EXECUTIVE FORUM ON
NATIONAL EXPORT STRATEGIES

EXPORT OF SERVICES: HYPE OF HIGH POTENTIAL?
IMPLICATIONS FOR STRATEGY- MAKERS

5-8 October 2005
Montreux, Switzerland

Value-Based Tourism – Getting the Most of the Tourism Dollar

The Gambia's Perspective

A paper contributed by
Adama Bah
Secretary General
Association of Small-Scale Enterprises in Tourism
The Gambia

VALUE-BASED TOURISM – GETTING THE MOST OF THE TOURISM DOLLAR
THE GAMBIA'S PERSPECTIVE

Introduction

In The Gambia poverty is a major concern. The Gambian economy experienced a down turn in the1980's reflected by growing imbalances between revenue and expenditure and between the value of imports and earnings from exports. This deterioration of the economy gave rise to policy and institutional reforms to attempt to stabilise it. The government endeavoured to create an environment in which the private sector leads in the development of an economy that is market driven. Despite the policy initiatives, which had led to the recording of growth in GDP of five percent per annum, poverty is considered to be in the increase.

This imbalance in the foreign exchange earning capacity of the country in relation to skyrocketing demand for external goods and services is impacting negatively on the value of the dalasi which has depreciated remarkably against the value of other currencies. An inflation spiral has also been fuelled by the depreciation of the dalasi.

It is therefore clear that growth in GDP, foreign reserves and the achievement in performance targets are not necessarily translated into growth in human development and general welfare. Poverty is growing. 69 % of Gambian households are poor. 85% of the groundnuts producing households are poor. This is attributed to both shortages of farming inputs due to income barriers and low producer prices of crops. Urban unemployment and poverty are also on the rise. Production and distribution factors can be causes of poverty. In order to come up with an effective poverty alleviation strategy, it is necessary to identify all the areas where low level of production or disproportionate distribution of income contributes to growth in poverty.

The macroeconomic framework, which characterised the evolution of tourism policy for the past three decades, highlights the balance of payment problems of the country and its excessive debt burden, which has caused foreign exchange flight. It is noted that debt repayment and service charges are more than the education, health, agriculture and works and infrastructural development combined.

Gambian tourism development indicates that even though it offers immense prospects for the transfer of wealth, the tourism product that can foster such development must be created. The evolution of tourism in the Gambia reveals that the state has all along promoted the building of infrastructure, technical department, security apparatus and many promotional activities which involved the taking of loans just to end up with a tourism which has a poor performance on building the necessary linkages for socio-economic development. There is therefore the need to reexamine the development of tourism so that it would ensure a positive contribution to national development. This is what brought about the securing of a grant from the African Development Bank (ADB) for the development of a Tourism Master Plan that covers a period of 20 years from 2004. The final draft of which was submitted to Government recently. The major weakness of most master plans is the lack of addressing the core issue of maximizing revenue for locals. Much emphasis is placed on macro-economic development that requires increasing numbers of visitors and physical structures. It is not necessary to choose between the two as there is scope for both developments. The Gambia's perspective ought to be greater diversity of offer, the key issue of revenue that accrues to The Gambia and Gambians and the challenge of making small and informal businesses to become part of the formal sector so that they can be taxed.

Furthermore, tourism investments by the state produced diminishing returns. Loans increased while tourism receipts for government expenditure remained insignificant. Maximum benefits can be derived from the industry if a linkage is established between the consumption patterns of tourists and the production of horticultural, poultry and livestock products, the fishing and beverages industries and other informal / small-scale tourism enterprises.

Tourism Master Plan Study (TMPS)

The study agrees that “The Gambia is a poor country and plans for the economic development of any industry, including tourism, have to take this into account.”

“The economic opportunities that tourism can bring are substantial. Based on a projected doubling in tourist arrivals, tourism’s contribution to monetary GDP is projected to increase from an estimated 13 percent in 2004 to around 18 percent by 2020. Net foreign exchange earnings are projected to increase from an estimated $40 million in 2004 to $130 million in 2020. Tourism-generated employment is projected to increase from an estimated 16,000 jobs in 2004 to around 35,000 jobs in 2020. This level of economic impact makes tourism economically significant to The Gambia and to the Gambian people. It is unthinkable that The Gambia should let these opportunities be lost by not taking decisive action. The intention of this Master Plan is that decisive action should be taken by the responsible authorities.”

The Immediate Challenges Facing Tourism in The Gambia

In identifying the challenges tourism in The Gambia faces the TMPS concludes: “In recent years The Gambia as a tourist destination has stalled in its progress. Whereas tourism had grown in surges in the 1970s, 1980s and 1990s, tourist numbers have remained below 100,000 (air charter arrivals) for a decade. The Gambia has lost market share to other destinations, notably the Canaries and Egypt. Also the turbulence in the world tourism industry in a myriad of activities – terrorism, consolidation of tour operators, oil price ‘super-spikes’, natural disasters, emergence of low-cost short haul airlines in Europe – has left many tourism operators (airlines, tour operators, hotels etc.) continually revamping their businesses, affecting tourist destinations accordingly.

“Whilst The Gambia still remains a wonderful winter sun destination, it is a relatively marginal destination for European airlines and tour operators because tourist numbers are small and profitability is focused on the winter season. In the summer season the European tour operators and airlines are able to earn more profits in flying to destinations other than The Gambia. To counter this, The Gambia needs to get back on to a ‘surge growth path’, because: -

1. The air flight access is relatively tenuous. There is a need for more passengers to strengthen the air flight access between The Gambia and different markets in Europe and to provide more passenger and aircraft throughput to repay the running of an international airport in Banjul;
2. The occupancy factors in the hotels are too low by modern competitive standards. Generally tourist destinations nowadays cannot survive on a short seasonal operation;
3. The tourist accommodation in The Gambia, in general, is earning too little money to properly refurbish and keep up standards that tourists now expect – both in quality and range of facilities and with reference to both physical standards and service standards.”

Institutional Development

Furthermore, the TMPS indicated “A crucial element in the whole process of getting Gambian tourism back onto a growth path, and indeed a ‘surge growth path’, is to strengthen the two key institutions that can provide the right business environment for the private sector to flourish. These institutions are:

1. The Department of State for Tourism and Culture (DOSTC); and
2. The Gambian Tourism Authority (GTA).

The principal tasks for these two Government arms are:

- To provide the management information which the Gambian tourism industry needs in order to improve its operational performance;

- To bring back order into the balance between demand for, and supply of, sites for tourism development in the Tourism Development Area (TDA);

- To market the destination in the targeted market segments, in order to supplement the activities of the tour operators (creating a Gambian brand) and also to open up those market segments that are independent of the tour operators; and

- To put in place the whole series of initiatives that are required in this Master Plan.

Destination Cluster

Information received on destination cluster indicates the need to provide a strategy that is built on criteria that specifically looks at:

- Te level of value-retention;
- Its contribution to value-addition; and
- The prospect for value creation.

Whiles there is no doubt that the idea of clustering the various products and services within the destination is important in retention, addition and the creation of tourism value, there are aspects of the tourism trend that needs “re-fixing”. There are questions that need urgent answers in the area of sustainable development. Questions relating to sharing of benefits, unfair competition and monopoly by bigger players, capacity for the poor and marginalized so that they can compete on a level playing field are key preconditions for the sustainable development of tourism.

It is worthy to note that the Gambia government’s Department of State for Trade Industry and Employment (DSTIE) initiated sector export strategies in collaboration with International Trade Centre (ITC) that focused mainly on issues surrounding the capacity building of smallholder enterprises in the tourism, fisheries and horticultural sectors. Through this project a number of associations in the three sectors were strengthened or initiated.

The projects below give examples of the necessary processes that are required to create opportunities for SMEs especially the poor and marginalized so that they can effectively take part in destination clustering processes.

Best Practice Story – Improving Linkages with Other Sectors of the Economy

Tourism was initially designed to promote Foreign Direct Investment, foreign exchange earnings, infrastructural development, revenue and employment generations. Mass Tourism however, had limited linkage with the productive base of the local economy thus encouraging leakages and exclusion of the vast majority of the population from the acquisition of benefits from the tourism industry. This reality is what gave rise to a UK Government’s Department for International Development (DFID) funded initiatives to improve the linkages between the informal sector and the formal sector and that of the industry with Agriculture. Other projects that I initiated with tourism consultants in the UK (Dr. Harold Goodwin and Mr. Dick Sisman) and ASSET are the Brighter Futures (Craft) Faces and Places (Cultural Services) and The International Centre for Responsible Tourism- Gambia (capacity building).

Improving The Linkages Between the Informal Sector (ASSET Members) and The Formal Sector

1. ASSET Gambia

http://www.asset-gambia.com

This 20 month project ran from August 2000 to March 2002 and worked with the Association of Small Scale Enterprises in Tourism (ASSET) on a series of participative surveys to collect information about the perceptions of the tourists, tour operators, hoteliers and inbound operators (or ground handlers). Each of the informal sector groups participated in the research phase and identified what they saw as the significant barriers to their participation in the industry and reported on their sales during the peak season (the first quarter) of 2001.

An agenda for action was identified for each informal sector group, based on their understanding of the barriers that needed to be overcome in order that they could increase their sales and income. Discussions were held with government and the formal sector about what they could contribute to improving market access and the performance of the informal sector composed largely of poor producers.

Poverty Impacts: The tables below gives an indication of the level of success in terms of earnings for the Juice pressers, licensed guides and craft market vendors

Juice presser earnings at Kotu Beach 2001/2

	2001	2002	Change
Mean daily turnover	66.7	148	132%
Mean daily surplus	47.5	105	128%
Weekly Income Dalasis	333	736	121%

Source: TCF surveys. These reflect only peak season earnings

Increase in licensed guide earnings at Senegambia and Kotu Beach

Senegambia	2001	2002	Change
Mean income per trip	D144 (8.8 USD)	D174 (10USD)	▲ 20.8%
Trips per week	2.38	2.49	▲ 4.6%
Mean weekly income	D345 (21.1 USD)	D408 (24USD)	▲ 18.2%
Kotu Beach			
Mean income per trip	D93 (5.7 USD)	D94.2 (5.5USD)	▲ 1.3%
Trips per week	3.06	4.2	▲ 37.25%
Mean weekly income	D285 (17.4 USD)	D380 (22USD)	▲ 33.33%

Source: TCF surveys. These reflect only peak season earnings.

Earnings comparison for Kotu Beach Craft Market 2001/2

	2001 Mean	2002 Mean
Sales	96.5	335.3
Cost of Goods	55.3	209.4
Commission Payments		1.3
Income Dalasi	41.2	122.8
Income USD	2.5	6.46

Source: TCF surveys.

Earnings comparison for Senegambia (Kololi Beach) craft market 2001/2

	2001 Mean	2002 Mean
Sales	162.13	316.92
Cost of Goods	97.94	194.79
Commission Payments		2.01
Income Dalasi	162.13	316.92
Income USD	9.9	16.68

Source: TCF surveys.

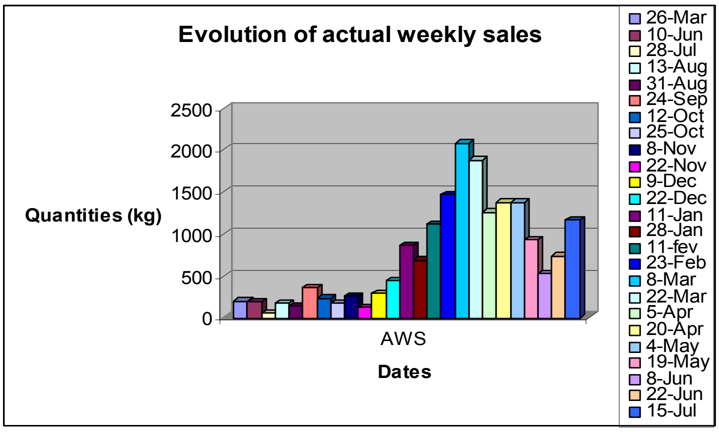
2. Gambia is Good (GiG)

www.haygrove.co.uk/development.php
The GiG is a fair trade horticultural marketing company aim at providing fresh vegetables to the tourism industry and the general public in The Gambia that will provide tangible economic and social benefits to poor rural Gambian Communities – specifically:

1. To use the company as a catalyst to stimulate a vibrant Gambian Fresh Product market that develops local livelihoods inspires entrepreneurship and reduces the environmental and social cost of imported produce.
2. To establish best practice and up-take of low cost, appropriate packing, storing and grading of fresh produce at garden level.
3. To leverage technical excellence in horticulture as a major catalyst to improve the livelihoods of the rural poor and to use the *'Gambian is Good'* approach as a replica table model in other countries in West Africa.

GiG was started through collaboration between local Gambian NGOs, Concern Universal, and Haygrove of the UK. Local NGOs include the Njawara Agricultural Training Center, Saint Joseph's Family Farm, Methodist Mission Agricultural Program and Gambia tourism Concern. Haygrove a fruit growing company in the UK is funding the project with the help of a UK (DfID) government grant.

Success Story
So far over 1000 gardeners (85% women) supply produce to the project. Sales are between 2 to 1.5 / week and the project employs 10 full time and five part-time staff.



3. Brighter Futures

http://www.brighterfutures.biz/

Brighter Futures (BF) is a new craft-marketing venture within the travel and tourism industry of The Gambia. The company focuses on trading fairly with both producers and customers. It promotes fairer 'trade not aid'. It started trading in November 2004. All of the producers are members of the Association of Small Scale Enterprises in Tourism (ASSET). They also sell this wide range of craft goods via their online shop.

BF is presently reaching out to more countries for distribution. In each country of distribution there will be an appointed agent or agents to handle sales in that country.

There is also a BF Tsunami programme which seeks to help economically disadvantaged people in Sri Lanka through selling the goods they produce on the BF website. BF is hoping to open their on line shop to goods from Ghana very soon.

4. Faces and Places

Faces and Places is a small ground operations company, which is working closely with ASSET to help develop and encourage tourists to visit/use ASSET member products/services

5. International Centre For Responsible Tourism-Gambia (ICRT-G)

http://www.icrtourism.org

ICRT-G will help to build capacity in responsible tourism through training, scholarships and by influencing government policy - both in The Gambia and in the wider region - to take up responsible tourism. Eventually it is hoped that ICRT-G will play a role with the induction of destination resort managers to introduce them to cultural issues and how they can play their part in following responsible tourism principles in the destination.

The Issues and Principles in Responsible Tourism course attracted its first international student, Andy Kranz, who traveled from Canada to attend. He joined 19 Gambian students many of who were senior decision makers in tourism, forestry and the environment. A number of establishments financed places for their staff and some participants funded themselves.

The next short course is on Tourism and Local Communities: Pro-Poor Tourism: and a Conference on Community-based Tourism and Poverty Reduction in West Africa.