author with data from RDB, 2011

Considering Rwanda tourism Industry performance, this sector proves contributing to the sustainable economic development of Rwandan economy by increasing **foreign earnings, job opportunities and contributing to GDP**. Even though the impact still low but is not negligible. There is still a lot to improve within the sector to perform better and compete at the international level and within the EAC region.

2.4 Challenges of Tourism Industry in Rwanda

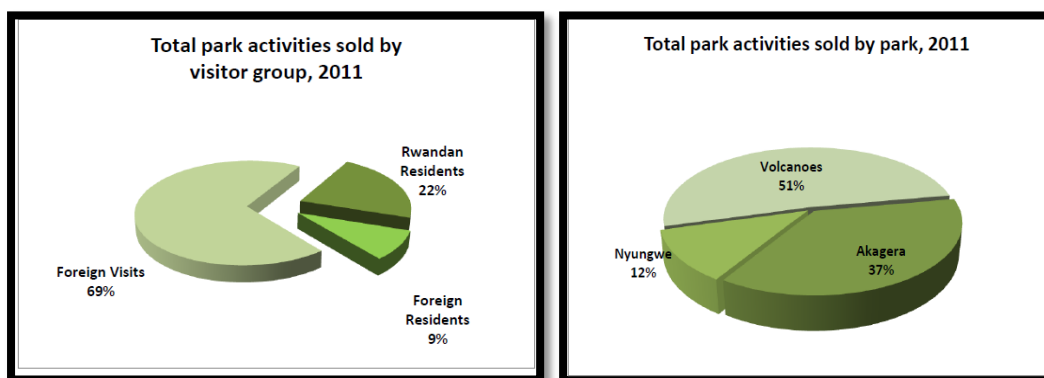
Even if it outperformed the traditional exports like coffee and tea as it's shown in figure above, and has been set as a national priority in Rwanda EDPRS to eradicate poverty the tourism industry is still facing the following challenges that are a barrier to a continuous performance such as

- ◆ Over-reliance on a single tourism product (Mountain Gorilla) and the 2 more parks are not sufficient for sustainable tourism industry (as the figure below shows the Volcano National Park counts for **51%**

- ◆ International awareness and perceptions of Rwanda are not widely based on tourism
- ◆ Low capacity and under-skilled human resources and Little involvement of communities and Micro, Small and Medium Enterprises (MSMEs) in the sector.
- ◆ Under-developed regulatory framework for tourism sector
- ◆ Constraints due quality and quantity of infrastructure focus on the environment and sustainability
- ◆ Difficulty of accessing loans for tourism investments and low availability of finance and partnership for private sector investments in the tourism industry
- ◆ Low level of domestic tourism

According to the figures below which shows total percentage of activities sold by visitor group in 2011, only Rwandan residents count for **22%** which is a very low number, the other figure shows an overreliance of **51%** on mountain gorillas which shows a need for a diversification of tourism products

Figure 13: Total Park activities sold by visitor group and by Park in 2011/ September



Source: Rwanda Development Board, 2011

2.4 1 Rwanda tourism industry S.W.O.T analysis

This SWOT analysis will help to know the comparative advantages Rwanda has in order to position itself at regional and international tourism market as a top destination in Africa. If Rwanda has to join EAC Market then this requires more efforts within various sectors, including financial, economic, health, education and others, as the indexes showed in many of these sectors Rwanda still behind. It needs to reposition itself. Therefore a strong strategic management system must be in place to take advantages of the opportunities offered and coordinate all efforts to focus on the comparative advantages available, then improve and overcome the weaknesses and threats for a sustainable tourism industry aiming a better performance.

Table 2: Rwanda Tourism Industry SWOT Analysis

<u>Strength</u>	<u>Weaknesses</u>
<ul style="list-style-type: none"> ● 10 Year Tourism Master Plan put in place in 2009 ● New Tourism Policy adopted in 2011 ● 3 National Parks Virunga, Nyungwe, Akagera recently Gishawati Forest known as the Forest of Hope, this epitomizes the commitment of Rwanda for conservation, reforestation and a community Based tourism through ecotourism. ● A growing and stable economy performing at a growth rate of 7, 5% which favors the business linkages through FDI, and a fast growing Tourism sector, ● World Economic Forum Tourism 	<ul style="list-style-type: none"> ● Customer care in the supply side, RWANDA was ranked the last by WEF Travel Tourism competitiveness report 2011 ● Undiversified tourism products ● Overreliance on mountain gorilla tourism ● Rwanda has been ranked the lower in the following sector ICT the 120th, Education and training 112th ● Lack of tourism infrastructure ● Low capacity Human resource in the

<p>Competitiveness Ranked Rwanda for 1st in sustainability of Tourism and Travel Industry 2nd in ease of hiring labor, 3 on time to start a business, 4th on attitude of population towards foreign visitors, 5th in CO2 emissions, 8 environmental sustainability, 2nd safest country on terrorism risk, 6th safest country on business costs of crime and violence.</p> <ul style="list-style-type: none"> ● Newly Congo Nile Trail launched in November 25, 2011²² ● Rwanda With over 700 species is being promoted and discovered as a world class birding destination. Nyungwe National Park is especially known as a world class birding destination with over 280 bird species, RDB recently developed new birding sites, the Bugesera route over 360 birds species on this route, Nyabihu Route more than 132 bird species.²³ 	<p>industry, only one school can offer programs regarding the tourism</p> <ul style="list-style-type: none"> ● Lack of training for employees in the industry ● Lack of creativity and innovation for more attractive destinations ● Less segmented and targeted market ● Less impact on local community ● The financial system still weak <p>(for example in usage of International visa cards Rwanda was ranked 131)</p> <ul style="list-style-type: none"> ● Less FDI, like joint ventures and franchise businesses that can widen and open the business linkages, in consequence this lessens a certain type of tourists. ● Low purchasing power of the domestic tourists ● Low income country
<p style="text-align: center;"><u>Opportunities</u></p> <ul style="list-style-type: none"> ● The second Boeing B737 added by RwandAIR offers new services to Johannesburg, Dubai and 	<p style="text-align: center;"><u>Threats</u></p> <ul style="list-style-type: none"> ● Image of a post conflict country ● Geographical situated in a post

²² Rwanda Development Board, <http://www.rdb.rw/rdb/tourism-and-conservation.html>.

²³ <http://www.sw-associates.net/tag/sustainable-tourism>

<p>the planned new Bugesera international Airport, in the South of Kigali the capital city, in 2015</p> <ul style="list-style-type: none"> ● The launch of Turkish Airlines direct route from Istanbul to Kigali in April next year 2012. This will be it's the 18th destination in Africa and the aim of RwandAIR is to increase the accebility of Rwanda even more ● KLM IN 2011 launched its flight to Kigali via Amsterdam and recently it started its daily flight, the same for Qatar Airlines ● Kenya Airways also offers daily services, and. Ethiopian Airlines's service are weekly.²⁴ ● The recent decision of marketing EAC tourism market as a single destination, and to offer one single visa to visitors of the region ● Qatar airlines launched its flight from Entebbe to Kigali ● EAC single visa and single tourism destination 	<p>Insecure zone</p> <ul style="list-style-type: none"> ● Climate change ● Global financial crisis and Euro crisis: ● Joining EAC single Market is good but there might be a risk for Rwanda tourism sector to be swallowed up by the bigger countries with a wide population and territory, with more diversified tourism products. <p>A repositioning market strategy should be in place</p>
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Strength VS Opportunities	Weaknesses VS Opportunities
The best way to fully exploit Rwanda opportunities using strength of Rwanda	How to improve weaknesses of Rwanda tourism to fully utilize opportunities

²⁴ <http://www.sw-associates.net/tag/sustainable-tourism/>

<p>tourism is:</p> <p>1.More airlines flights in Rwanda</p> <p>Having well known airlines (KLM, Turkish, Qatar) that now reaching the soil of Rwanda, makes time for the country to position itself on the regional and African tourism market, by marketing the newly introduced tourism products such as Gishawati Forest known as the Forest of Hope, Congo Nile Trail, birding sites and others existing that are not very well known or developed to attract more tourists.</p> <p>2.EAC single tourism destination and Visa:</p> <p>The recent performance of Rwanda according to WTT Competitiveness index Rankings Rwanda is 1st in sustainability of Tourism and Travel Industry, 2nd in ease of hiring labor, 3 on time to start a business, 4th on attitude of population towards foreign visitors, 5th in CO2 emissions, 8 environmental sustainability.</p> <p>All these things makes Rwanda a more attractive country in the regions in terms of</p>	<p>Having more airlines companies flying to Rwanda means a lot for tourism as a crosscutting sector this impacts other businesses and economic activities of the country thus the following 4 things are of great importance to be improved:</p> <p>1.Customer care in the supply side RWANDA was ranked the last by WEF Travel Tourism competitiveness report 2011</p> <p>A country which wants to boost its tourism sector must have a good customer care this should be improved especially in Education and trainings in this area within different sectors offering services.</p> <p>2.Lack of tourism infrastructure</p> <p>It is so urgent putting in place tourism infrastructures the more the sector grows the more tourists increase</p> <p>There are many other tourism potentials that needs to be developed to make the package of the tourist who will be interested to visit Rwanda more interesting</p> <p>3.Lack of creativity and innovation for more attractive destinations:</p>
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<p>business and investment, they make its uniqueness in EAC. Keeping the standards or even improve more could build a unique niche of Rwanda in EAC and help to fully exploit all the advantages offered by that opportunity.</p>	<p>There is a need of creativity, and this is done when the country knows the kind of tourists to target and what they like, for example on the tour of the National Park a cultural dance and traditional game show can be add on the package. It's also important to develop new destinations considering historical places left behind that can be rehabilitated and add on the Rwanda tourism master plan</p> <p>The financial system still weak (for example in usage of International visa cards Rwanda was ranked 131).</p> <p>Though the country is secure now, carrying money in hand is so risky, the financial systems must be improved to ease payment systems</p>
<p>Strength VS threats</p>	<p>weaknesses VS threats</p>
<p>How to overcome threats using strength</p> <p>1.Image of a post conflict country:</p> <p>Rwanda's historical background gives a bad image to the international community in one hand but on other hand things has been</p>	<p>How to improve weaknesses dealing with threats.</p> <p>1.Undiversified tourism products and overreliance on mountain gorilla tourism:</p> <p>Though the tourism industry in Rwanda has been</p>

changing within the country. It has been ranked **2nd safest country on terrorism risk, 6th safest country on business costs of crime and violence** and the country's economy is growing and stable performing at a growth rate of **7, 5% which favors a good business environment**. All these facts can be used to rebuild a new image of Rwanda.

growing, it is facing threats like global financial crisis, **especially in the Euro zone where half of the tourists that visit Rwanda come**. With less diversified tourism products the strategy for Rwanda was to target high income tourists who will only come especially for mountain gorillas. The more the crisis grows the less becomes the budget for leisure and tourism. Dealing with this threat will require

To diversify Rwanda tourism products and add value on the existing ones, aiming to diversify tourists tour package

A market Segmentation regrouping tourists into different categories matching them with tour package that will be most affordable to each category of tourists

This will help tourists not to cancel their trip to Rwanda because mountain gorillas tour is expensive (750Usd/per person) on the contrary they will have a more diversified range of choice according to their budget.

2.4.2 Advantages and disadvantages of EAC single Tourism Destination and Visa

As it is stated in the study of the EAC tourist visa, in order to promote the achievement of the objectives of the Community set out by the EAC, the Partner States want to develop a collective and co-ordinate approach to promote and market the quality tourism within the region. Therefore the countries have been coordinating policies in the tourism industry this aiming to establish a framework towards cooperation in the sector to ensure equitable distribution of the benefits. Though this is a good opportunity for the region there are some disadvantages that will occur within a short run, especially for Tanzania as a country that has been dominating the sector in the region with its most diversified tour packages for tourists.

Table 3: Advantages and disadvantages for EAC single tourism destination & Visa

Advantages	Disadvantages
<p><u>Specifically for Rwanda:</u> There will be an increase of tourist arrivals, either as a transit of final destination and an increase of tourism earnings, the single visa also will facilitate visitors to come to Rwanda easily.</p> <p><u>Specifically for Tanzania:</u> The process of harmonization will help to improve the sector policies, and other sectors regulations like ICT and immigration regulations to meet the standards agreed</p>	<p><u>Specifically Rwanda:</u> Shared revenues will decline in the early stages The industry is likely to lose due to increased competition from other countries and different ICT levels</p> <p><u>Specifically for Tanzania:</u> Decrease of visa revenue collections as if not well managed may have a negative impact on the security of Partner States</p> <p><u>Specifically for Uganda:</u> for Uganda there an expected loss of revenue and complexity in managing the new visa regime</p>

on for the EAC Single Visa, and it will have a good impact on the country as a whole.

Specifically for Uganda

Uganda's tourism industry has been forgotten on the international market due to less effort in marketing and budget allocation for product development and awareness, this will be an opportunity to rebrand Uganda's best tourism attractions

In Generally for all countries

- There will be increase in tourism investments.
- Increase visits to countries that are less visited and enhance tourists revenues and national & regional development,
- Ensure the tourism industry contribution to sustainable development of the region through job creation and compliment efforts of other economic

In Generally for all countries

- Revenues will reduce in short run
- It might cause a diverted and concentrated development only in specific area of destinations within the region (Airports, roads, water, electricity to tourists destination development)
- Unless there is involvement of local communities the revenue won't impact the neediest people
- Unstable market

<ul style="list-style-type: none">• Establishment of the East African Tourism and Wildlife Coordination (EATWCA)• Improve marketing efforts by tourists board, marketing East Africa as a single tourist destination• Enhance travel by residents within East Africa that will contribute to domestic travel within the region• Ease of access as tourists will be able to apply for visa at any of the Partner States, Embassies or missions• Provide an incentive for longer stay within the region• In making the tourism a priority within the region, Infrastructure development is a must (Roads, water electricity, telecom, and others	
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Chapter III .Comparative Study

The research methodology used is a comparative between 3 EAC countries. The study is descriptive and exploratory with analytical nature. Firstly, it describes and analyzes in details how tourism is being used as a tool of development in Rwanda, Tanzania, and Uganda. Secondly a comparative analysis at policy, institution and supply side for the 3 countries using the qualitative and quantitative data which helps to prove the hypothesis set.

As far as data collection is concerned Qualitative and quantitative information is used. Analysis is done in a detailed way using a practical and applicable common set of criteria that are important drivers in the development of the tourism sector. Those criteria were established by world Travel and Tourism organization while ranking each country on the competitiveness in Travel and Tourism; they reflect the image of a destination as an enabling environment for tourism development and competitiveness

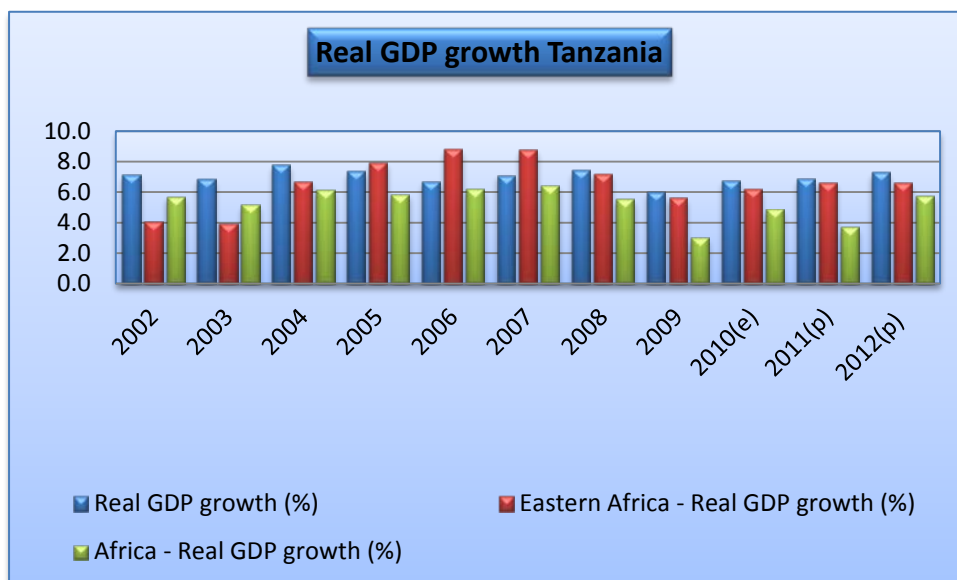
3.1 Tanzania's economy and tourism Industry

Tanzania economic overview

According to the OECD African Economic Outlook **Tanzania accumulated a growth of 6%** until 2009 when the global economy experienced a crisis, however the available data shows a great recovery the real GDP with an estimated growth of **6.8%** in 2010 and projections continue to show a bright performance of the economy, inflation pressure are low and as the second largest economy in EAC, investment also remain high. The key drivers of growth have been mostly private consumption, exports and gross fixed capital, tourism revenues, foreign investment and aid. The Government efforts are mainly focused on the key sectors. Agriculture, mining, manufacturing, and infrastructure to maintain to growth thus there will be will be a continuous expansion. The figure below illustrates the GDP growth for Tanzania since 2002 until 2012 as a projection. This year of

2011 the estimates shows a real GDP of 6.9% and 7.3% for the next year. In comparison with the EAC region and Africa as whole Tanzanian economic growth is performing even higher.²⁵

Figure 14: Real GDP Growth for Tanzania from 2002-2012



Source: Made by the Author basing on data from IMF and Local Government estimates and projections

◆ **Tourism in Tanzania**

Tanzania hosts **15 National Parks** and there are among the most the beautiful destinations in Africa, the most and various tourist attractions; tourism is one of the main sectors that back up its economy as mentioned above. The data from World Travel Tourism council this year of 2011 shows that the direct contribution of tourism of GDP is expected to be Tanzanian shillings 698.5 bn in 2011 (4.5% of GDP). This primarily reflects the economic activity generated by industries such as hotels, travels agencies, airlines and other passenger

²⁵ Africa Economic Outlook. OECD. 2011 <http://www.africaneconomicoutlook.org/en/>) accessed 21st November 2011

transportation services. But it also includes, for example, the activities of restaurants, and leisure industries directly supported by tourists.²⁶

The following table presents all the tourism indicators and the contribution of the sector as whole in the country's economy. The data shown in it have been calculated basing on a recommended methodology Tourism Satellites Accounts methodology framework TSA 2008, it was developed by United Nation Statistics Division (UNSD), The Statistical Office of the European EUROSTAT, the Organization for Economic Co-operation and Development OECD and the World Tourism Organization.

Table 4: A summary of the Economic contribution Tourism industry in Tanzania from 2005-2011 and projections in 2021

TANZANIA GROWTH¹ (%)	2005	2006	2007	2008	2009	2010	2011E	2021F²
1. Visitor exports	6.7	24.3	12.4	-7.3	-9.3	4.6	5.4	6.8
2. Domestic expenditure	12.9	21.7	4.7	-4.2	1.0	6.4	4.3	5.6
3. Internal tourism consumption (= 1 + 2 + government individual spending)	8.4	23.4	10.5	-6.2	-6.4	5.1	5.1	6.5
4. Purchases by tourism providers, including imported goods (supply chain)	7.3	23.5	10.3	-4.9	-7.1	4.9	4.9	6.3
5. Travel & Tourism's direct contribution to GDP (= 3 + 4)	8.8	22.8	10.6	-7.0	-6.4	4.9	5.2	6.6

²⁶ World Travel & Tourism Organization, 2010. Tanzania Travel and Tourism Economic Impact, 4,5,6

Other final impacts (indirect & induced)								
6. Domestic supply chain	8.8	22.8	10.6	-7.0	-6.4	4.9	5.2	6.6
7. Capital investment	17.0	16.2	27.9	28.4	4.4	0.3	6.5	5.4
8. Government collective spending	12.6	6.7	18.3	13.0	1.1	6.8	7.0	6.5
9. Imported goods from indirect spending	57.2	10.6	190.0	36.2	-6.0	6.3	3.2	3.1
10. Induced	7.6	15.2	10.0	-3.2	2.8	1.8	6.5	7.0
11. Total contribution of Travel & Tourism to GDP (= 5+6+7+8+9+10)	9.5	19.4	11.1	-0.7	-1.9	3.3	6.0	6.6
Employment impacts ('000)								
12. Direct contribution of Travel & Tourism to employment	367.8	434.6	461.6	410.8	369.2	372.7	376.6	496.9
13. Total contribution of Travel & Tourism to employment	1,014.2	1,164.3	1,240.8	1,177.2	1,111.2	1,104.1	1,123.7	1,477.1
Other indicators								
14. Expenditure on outbound travel	650.8	715.6	767.9	891.5	1,064.8	1,241.2	1,439.4	3,818.0
15. International tourist (overnight visitor) arrivals ('000)	590	622	692	750	714	750	788	1,200

Source: WTTC, 2011

Challenges in Tanzania's tourism sector:

Though the country tourism sector is performing better, it has been said that the attractions are not fully exploited, and there are still some challenges to address for Tanzania's tourism sector to be sustainable. Those challenges are: Poor access both international and internal flights, poor infrastructure especially roads, high costs of internal transport, over priced products, poor service standards, poor quality guides in comparison with competitor destinations, low quality tour operators, lack of quality accommodation.

For further tourism growth, a delegation was established by the World Bank to improve more the performance of Tanzanian tourism; this group was assigned the following tasks:

1. Provide recommendations for focused and critical policy measures to realize the country's tourism potential for contributing to MKUKUTA targets, assessment and comparative analysis of tourism-related liberalization commitments by Tanzania under the WTO's GATS (General Agreement on Trade in Services)
2. Provide recommendations for strengthening implementation in a new National Tourism Development Program (NTDP), including coverage of success stories in other countries, new overall strategic plan and recommended directions for Tanzanian tourism.
3. And one of the key recommendations was that Tanzania should strive to be a premier model Geo-tourism destination. "The Geo-tourism is defined by the WTO as sustainable tourism program created by National Geographic to provide guidelines for development and marketing."²⁷

3.2. Uganda's Economy and Tourism industry

Uganda Economic Overview

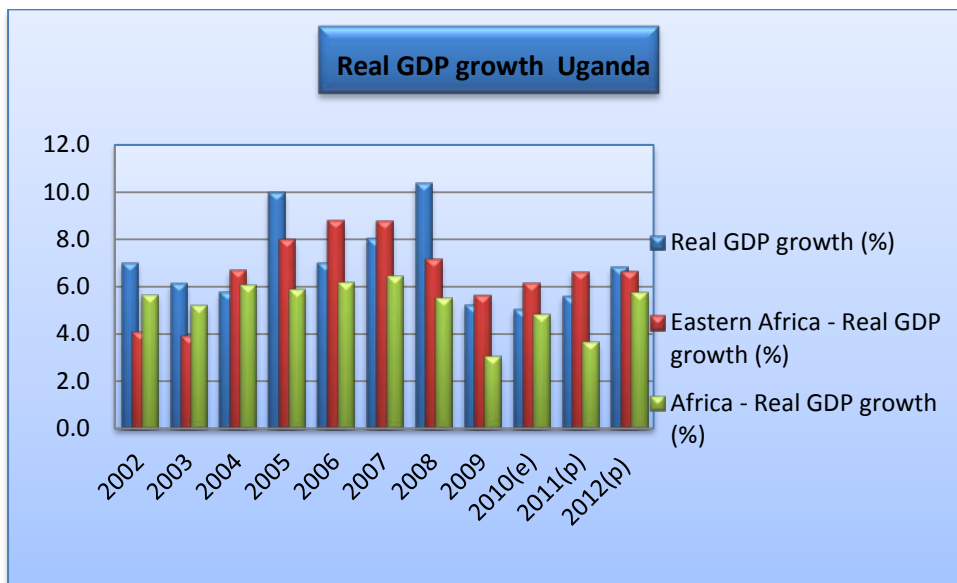
The African Economic Outlook of 2011 states that Ugandan economy recorded low growth of **5.1%** in 2010 due to receding aggregate demand, mainly in private consumption, and weak external demand for traditional exports, in particular coffee. In spite of the declines, regional demand for Uganda's exports remained high. Export earnings fell from 2.9 billion US Dollars in the financial year 2008-2009, 22.8 billion US Dollars in 2009 -2010. Foreign earnings from coffee and tourism in 2009-2010 were 262 million and 400 million US Dollars respectively. The real Gross Domestic Product (GDP) growth rate is projected to increase to

²⁷ Sustainable Development through Tourism SW- associates website
<http://www.sw-associates.net/?s=Tanzania&searchsubmit>

5.6% in 2011 and 6.9% in 2012 because of increasing regional demand and the improved global outlook.²⁸

Looking at the figure below the Ugandan economy present a down wards trend from 2008 to 2010 but the projections shows a recovery as stated above

Figure 15: Real GDP Growth for Uganda from 2002-2012.



Source: Made by the Author basing on data from IMF and Local Government estimates and projections

◆ **Tourism in Uganda**

Uganda has 10 National Parks and is another beautiful destination in EAC. Its tourism sector has been increasing however projections show a growth. For this year the contribution of tourism is expected to be Ugandan shillings **363.8 billion** which makes up a contribution of **3.2% of the GDP**. This reflects primarily the economic activity generated by

²⁸ Africa Economic Outlook. .2011. OECD, <http://www.africaneconomicoutlook.org/en/> accessed 21 Novemeber, 2011

industries such as hotels, travels agencies, Airlines and other passenger transportation services

It also includes the activities of restaurant and leisure industries directly supported by tourists.

The projections presents a sharp growth of 5. 8% of the sector as a whole per annun and the earnings equal to Ugandan shillings **2,395.9 billion**, a direct contribution of **3.1 % of the GDP by 2021**. The table below presents detailed indicators of tourism²⁹

Table 5: A summary of the Economic contribution Tourism industry in Uganda from 2005-2011 and projections in 2021

UGANDA GROWTH ¹ (%)	2005	2006	2007	2008	2009	2010	2011E	2021F ²
1. Visitor exports	31.5	-11.2	1.7	21.9	30.4	-11.5	10.9	5.6
2. Domestic expenditure	11.5	22.5	0.5	7.3	-4.8	8.6	5.9	5.9
3. Internal tourism consumption (= 1 + 2 + government individual spending)	23.7	0.3	1.1	15.7	16.8	-5.2	9.1	5.7
4. Purchases by tourism providers, including imported goods (supply chain)	22.8	0.6	2.1	16.3	14.9	-4.9	8.6	5.5
5. Travel & Tourism's direct contribution to GDP (= 3 + 4)	24.4	0.0	0.8	15.3	16.8	-6.0	8.9	5.8
Other final impacts (indirect & induced)								
6. Domestic supply chain	24.5	0.0	0.8	15.3	16.8	-6.0	8.9	5.8
7. Capital investment	12.2	6.1	23.6	-1.8	7.2	4.9	3.6	5.1
8. Government collective spending	3.7	5.0	-9.1	-1.0	-9.3	7.5	7.4	6.6
9. Imported goods from indirect spending	21.3	11.3	16.5	55.0	8.4	20.4	10.9	3.8
10. Induced	20.8	-1.9	2.3	8.2	15.8	-6.9	7.0	6.4
11. Total contribution of Travel & Tourism to GDP (= 5 + 6 + 7 + 8 + 9 + 10)	21.4	0.4	3.5	10.4	14.8	-4.9	7.7	5.9

²⁹ World Travel & Tourism Organization. 2010. Uganda Travel and Tourism Economic Impact, 4,5,6

Employment impacts								
12. Direct contribution of Travel & Tourism to employment	17.0	-3.4	-3.3	8.1	16.2	-9.1	5.6	3.3
13. Total contribution of Travel & Tourism to employment	14.0	-3.1	-0.9	3.4	14.2	-8.2	4.4	3.4
Other indicators								
14. Expenditure on outbound travel	8.4	3.1	-1.4	30.6	9.0	10.2	9.5	3.7
15. International tourist (overnight visitor) arrivals	-8.6	15.2	19.1	31.5	-3.2	2.6	21.6	5.0

Source: WTTC, 2011

Challenges in Uganda tourism Industry

Uganda's tourism industry has been forgotten on the international market due mostly to the lack of marketing strategy to market its destinations which are even among the beauties of Africa. The sector is mainly facing the following challenges:

1. Lack of regulations for protected areas : Protected areas are key tourist attractions, however there is mounting pressure especially from cattle keepers who press from uncontrolled cattle grazing
2. Low budget for promotion and marketing of tourism levy
3. Inadequate infrastructure development along main tourist circuits
4. High interests rates which have significantly reduced both availability and affordability of finance and hence a reduction of investment in the industry.
5. Local pressures for alternative use of the land and inadequate security in protected area.

3.3 Comparison and Lessons for Rwanda

The following table is countries comparison at policy levels; it is especially focusing on three levels of intervention that are mainly impacting tourism industry.

Table 6: Country comparison at Policy, Institution and Supply side level

Rwanda	Uganda	Tanzania	Lessons
<p>Government Policy on tourism:</p> <p>1.Product development and diversification:</p> <p>1. Develop a range of quality tourism products and services capable of attracting and meeting the needs of international, regional and domestic visitors</p> <p>2. Focus efforts on key locations or Destination Management Areas (DMAs). DMAs are the following locations in Rwanda:</p> <ul style="list-style-type: none"> ❖ Kigali Hub ❖ Volcanoes National Park ❖ Nyungwe National Park ❖ Akagera National ❖ Karongi ❖ Rubavu ❖ Muhazi 	<p>Government Policy on tourism</p> <p>1.Product development</p> <p>Uganda has 10 good National parks and 5 top among them are the following and there being developed more to brand Uganda’s tourism destination:</p> <ul style="list-style-type: none"> - Queen Elizabeth National Park - National Park - Rwenzori Mountain National Park - Lake Mbuho National Park - Bwindi Impenetrable National Park <p>The Uganda tourism Board is emphasizing the development of those products that offers potential for development of the sector.</p>	<p>Government Policy on tourism</p> <p>1.Product development</p> <p>The Tanzanian Tourism Board established steps to follow for their product development:</p> <p>1.The first step is to designate the zones or areas to be prioritized</p> <p>2.The second step is Product formulation by choosing integrated tourism products which can attract high yield segment of the international tourism market , and make Tanzania a single</p> <p>3. Develop a range of special interest products</p>	<p>Lessons to consider for Products development</p> <p>The good thing done by the 3 countries in this area is the zoning (priority areas and products to develop)</p> <p>The tourism of Rwanda can’t compete with</p> <p>3 National parks, to diversify its tourism products is an urgent key action to be highly considered with the new approach of DMAs (Destination Management Areas), things are expected to change. This implies innovative, and creative skills,</p> <p>For the 3 countries efforts should be focused in the cultural heritage and community based tourism as they are among the two tourism enterprises that showed obvious potential to help broaden the product range and provide the visitor with a more satisfying experience,</p> <p>Uganda has 10 National parks and Tanzania 15 National parks, but still a need of a wide range of secondary attractions and activities is so important for a thriving Tourism economy, even though they may not motivate a tourist to take a trip to these countries but they can persuade them to stay more and to extend their holidays which in the</p>

			end increase their expenditures.
<p>2. Marketing and awareness</p> <p>1. Project a clear distinctive image of Rwanda as wildlife, eco-tourism, cultural, conference destination that is attractive to high value market</p> <p>2. Market Research and statistics are critical components of the marketing mix. An extensive program of market research in Rwanda's primary source markets is essential to identify the needs, expectations and concerns, as well as buying behavior of visitors.</p> <p>3. Rwanda needs to become more visible as a tourism destination, by providing information about the tourism attractions, products and services, and making it a competitive destination for tourists and tourism operators.</p> <p>4. The private sector needs to put in place tourism marketing levy fund which will be also supported by government:</p>	<p>2. Marketing and awareness</p> <p>It has been said to be a blank page because very little is known of Uganda out there and so there is need for:</p> <p>1. First the government to mobilize the stake holders and create a conducive environment for them to formulate synergies between each other</p> <p>2. Including in some markets, campaigns both consumer and trade promotional activities such as advertising, publicity, trade and consumer promotions then in other markets, focus exclusively on working with the travel trade.</p> <p>3. Partnership with existing airlines operators in Uganda and market based travel trade, to maximize impact in the value achieved and level of business generated.</p>	<p>2. Marketing and Awareness</p> <p>In terms Marketing Tanzania adopted the following approach</p> <p>1. Market demand survey among tour operators 2. Formulate marketing strategy and plan 3. Upgrade and extend national web-site and link to other sites and platforms 4. Create new brand image 5. Production of new set of collaterals 6. Organize annual Tanzania Holiday Fair 7. Improve visitor facilitation - Implement adequately funded marketing campaign</p>	<p>Lessons to consider for Marketing and awareness</p> <p>Considering all the 3 countries policies in terms of marketing awareness as low income countries the crucial determinant of success is marketing for attracting visitors with limited resources, the most cost-effective marketing method is to develop as many linkages as possible, the planners should have in mind who to target, make a market segmentation, categorize the visitors. Simply follow the 4 Ps marketing model.</p> <p>A country like Uganda has an incredible tourism products but the world will not find out about it without a serious commitment from the Government of Uganda to market it as unique destination.</p> <p>And they should be a specific agency for each country which is only assigned for marketing and promoting tourism, looking at each countries policy, they are too broad, there is a mixture of uncoordinated programs there is a need focal institution to set targets and specific actions assigned to all the stakeholders.</p>

<p>3. Capacity building:</p> <p>1. Develop systematic, high quality training, to create a skilled workforce in value jobs at every level of the tourism and hospitality industry:</p> <p>2. Update and improve the curriculum of existing travel and tourism related training courses and improve qualifications of teaching staff through an extensive train-the-trainer program</p> <p>3. Set up a Tourism and Hospitality Training Institute in Kigali. The Institute must collaborate with the industry and have an exchange program under which faculty and people with practical experience can interchange positions.</p> <p>4. Develop flexible pathways from vocational skills training into higher education diploma and degree programmes in tourism and hospitality</p>	<p>3. Capacity Building</p> <p>1. Training of existing and new tour guides as well as hospitality staff.</p> <p>2. Encourage the local media and NGO's to become partners in the tourism awareness process in the tourism awareness process at all levels of society in Uganda.</p> <p>3. Promote the involvement of the private sector in the provision of training</p> <p>4. Encourage capacity building among the previously neglected small and medium tourism enterprises and emerging entrepreneurs.</p>	<p>Capacity Building.</p> <p>The Tanzania Tourism Board policies for capacity building consist mostly in :</p> <p>1.to firstly well formulating and reviewing manpower training policy and plan</p> <p>2.Strengthening human resources development within the Tourism Division And other stakeholders of the sector</p> <p>3.Development of National curriculum for tourism</p> <p>4.Establishing tour guide training programs</p>	<p>Lessons to consider for capacity building</p> <p>Capacity building in tourism is a major action that deserves more funds and efforts from both supply side and government.</p> <p>The long-run outcome is that the high standard service delivery which especially goes hand in hand with customer care,</p> <p>One of the biggest issues is that many people working in this sector are not well skilled and trained for this specific sector. And</p> <p>Training the people who are already working in the sector is good but there should be schools Universities, that give career oriented courses on tourism and Hospitality, only Rwanda specified it in its capacity building policy.</p> <p>Since the EAC is looking forward to market itself as one single destination it would be better also to contribute together to build a sound capacity building for better service delivery of the single destination. It would be cost effective and all countries would benefit that</p> <p>One good high education level in Tourism and Hospitality can be built in one of the countries and all the countries can contribute for that action.</p>
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<p>Institutions</p> <p>Tourism Industry is managed by the department of Tourism and conservation under and Rwanda Development Board</p> <ol style="list-style-type: none"> 1. Establish a safe and stable political and economic environment for tourism to flourish 2. Ensure the safety and the security of residents and visitors and establish the facilities of appropriate legal and fiscal frameworks for the industry 3. Facilitate the development of a tourism culture in Rwanda and the supply of skilled manpower for the industry development 4. Make Tourism industry a national priority. 5. Conduct the effective marketing and promotion of the country encourage. 	<p>Institutions</p> <p>The sector of tourism in Uganda is under the Ministry of tourism trade and Industry and the implementing agency is Uganda Tourist Board (UTB) Established in 1994the Board's mandate is</p> <p>- To promote and popularize Uganda as a viable holiday destination both locally and internationally in order to:</p> <ol style="list-style-type: none"> 1.Increase the contribution of tourism earnings and GDP 2. Improve Uganda's competitiveness as an international tourism destination 3. Increase Uganda's share of Africa and World tourism market. 	<p>Institutions</p> <p>The Tourism Industry in Tanzania is under the Ministry of Natural Resource and Tourism and the implementing agency is the Tanzania Tourism Board which is assigned:</p> <ol style="list-style-type: none"> 1.Organize and review the tourism division, its functions and funding mechanism 2. Review of legislations and regulations like Hotels Act Tourists Agents licensing Act 3.Clarify Land Use and tenure laws 4. Identify and Promote economic linkages between tourism and other sectors of the economy. 	<p>Lessons to consider for institutional service delivery</p> <p>Institutions are there to establish and maintain regulation that enables all the stakeholders in the tourism industry to develop in a fast and sustainable way:</p> <p>Tourism development will not just simply happen.</p> <p>It has to be stimulated, and the activities of the various tourism enterprises must be backed up with good institutions connected with more effective inter-Ministerial cooperation mechanisms</p> <p>This means having the appropriate institutional framework, legislation and organizational structures in place; having an attractive climate for enterprise development and investment; having a skilled labor force capable of meeting international service standards.</p> <p>And finally a planning process of all programs requires a database this helps to plan effectively. There is a need of keeping records from different tourism destinations in order to plan well for the future.</p>
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Supply side/Private sector	Supply Side /Private sector	Supply side/Private sector	Lesson to consider about the private sector
<p>The government of Rwanda as regulator recognized investment as a key to strengthen the business linkages there are many policies for implementation in collaboration with the private sector are:</p> <ol style="list-style-type: none"> 1.Facilitate investment in tourism industry to operate and manage the tourism plant efficiently 2.To advertise and promote individual tourism services as well as the country locally regionally and internationally 3.Continuously upgrade the skills of the workforce by training to workers to provide quality products and services 4.Develop and promote socially and environmentally responsible tourism and ensure the safety, security and health of visitors in 	<p>In Uganda in terms of collaboration of supply side and the government the following are the main Policies</p> <ol style="list-style-type: none"> 1. Help the Government to fully implement tourism Act with priority focus on competitiveness of the sector 2.Fast track the implementation of tourism sector policy to guide its operations and fully realize its potential 3.Under a PPP approach upgrade roads supporting tourism sector 4. Develop branding and marketing drive for Uganda’s image with a view of improving tourism sector 	<p>Even though there is no specific task assigned to the private sector in terms of collaboration, implementation, and promotion of tourism industry, the Tanzania Private Sector Federation is increasingly investing in the various tourist plants, for example by:</p> <ol style="list-style-type: none"> 1.Improvement of destinations 2. Access major sources and within marketing promotion 3. Training of human resource. 4.Intervening in transport, energy, infrastructure and banking and finance sector 	<p>The supply side or the private sector plays a crucial role in the tourism development, especially because it interacts directly with the tourists</p> <p>The private sector bears the major risks of tourism investment as well as a large part of the responsibility for satisfying the visitor.</p> <p>For example the tour operators , restaurants, hotels, lodges and others</p> <p>For the supply side to perform well the governments should avail for them policies and regulations that facilitate them to easily invest in the sector.</p> <p>The more the private sector performs well in the tourism sector the more the industry will attract tourists, and the more tourism will impact the community and the economy as whole.</p> <p>The governments should stay less inclusive in some level of interventions especially in when it comes for marketing and promotion side.</p>

Source: Each country Tourism policy and Master Plan

The table above summarize in a comparative way the policies and activities undertaken by the 3 countries. In order to build a sustainable tourism sector the following three elements are of great importance and should be considered as priorities

- I. Product development,
- II. Market awareness
- III. and capacity building

When a tourism destination has sound policies for products development, then market them well domestically and at international market, and finally offer best and professional services this destination can manage to compete and provide significant impact on the economic development. The rest of the policies like developing tourism infrastructure, environmental sustainability and create business linkages are also important and shouldn't be neglected by policy makers because they make the first ones implementable.

After putting in place policies institutions and supply side are intervention levels that complement each other in terms implementation and coordination it is of high importance for each country to assign effectively the programs and the activities in line with their policies. The main lesson to consider is that **“The success of the industry lies in the coordination of the above 3 levels of intervention.”**

Table 7: Country comparison on tourism performance

Tourism indicators	Uganda 2011	Tanzania 2011	Rwanda in 2011
Tourists arrivals	1,019,000 international tourist	788,000 international tourist arrivals	1,016,000 international tourist
Number of National Parks	10 National parks	15 National Parks	3 National Parks
Travel and Tourism Contribution to GDP	Ugandan shillings, 363.8 billion equals to 3.2% of GDP	Tanzanian Shillings 1,698.5 billion equal to 4.5% of GDP	Rwandan Francs 124.4 billion equals to 3.4% of GDP
Travel and tourism attraction of Investment:	Ugandan shillings 431.2 billion, to Ugandan shillings 709.0 billion equal to a growth of 5.1%	Tanzanian shillings 1,086.4 billion rising by 5.4% p.a to Tanzanian shillings 1,833.6 billion	Rwandan francs 63.6 billion rising by 6.6% pa to Rwandan francs 120.4 billion .
Travel and Tourism contribution to employment	181,000 jobs equals to 2.7% of total employment	377, 000 jobs equals to 3.7% of total employment.	130,000 jobs equals to 6.8% of total employment

Source: WTTC, 2011

The above table shows that Tanzania is the biggest with 15 tourism destinations it manages to attract more, Tanzania tourism sector performs better in terms of contributing to employment and GDP, and attracting investments, but more efforts in innovations, regulations and policies in this sector are required to fit the standards of nowadays tourism industry especially if the EAC single destination and single visa will be implemented within the EAC region

CHAPTER IV Policy Suggestions for Tourism Industry of Rwanda

Rwanda tourism sector is obviously emerging, contributing at a large extent to a sustainable development considering all the findings and indicators from the tourism industry and its contribution to the national economy to the country there is still a long way to go in terms of positioning Rwanda tourism as a competitive destination at a global platform though the work done is not negligible. Joining the single EAC tourism market demands even more efforts even though the Rwanda competitiveness indexes may seem performing better comparatively to Uganda and Tanzania their tourism sector is much bigger and keep on growing every year. The following are the recommendations that Rwanda should consider

4.1 Product Development

It is always better to choose and prioritize the products that present more opportunities:

- 1.** Rwanda should develop and market at least 5 potential products that will build a new brand image of Rwanda as a destination at a global level.
- 2.** Add on value and rehabilitate the existing attractions that are not well known
- 3.** Create new product package

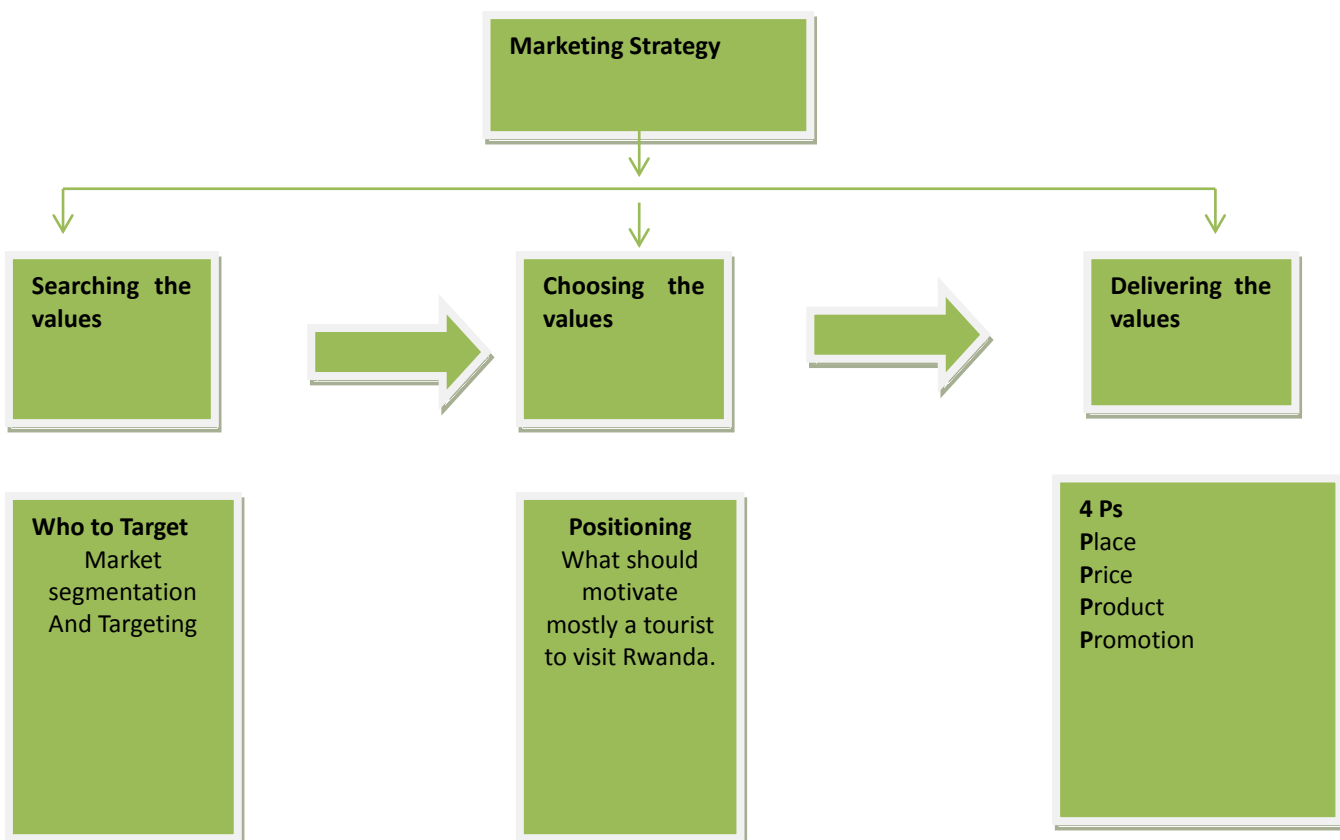
4.2 Marketing

One of the big difficulties is that no marketing model has yet been developed that can be used as a reliable guide to create a sustainable community Based tourism enterprise and build a unique brand image of Rwanda as a destination. Most tourists come to see gorillas in Rwanda it is one product that dominate the market but with new strategy of marketing,

Rwanda can value its other tourism attractions. And also Rwanda tourism destinations are insufficient to build a sustainable tourism and compete therefore it is recommended:

1. To establish added value activities to market and make know the country, and the best way to do this is to create events to stimulate visitors, however the events planners must be realistic, creative and innovative enough, the events must reflect the image of Rwanda, bringing cultural attraction under an umbrella which give them a wider promotional appeal.
2. Attract promotional events. Conferences, cultural and sports, and entrainment shows that market the country at global platform.
3. Rwanda tourism industry do not have a designed marketing strategy model, the below figure illustrates a marketing model that might help to improve the performance of the sector for the way forward.

Figure 16: A model for marketing strategy



Source: Made by the Author basing

Searching for Values: Who should be the targeted tourists for Rwanda?

Rwanda has been targeting high income tourists and recently the price increased for mountain gorillas. To benefitate fully from all the potentials that hosts the country it would be recommendable to segment the market by regrouping the tourist into categories matching them with tour packages for each category:

- Luxury tourists
- Middle-income tourists
- Low-income tourists
- Special case (like school educational excursion for kids)

Choosing values: There are two questions to respond to:

What should motivate mostly a tourist to visit Rwanda, if they already visited Tanzania and Uganda?

What value does Rwanda provide and how is it different than the alternatives?

This implies a definition of the profile of Rwanda, the culture, the history, the unique destinations, and the brand logo to market itself.

Delivering the values:

Place: what are the places in Rwanda that should be promoted than others?

According to Rwanda tourism Master plan the following areas have been chosen within the Destination Management Areas (DMAs); tourism attractions in these areas must be developed, and added on value, the service sector also must be promoted in these places, (transport, health, hotel and restaurants) in order to fit the standards of quality destinations.

Price: Are the current prices fair and affordable for the group of tourists targeted?

Recently the price for mountain gorilla tour increase about **50%** now reached 750 USD, not every tourist will afford this high price. It's recommendable to review the prices for each tour package to first market the destination and compete within the regional market.

Product: What products uniquely branding Rwanda?

Rwanda is know by the rare **mountain gorilla**, recently added **convention** on its offering and is being discovered and promoted as a **world classy birding** destinations focusing and improving these products in unique way will give distinguished image of the country as a destination.

Promotion: For promotion, a better way of doing it is through promotional events to stimulate visits however the events planner must be realistic creative and innovative enough draw visits from their locality; the events must reflect an image of Rwanda. So far Rwanda has few promotional events like FESPAD, Rwanda Film Festival, and Kwiti Izina (Gorillas Naming Ceremony) a convention bureau will be launched this year of 2012 to market Rwanda as a top destination for conferences and meetings

4.3 Capacity Building

1.Put in place a school and University programs teaching about tourism management Young people need to learn about their history the Ministry of Education in collaboration with Rwanda Development Board should include cultural courses in school and plan excursions programs especially in elementary. This will help them to love their country and culture and also to grow up with tourism culture.

4.4 Regulations and Institutions

1. Though tourism sector promotion unlocks the economy creating new opportunities and connectivity, there is a need of protecting some principles especially the profile of the country: Environmental sustainability, economic stability, risk of acculturation and risk of social There is a need to strengthen the linkages between businesses, local communities and Government, the growth inside the sector must impact directly the local communities, and increase a wide range of opportunities for middle class to benefit them

2. It would be also recommendable to put in place a Ministry of tourism and culture, which will have the tourism and conservation Agency as an implementing agency

4.5 Private Sector and development

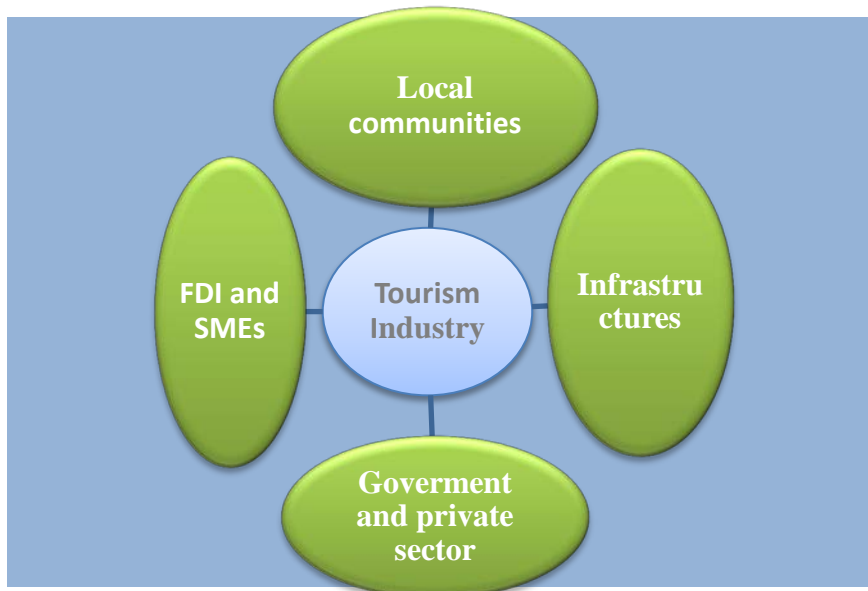
1. The more the sector grows the bigger the infrastructure projects will be, there is a need of promoting PPP (Public Partnership Projects) specifically for transport project, as government budget has limitations.

2. Promote FDI joint venture for example, when one is given the permission to use other people's customer's to get a new business and that there is a win-win relationship more strength and efforts are needed to keep the reliable and trustable image of the business partner and this improves the service sector.

3. A tourism that help the local communities lies in the profitable, strong business linkages that are offered to them, which open up more opportunities for small investments, the role of a middle man in tourism sector is not negligible and most of the tourism businesses are SMEs, policies like subsidies, and tax relief for a starting period would to help the private sector to develop their service delivery.

The figure below summarizes the major focal points to make the tourism sector more sustainable; while making community the major beneficiary: FDI will widen more the business linkages thus create more job opportunities, SMEs will impact more low and middle income local communities especially those in rural areas around the tourists attractions, and infrastructure will not only be a benefit for the tourism sector it is one of the key elements for economic development of a country.

Figure 17: The main focal points to improve for a sustainable tourism



Source: Made by the Author basing

Chapter V Conclusion

At present, the majority of high value international visitors to Rwanda spend no more than three nights on average in the country and this leaves them little time to visit out of the way other places that are not included in their tour package or the itinerary given by their tour operators. For the high end tourists or luxury tourists spending 500 USD or more a day and who are the main target of the tourism marketing strategy since 2002, Rwanda is an add-on destination at the end of their tour of East Africa so that they can do the gorilla experience which was not necessarily a negative thing. So far the tourist arrivals have been increasing and the sector has been performing better.

However these realities must change now that EAC single tourism destination and visa is near to be implemented. A more concerted strategy for development and marketing of a range for cultural and community tourism products that meet specified high standards must be in place. And this must lead gradually to an increase in visitor number and thus their length of stay.

The aim of that strategy should be to start from what the sector already has to develop and bring to market products that have more realistic opportunity of sustainable success of the tourism in Rwanda, mostly and urgent it will require the availability of high quality alternatives to ensure that these visitors stay longer. New product development and diversification, market awareness and capacity building should be the first policies to implement and focus on for Rwanda to become a first ranked destination in EAC rather than a transit point for tourists though it has contributed a lot so far in the sector.

Rwanda has number of destinations that still unexploited not even known by domestic tourists, the potentials ones can be chosen and can be marketed to attract more tourist. On one hand, through all the study the data shows an increase year by year in the tourism industry which shows the capacity and the potential of Rwanda tourism sector to

perform better, but on the other hand looking at the index of competitiveness on the international level, the tourism sector still have a long way to go to build a sustainable sector, to attract more tourists, and to provide good services that satisfies the tourists.

Rwanda is a small country that can be visited in one day; its destinations need added value events to make the tourists stay longer. If Rwanda has to join the EAC single market then a new strategy of positioning its image must be in place, at all levels of intervention in order to make tourism remain a tool for economic development.

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