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Holiday package tourism and the poor in the Gambia

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This paper analyses the tourism value chain in order to understand and encourage pro-poor growth of the tourist sector in The Gambia. The central finding is that about 14 per cent of the Gambian part of the chain flows directly into the hands of poor people – a much larger pro-poor outcome than the authors expected. This is due to well-developed local linkages in the destination country that allow poor people to access tourist discretionary expenditure – supported by concerted action from civil society and donor organisations. Pathways from tourism to the poor are, in descending order of importance, craft markets, the food supply chain, non-managerial staff in hotels, excursion guides, and taxis. To increase the benefits from tourism to the poor, the paper recommends increasing both the size of the slice that accrues to them and the size of the tourist cake itself.

1. INTRODUCTION

The potential for tourism to accelerate economic growth and reduce poverty in poor countries is beginning to be acknowledged by a small group of development practitioners and a larger group of policy makers in developing countries. Like most economic activities, international tourism is concentrated in rich countries. However, about one third of international tourists arrive in a developing country. In the developing world, middle income countries capture the lion's share of this market. Though small in terms of global market share, international tourism has a disproportionate economic impact on very poor countries (Roe et al., 2004).

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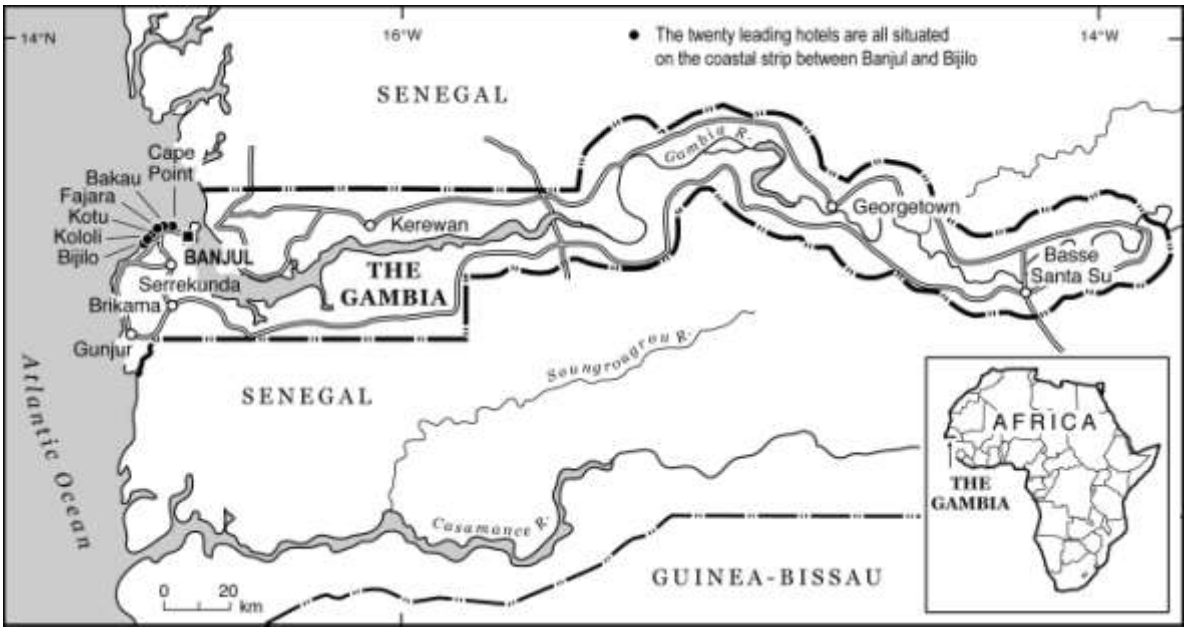
The notion that mainstream tourism can enhance well-being amongst the poor in developing countries is rejected out of hand by most of the Western academic tourist studies community. It is asserted that potential benefits of tourism 'leak' out of the local economy because large foreign tourist companies control the sector and are offered incentives by governments to the detriment of their tax base and the welfare of tourism workers (Brohan, 1998). These assertions have generally been made vociferously, but without an adequate empirical base.

This paper examines the distributional impacts of tourism and is based on research carried out in The Gambia (Mitchell & Faal, 2006). This West African Country looks, on the face of it, a rather unlikely case study for pro-poor tourism. It is the smallest country in Africa and one of the poorest. Its tourist activity is focused on 20 large hotels in an enclave along a 10 km strip of the Atlantic coast (see Figure 1). The industry is dominated by European tour operators serving relatively low-end European mainstream holiday package tourists.

Figure 1: The Gambia: Location & main tourist hotels



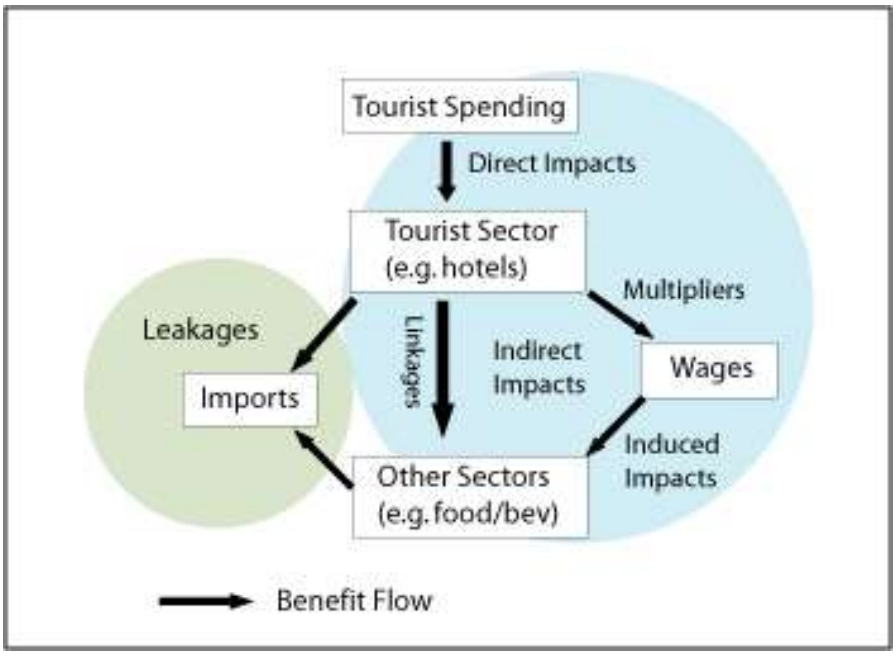
The paper opens with a brief look at definitions and concepts, before providing a brief overview of The Gambia and its tourism sector. Value chain analysis is then applied to gain an understanding of the distributional consequences of The Gambia's tourist sector. In conclusion it considers recommendations on how to enhance the pro-poor impact of tourism in The Gambia.

1.1 Definitions and concepts

An absolute definition of *pro-poor tourism* is used in this research – namely, that tourism is pro-poor if it benefits poor people.

Using a local economic development approach reflects the concern to combine growth with redistribution. *Leakages* are payments made outside the tourist destination economy – or, the proportion of total holiday price that does not reach or remain in the destination country (Mitchell & Page, 2006). *Linkage* is shorthand for the way a tourist business can build links with others in the local economy. As will be demonstrated in this study, these linkages can be within the tourism sector (e.g. excursions) or intra-sectoral (e.g. hoteliers buying food from the agricultural sector and beverages from manufacturers).

Figure 2: Tourist expenditure & the distribution of benefits



Adapted from Meyer 2006 Caribbean tourism, local sourcing and enterprise development: review of the literature Pro-Poor Tourism Partnership Working Paper No.18

Local economic linkages have the potential to reduce leakages by circulating money around the local economy (through induced spending of wages earned in tourism or through tourist

expenditure) in a way that creates multiplier effects. The term *multiplier* – normally used in the expressions *output*, *income* or *job* multipliers – means the total effect on the economy as a whole of creating a new job or economic activity, arrived at by tracing all its induced and indirect effects (see Figure 2).

Value chain analysis is a tool that enables the identification of stakeholders along a chain of transactions, from production to consumption. It helps researchers structure their ideas according to the identified key processes and agents working in and outside the chain and recipients of the benefits. The application of value chain analysis to the tourism sector is fairly new.[2] In this paper it is used to help describe tourism as it currently operates in The Gambia and to explain how tourism can be improved for the benefit of the industry as a whole and for the country and its poor.

1.2 Methodology

This study benefited from a high quality of publicly-available research, which is unusually solid for a tourist destination. This includes the EMG Deloitte *The Gambia Tourism Development Master Plan* (Draft 2005), which includes the results of two 2000-respondent tourist expenditure and attitude surveys at hotels and in the airport departure lounge. The pioneering work of Harold Goodwin and Adama Bah in support of the Association of Small Scale Enterprises in Tourism (ASSET) yielded important data about the informal sector and strategies to successfully access the tourism value chain. A thesis by two Dutch students into the net economic added value of tourism is also a rich vein of existing information (Pubben & Verstappen, 2005).

In addition, the authors were based in the offices of the Gambia Tourism Authority (GTA) during the research and made extensive use of the GTA officials' data and experience. This secondary data was supplemented with 44 interviews. These included detailed discussions with major tour operators, managerial staff at 17 hotels that supply in excess of two thirds

2 The World Bank is piloting value chain analyses in Ethiopia and Mozambique to examine competitiveness issues and, in the case of Ethiopia, measure what proportion of tourist expenditure accrues at different parts of the tourism value chain. In addition to The Gambia, the ODI has undertaken pro-poor tourism value chain work in Laos and Vietnam (Ashley 2006a; Mitchell & Le Chi Phuc, 2007).

of the tourist beds available in The Gambia, and a broad range of public officials and small business representatives.

1.3 Socio-economic overview

The Gambia is a small, poor and heavily indebted West African country. Its population of some 1.4 million people participate in an economy of US$400 million, equating to a gross national income of US$270 per person – ranked 189th in the world in 2003 (World Bank, 2005). The median age of a Gambian is 19.8 years (*The Economist*, 2006). Total external debt was US$629 million in 2006, representing about 160 per cent of national income. The traditional productive mainstays of the economy are groundnuts and tourism. About three quarters of the labour force subsist in agriculture, and this sector represents about 30 per cent of GDP. The fisheries sector is also significant in the economy at about 8 per cent of national income. Manufacturing is undeveloped, at only about one tenth of the economy, with the import–export trade making a large contribution to the economy.

A recent International Finance Corporation report into business regulation has identified The Gambia as following one of the more successful reform strategies to cut red-tape barriers to enterprise (Guha, 2006). The Gambia has undertaken commitments to the General Agreements on Trade in Services (GATS) in twelve service subsectors – including tourism – making it one of the Least Developed Countries (LDC) that has undertaken significant commitments in the context of the Uruguay Round and subsequent negotiations.

Government's primary policy objective is to substantially reduce poverty and this can only be done by channelling budgetary resources to those sectors that have a direct bearing on the poor (GoG, 2006). The 2006/2007 Budget allocates 59.2 per cent of total funds, excluding debt service but including donor funds, to poverty reduction programmes. Applying international poverty benchmarks, which are higher than the national poverty line, reveals that 59.3 per cent of the population in 1998 were living in extreme poverty at below US$1 per day and 82.9 per cent were poor and living on less than US$2 per day (World Bank, 2005). While numbers vary for other measures of poverty adopted, it remains clear that the number of poor people in The Gambia is very high and has been rising fast.

Tourism is crucial to the country's macro-economy. The sector contributed 13 per cent to national income in 2004 – a figure which has now risen to 16 per cent (World Bank, 2006). Well over 30 per cent of total export earnings and about 20 per cent of all private sector formal jobs are generated by the tourism sector. The Gambia's dependence on tourism is high even for an LDC.

1.4 Tourism supply

The Gambia as a destination is small yet well established, with a total of 7 000 beds and 3 000 rooms (EMG Deloitte, 2005). The tourism industry is geographically concentrated along a 10 km strip along the Atlantic coast, constituting the Tourism Development Area (TDA). The degree of spatial concentration in one corner of the richest part of the country is striking and has implications for the pro-poor impact of tourism across the country. Almost 90 per cent of the tourist accommodation is located in 20 large hotels, with over half the national bed stock found in the seven largest of these. Most of the remaining beds can be found in a further ten hotels ranging in size from 20 to 90 beds, below which there is a plethora of smaller guest houses, camps, inns, lodges, motels, apartments and rest houses.

The hotel stock is of variable and quite modest quality, with over half of it being of three star or lower quality. At present there is no national classification system, so the tour operators run their own quality assessment. There is, therefore, no guarantee that the quality standards for most of the Gambian hotels would match those of other destinations. There are a number of small deluxe establishments that are of a much higher standard and, although small, demonstrate that there is a market for high quality accommodation in The Gambia.

The Gambia has an abundant supply of relatively low quality accommodation. This has the effect of dampening occupancy rates and placing hotel owners in a weak position vis-à-vis international tour operators when negotiating room rates. While the Sheraton Hotel (which opened in early 2007) will double the number of five star quality beds in The Gambia, there is also a significant increase in modest accommodation in the supply pipeline. This underlines the need to diversify the tourism product away from predominantly low to mid-range accommodation to cater for a broader market.

There is widespread concern in The Gambia that the accommodation sector is marginal, and since occupancy levels are low and international tour operators negotiate low room rates it is claimed that insufficient returns are being made to maintain the bed stock – let alone improve the quality of accommodation. The hotel survey revealed an average low season room rate of about £9 and a high season room rate on a bed and breakfast basis of £19. While the rates at which tour operators are contracting hotel rooms may seem low, the figures do need to be seen in context. First, research in Tunisia has revealed contract rates very similar to those in The Gambia: £9 and £19 for three star half-board hotel accommodation and £13 and £31 for five star (Ashley, 2006b). Given that the Tunisian international tourism market is fifty times larger than The Gambia's and the average Tunisian is eight times richer than the average Gambian, there is little factual basis for the keenly felt notion in The Gambia that its treatment by international tour operators in an African context is uniquely harsh (Ministry of Tourism & Culture, 1995).

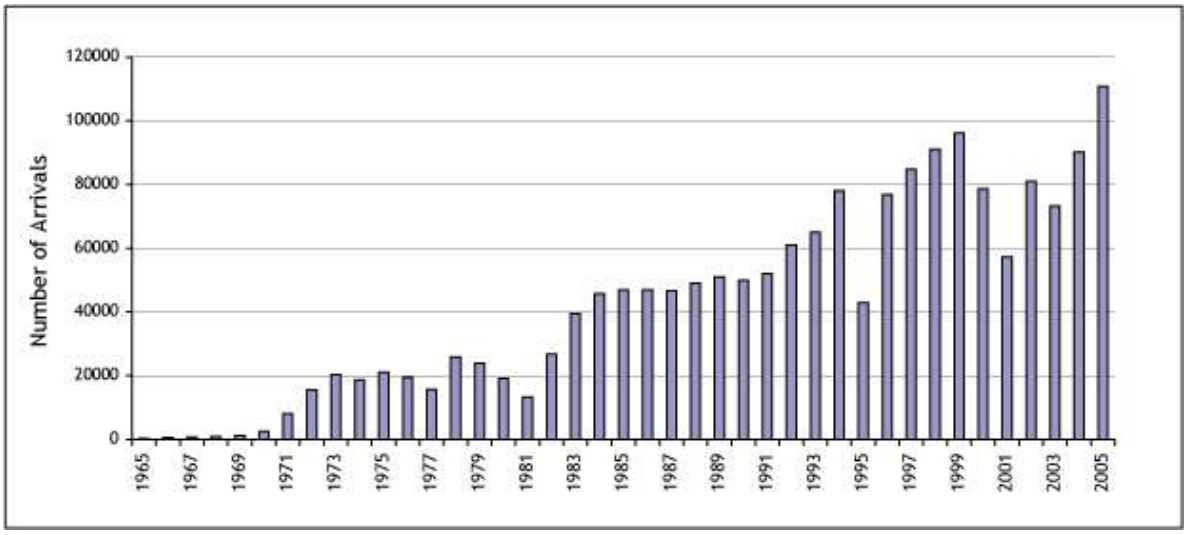
Second, the results of the hotel manager interviews suggest that hotels in The Gambia are operating at healthy gross margins. Detailed financial data was provided for about half of the national bed stock. The average total cost of running a hotel room for a year in the Gambia is about £2 070 – striking on the cost side are the low labour costs, high utility costs and absence of indebtedness amongst hoteliers. The average revenue generated by each room per year is about £5 670 – a figure comprising almost two thirds of room revenue, one third food and beverage revenue and a small contribution from 'other' sources such as laundry. This implies gross margins of about 60 per cent for the hotel sector and explains clearly why there is so much upgrading of existing hotel accommodation and demand for new accommodation.

The fact that most hotels surveyed were debt-free may reflect their healthy viability – but it is also a reflection of the highly adverse local capital market with annual interest rates at times exceeding 30 per cent. The lack of access to capital – clearly illustrated by wealthy individuals having to purchase hotels with cash – is obviously a constraint on development for the bulk of the population who have few financial assets. This is in marked contrast to the evidence from Tunisia, where hoteliers are often heavily indebted, to the point that viability is threatened by debt service costs (Ashley, 2000b).

1.5 Tourism demand

The Gambia is overwhelmingly a holiday destination, with 99 per cent of its tourists listing 'holiday' as their purpose of visit in the official statistics. A detailed survey of 2 000 tourists at Banjul Airport in 2004, as part of the Master Plan process, confirmed the dominance of recreation as the purpose of visit – but suggested that about 5 per cent of guests were travelling for business or to visit friends or relations. The survey also indicated that 99 per cent used air transport to reach their destination, and that 84 per cent of all tourists were on package tours (EMG Deloitte, 2005). The access from the major source markets is through chartered aircraft.

Figure 3: Tourism Growth



Sources: 1965 to 1984 World Bank (1986) *Tourism Impact Study;* 1985 to 1994 : The Gambia Tourism Development Master Plan; 1995 to 2005: Gambia Tourism Authority

Figure 3 shows that visitor numbers grew steadily, if unspectacularly, in the 1980s and 1990s. The statistics since 1999, when air charters reached almost 100 000, show a more erratic picture. This in part reflects the fact that for the first three years of the new millennium long-haul international tourism faced the serious threats of terrorism, SARS (severe acute respiratory syndrome), avian flu scares and an increasing Islamophobia in the UK and the Netherlands – the two largest source markets for The Gambia.

International arrivals in The Gambia now appear to follow a steep upward trajectory since 2001, with air charter arrivals increasing from 57 231 in 2001 to 110 815 in 2005. Evidence from the Gambia Civil Aviation Authority suggests that, in 2006, an estimated 173 000 aircraft seats will be flying into The Gambia – implying arrivals of about 157 000 on reasonable loading assumptions. The increase in flights for 2006/2007 suggests that tour operators believe there is significant demand for holidays in The Gambia.

These arrival statistics are important because, when compared with the 7 000 beds available (implying 2.55 million bed nights per year), they provide a broad-brush estimate of occupancy levels. The 110 815 arrivals in 2005, with an average length of stay of 11 nights, implies 1.22 million bed nights of accommodation – an aggregate bed occupancy figure for the year of just under 50 per cent. If arrivals for 2006/2007 do reach 157 000, this could see aggregate occupancies rise to 67 per cent, which is high for a beach holiday destination. However, aggregate occupancy figures can be misleading in a seasonal destination where some hotels close for the low season.

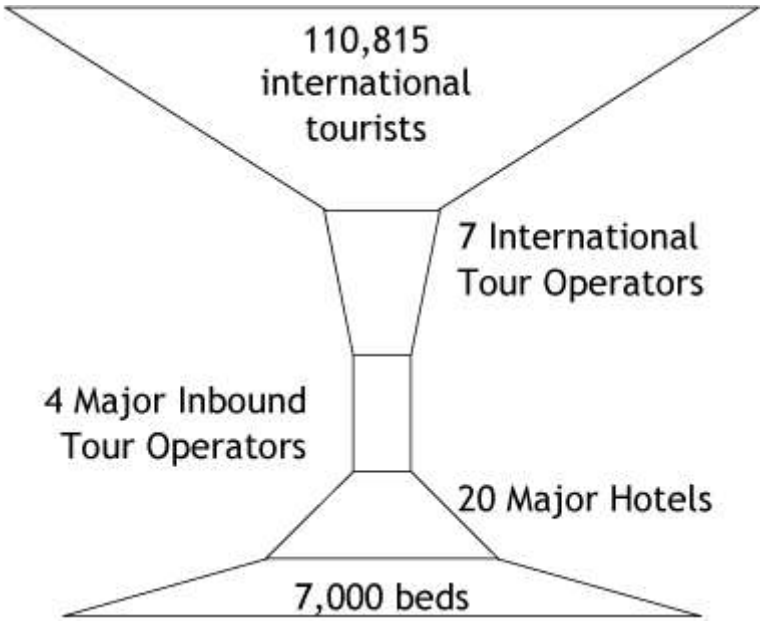
Seasonality is an important feature of Gambian tourism and central to explaining the consistently low aggregate occupancy figures. ‘Winter sun’ destinations focus their activity on a peak season from November to April and often suffer a ‘summer hole’ in tourist demand. Hotel managers reported average occupancy levels of 71 per cent in the high season and 25 per cent in the low season. This seasonal pattern does have an impact on the viability of fixed assets (such as hotels) trying to make a return during the low season, and places product owners and managers in a weak bargaining position vis-à-vis international tour operators when supply greatly exceeds demand. Seasonality also affects those whose livelihoods depend on tourism, particularly the poorest participants.

However, although seasonality is significant, a longer-term perspective suggests that the ‘summer hole’ is diminishing somewhat. In the past the peaks were higher and the troughs were lower, proportionately, than they are now. The causes of this gradual filling in of the ‘summer hole’ of the Gambian tourist year is presumably due to the increasing trend for year-round flights and the emergence of new markets.

2. MAPPING THE TOURISM VALUE CHAIN AND BENEFITS TO THE POOR

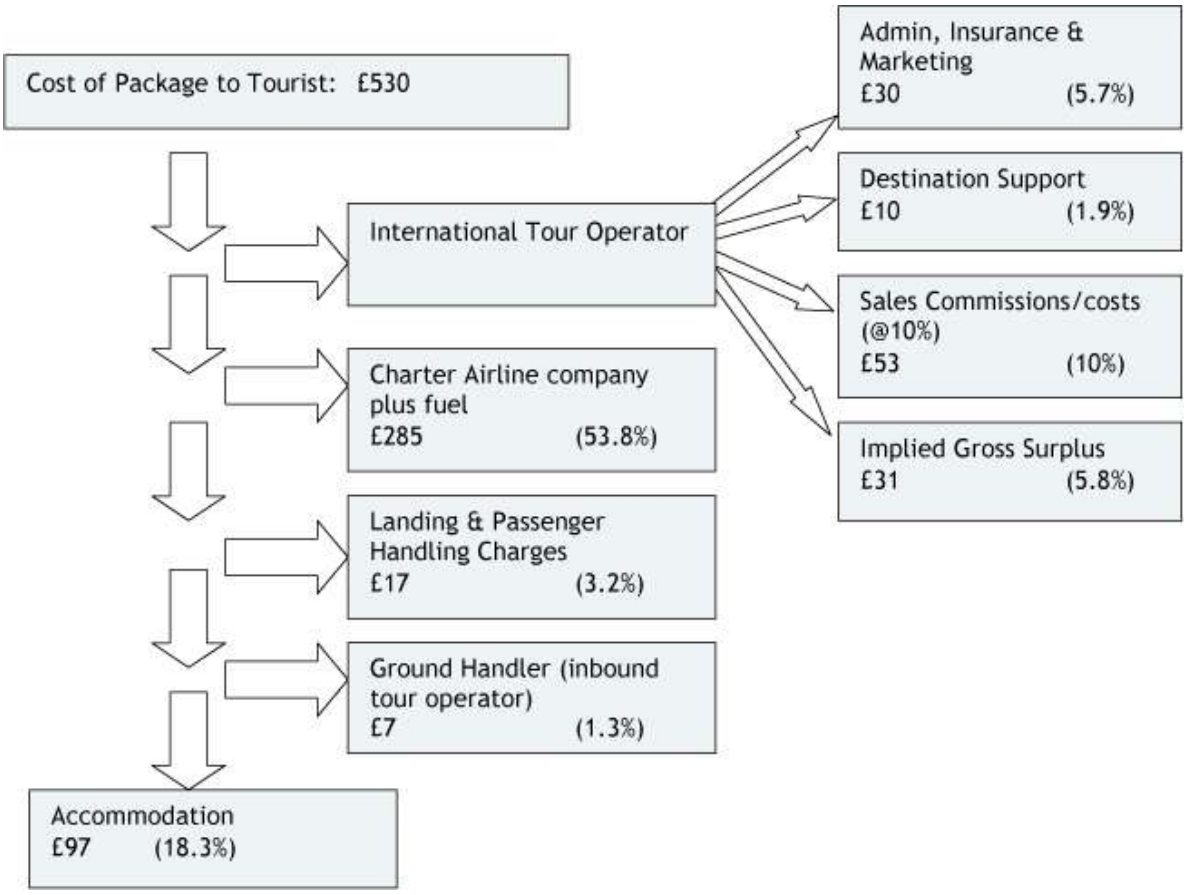
As shown in Figure 4, over 90 per cent of the Gambian package tourist market is dominated by seven Europe-based tour operators. As intermediaries for over 100 000 tourists and 7 000 hotel beds, these operators have significant economic power in the Gambian tourist market.

Figure 4: Economic Power of International Tour Operators



In this study value chain analysis was used to examine the share of tourism expenditure reaching the local economy. On the basis of information collected from hotel managers, inbound and international tour operators and other sources, the 'typical' package value chains shown in Figures 5 and 6 were generated. These two Figures show the flow of benefits from standard holiday packages for The Gambia purchased in the UK.

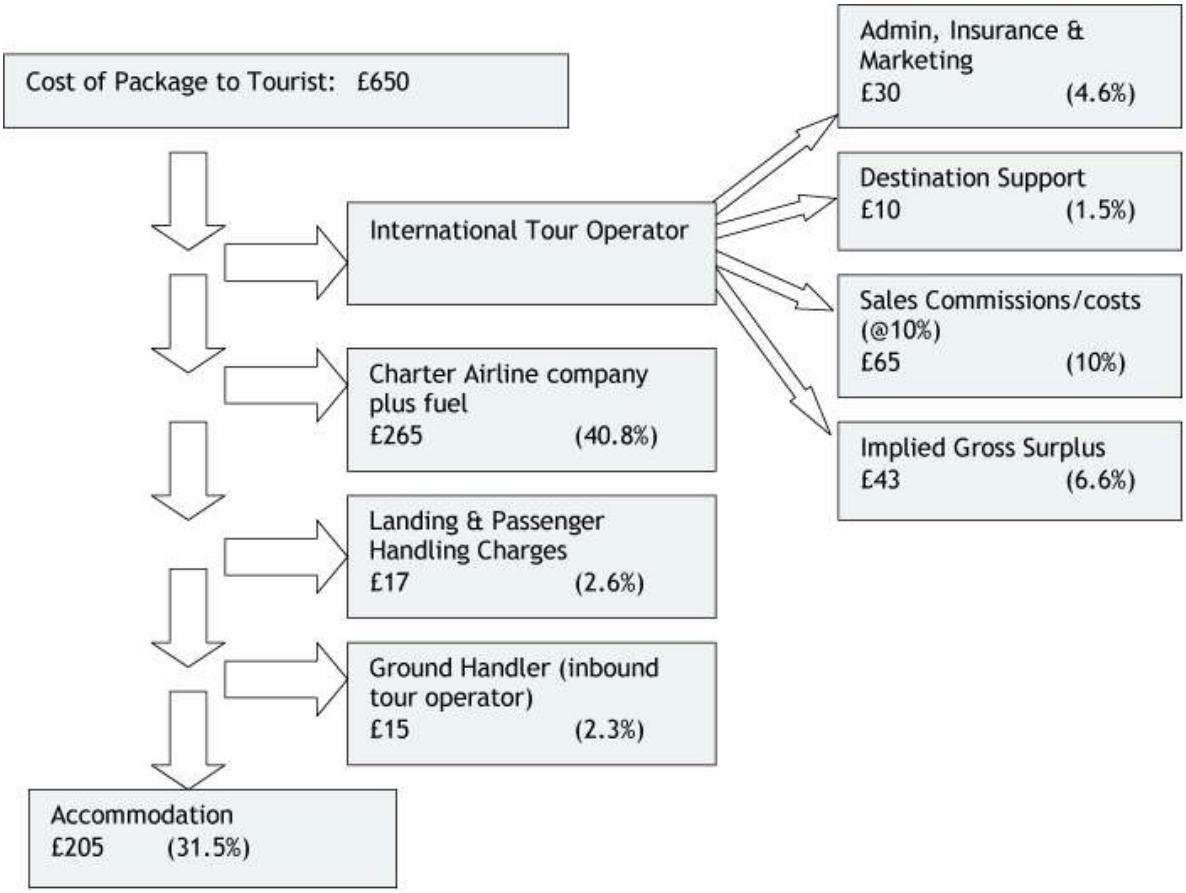
Figure 5: Low season Package Value Chain (excluding tourist discretionary expenditure)[3]



A number of striking points emerge. The positive impact on the local capture of benefits during periods of high demand is dramatic. During the peak season hoteliers can capture nearly one third of the value of the more expensive peak season package – more than doubling the revenue that accrues per bed night in the low season. The attraction of winter sun holidays to European tour operators is that the peak season coincides with a relatively quiet period for European destinations. Thus premium prices can be charged to customers at a time when the largest cost component in the value chain (i.e. flights) is lower than during the low summer season.

[3] As seasonality is a strong feature of Gambian tourism, the effect of this seasonality is better explored through separate high season and low season value chains, rather than an aggregate.

Figure 6: High season Package Value Chain (excluding tourist discretionary expenditure)



A 5 per cent return is an aspiration for most large operators in the UK, many of whom are currently facing challenging trading conditions. The surpluses of 6 to 7 per cent reported in this analysis reflect a composite between the larger operators (who trade huge volume on smaller margins) and the specialist operators (who generally make healthier margins on smaller turnovers). This analysis also indicates that tour operators can make reasonable returns during the low season – which is why international operators are increasingly looking to engage with The Gambia on a year-round basis.

Vertical integration of the value chain is a factor for a number of the international tour operators. For instance, most operators have in-house retail operations; several have their own dedicated aircraft and one owns a large hotel. This is how tour operators are able to extract value throughout the chain.

Value chain analysis has often been misunderstood by researchers in the past and led to some rather dramatic claims about the extent of 'leakage' of the benefits of tourism from developing countries. For instance, evidence from the low season value chain could be taken to suggest that over three quarters of the benefits from package tourism do not even register at the destination – being absorbed by the international tour operators and airline companies. And of the less than one quarter of the package that accrues to stakeholders at the destination, a portion may still be repatriated in the form of expatriate salaries, profits for foreign-owned hotels and imported food, beverages, fuel and revenues held in offshore accounts.

However, reality suggests a different, and altogether more uplifting, picture. First, as Adama Bah, a leading local researcher, has suggested in the economic annex to the *Master Plan*, much of the debate about 'leakage' from tourist destinations is based on the erroneous assumption that somehow the destination country 'owns' the whole value chain (EMG Deloitte, 2005)). Without international tour operators and airline companies, there would be no tourists and no value chain. It is rather far-fetched to assume that the benefit derived from selling a holiday package to a tourist in London or Amsterdam should in some way be transferred to the Gambia to avoid becoming a 'leakage'.

Second, the oft-cited concern about the destination being tour operator-driven is valid but neglects to ask the necessary supplementary question about what would be the health of Gambian tourism if there were no tour operators? Given the almost complete absence of any destination marketing by anyone other than tour operators and the lack of nationally based scheduled flights, tourism would cease overnight were the sector not driven by tour operators (as happened in the mid-1990s when most tour operators temporarily withdrew from The Gambia in response to a coup). It could be argued that, in the face of somewhat equivocal support from the government, it has been the tour operators who have kept tourism going. Indeed a comparative advantage of The Gambia is precisely that tour operators have extensive vertical integration, thus cannot easily disengage and feel some responsibility towards the host population. Other destinations dominated by very large tour operators with a lack of financial or social investment in the destination (for example Tunisia, and Red Sea resorts) makes it relatively straightforward for them to be dropped from subsequent brochures (Ashley 2006b).

However, the main problem with drawing negative conclusions about the distributional implications of the value chain is that it only looks at one side of the coin. It fails to recognise the important difference between tourism and other types of trade – namely that tourism involves people who interact directly with the market through out-of-pocket or discretionary expenditure. Through the Master Plan exercise, we have robust data on out-of-pocket expenditure which indicates that this averages GMD1460[4] (£26 per tourist per day, or £280 per tourist over the average length of stay). This is high both internationally and in comparison with the cost of the holiday package, to which it should be added.

Figure 7 integrates two elements of tourism expenditure, the package value chain (based on an annual average) and discretionary expenditure of package and non-package tourist. Whilst activities such as shopping, excursions and local travel are much smaller components of the value chain, they are extremely important in terms of pro-poor impact.

This analysis suggests that it is discretionary tourist expenditure that is critical to pro-poor tourism, rather than the two thirds of resources spent on the 'big ticket' items in the holiday package (such as the flights, the accommodation and the tour operator). A large portion of several small expenditure items in the value chain, such as shopping, excursions and transport, is already highly pro-poor. The two elements of the value chain that have the potential for a much more significant pro-poor impact are the supply of food to the tourist sector and the employment of staff to work in hotels.

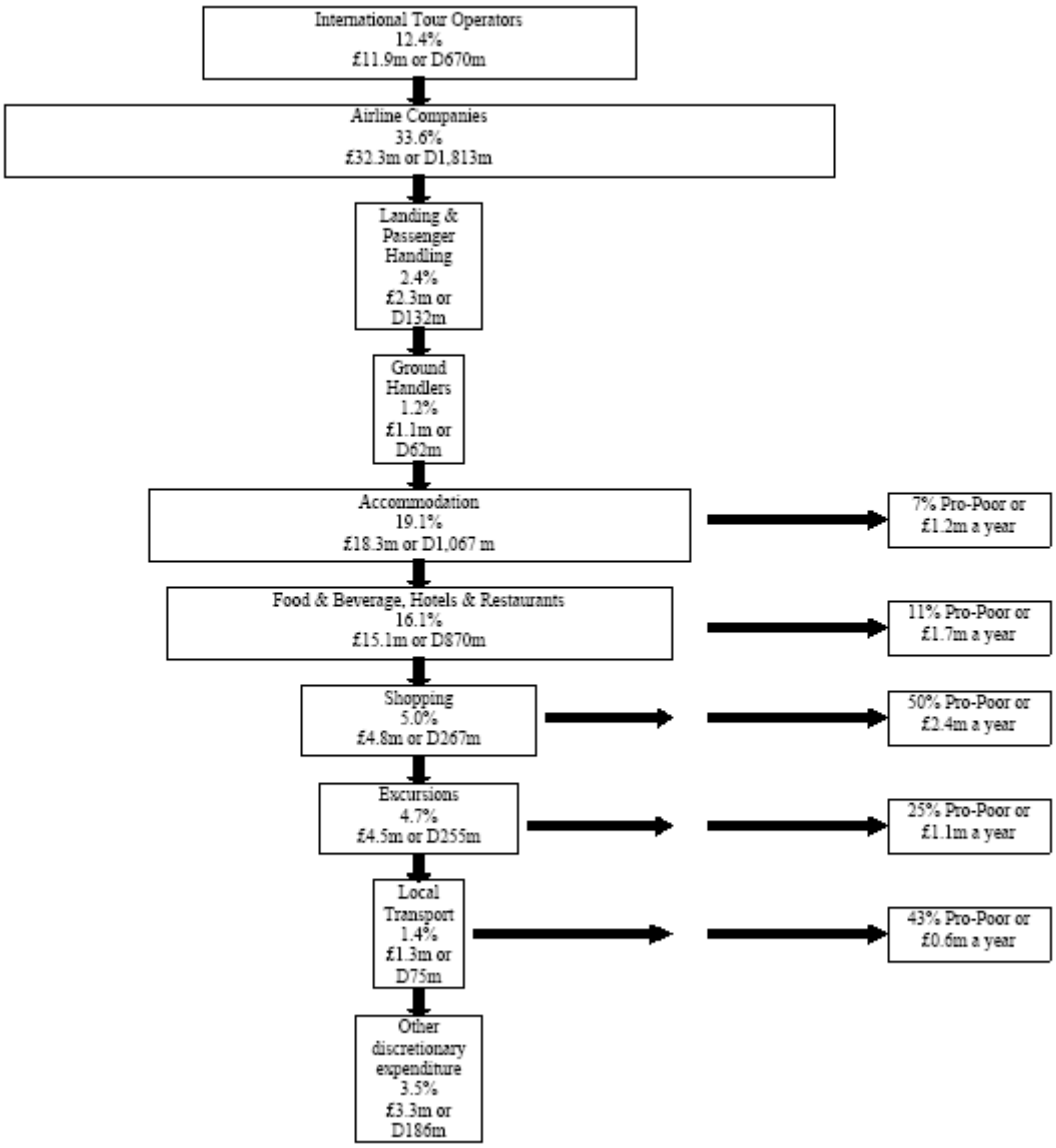
To conclude this analysis of the Gambian tourism value chain and flow of benefits to the poor, our findings underline the importance of tourism to some poor countries and the fact that some benefits may be accessed by the poor even in rather unlikely circumstances. First, the full tourism value chain in The Gambia, including discretionary as well as package spending, is extremely important to the macro-economy. Just over half of the £96m tourism value chain takes place in The Gambia – the offshore activities relate to the international tour operators and airline companies.

Second, our analysis suggests that at least 7 per cent of the benefits from the total Gambian tourism value chain – and some 14 per cent from the Gambia-based part of the chain – flow directly into the hands of the poor. Local linkages seem to be particularly rich and well-

[4] GMD = Gambian Dalasi.

developed in The Gambia, and especially so for the smaller items of the value chain, such as shopping and excursions. The challenge faced by suppliers of the larger elements of the tourism value chain, such as accommodation and food and beverages, is to increase the pro-poor share of spending on these items.

Figure 7: Gambian Tourism Value Chain 2005 (including package and discretionary spending)



3. STRENGTHENING PRO-POOR IMPACTS OF TOURISM

In this section, the issue of how to strengthen the links between tourism and the poor is structured according to the main components of the Gambia-based tourism value chain: accommodation, food and beverages, shopping, excursions and local transport.

3.1 Accommodation

The most obvious link between the tourist accommodation and the poor is through the employment of large numbers of non-managerial staff. Each hotel room generates a weighted average of 0.9 FTE (full-time equivalent) jobs (Mitchell & Faal, 2006). This suggests that a destination with 3 000 hotel rooms will generate some 2700 FTE jobs – almost two thirds of all direct tourism jobs in The Gambia. The average monthly wage for hotel workers is £46 (or GMD2600). This equates to about 7 per cent of the total estimated hotel turnover when managerial wages have been excluded. What this analysis misses, however, is tourist tipping of hotel staff – which managers estimated at up to 100 per cent of the wage for front-of-house staff. This represents another example of discretionary expenditure with direct pro-poor impact and may also explain why non-managerial hotel staff are willing to work for wages that are about half of that earned in the informal sector – itself an unusual pattern.

There are four key ways in which the linkage between the tourist accommodation sector and the poor could be improved: increasing the tax take from the accommodation sector, reducing the seasonality of tourist demand, increasing wages for workers and 'Gambianising' the hotel management.

First, there is evidence of rather lax tax morality in the tourist accommodation sector in The Gambia. Our hotel survey estimated a gross annual surplus of about £10.8m (GMD600m) being generated by hotels which should be generating an annual tax take for government of about £3.7m (or GMD210m). With a strongly redistributive Budget, these funds could have a significant effect on poverty in The Gambia. In reality, however, the Master Plan estimates the annual tax take from the tourist sector is only about £0.8m (GMD50m) – which implies only 20 per cent of tax owed is being paid.

Improving tax morality is a difficult and long-term task that needs to be achieved with a mixture of 'carrots' (e.g. amnesties on unpaid tax which is declared and reducing taxes as payment rates increase) and 'sticks' (more effective enforcement of tax legislation). In return, there is also a need to demonstrate to hoteliers some link between taxes paid and benefits received, by means of a drastic improvement in basic service delivery, such as waste disposal.

Second, the seasonality of tourism demand in The Gambia has two very deleterious effects on the poor. One of these is that large numbers of tourist workers are made redundant during the low season. FTE employment figures fluctuate at +/- 13 per cent owing to seasonality, with low-skilled workers being the most affected by demand volatility. This means that filling the summer 'hole' would significantly improve the labour market and tourism's poverty impact as well as better livelihood security in the tourist sector.

Third, increasing wage levels in the hotel sector would have a direct positive effect on the poor. With both managerial and non-managerial wages representing only 8.5 per cent of turnover (and 23 per cent of costs) in the hotel sector there can be little doubt that there is scope for a wage increase above the current monthly level of £46 (GMD2 600) without damaging the overall viability of the accommodation sector. The encouragement and support of effective, functioning labour unions and better investment in human resources should bolster increasing returns to hotel labour.

Fourth, the need for the 'Gambianisation' of hotel management has been a consistent theme in tourism policy for many years. Whilst replacing an expatriate hotel manager with a Gambian professional will have no direct effect on poverty, it is reasonable to anticipate the indirect and induced effects to be more pro-poor for local staff. There is already an elaborate regulatory framework to discourage the employment of non-Gambian staff, from the Pay Roll Tax levied on employers who hire expatriate staff to the Expatriate Quota Authority that allocates employers' quotas to hire foreign workers. Although non-Africans comprise only 0.7 per cent of the workforce, some estimates have put their share of total salaries and wages at over 15.5 per cent (Pubben & Verstappen, 2005). These figures suggest that little progress has been made with the localisation of hotel management, as the proportion of expatriate workers is exactly the same now as it was in 1986 (World Bank 1986).

An unusual feature of the West African tourism sector is the high proportion of men employed by the sector. Anecdotal evidence suggests that the expenditure patterns of women's earnings have a more developmental impact than those for men's earnings. There is a developmental case, therefore, for the state focusing on training women and reducing barriers to their entry to the formal tourism labour market.

3.2 Agricultural supplies for food and beverages

The purchase of agricultural supplies by hotels and restaurants is an important element of a pro-poor tourism strategy in The Gambia for several reasons.

First, generating demand for local agricultural produce is an important mechanism by which tourism can have an impact on the livelihoods of large numbers of poor people. In a country where 70 per cent of the workforce is said to be engaged in agriculture, boosting agricultural supplies to hotels and restaurants is more likely to be successful in improving livelihoods than, for instance, transferring labour from the agricultural sector to a limited tourism sector.

Second, there is some evidence that the agricultural sector in The Gambia is relatively good at supplying the tourism sector and that performance is improving. In 1986, it was estimated that 65 per cent of hotel foodstuffs was imported (World Bank, 1986). By 2006 it was estimated that 45 to 50 per cent of all fresh fruit and vegetables were locally supplied. Our hotel survey corroborated a 45 to 50 per cent figure for food and beverages and highlighted the variation in sourcing at different establishments – with some hotels procuring 90 per cent of their supplies locally and others procuring virtually none. This diversity of practice suggests scope for improving future aggregate performance.

Third, food and beverages expenditure is by far the largest component of expenditure by tourists – accounting for almost half of all out-of-pocket expenditure because packages tend to include only breakfast, rather than the more common half-board, full-board or all-inclusive arrangements common at many beach holiday destinations. Although the pro-poor impact is assessed to be 11 per cent, this impact is very significant financially (already amounting to £1.7m a year) and has the potential to expand as the trend towards Gambian production for the tourist sector deepens.

Fourth, we suspect – but do not know – that the pro-poor impacts of tourism agricultural supply chains could have an impact on many more poor people than other elements of the tourism value chain. This assertion is based on the fact the some of the larger and more efficient horticultural producers in The Gambia do not supply the tourist sector because all their output is exported to reduce the rate of pilferage. This implies that the tourism supply chain will tend to be accessed by numerous small producers. In addition, evidence from the Gambia is Good (GiG) programme – which is strengthening links between the fruit and vegetable sector and tourist industry – demonstrates the distributional impact of extending the tourism supply chain into the agricultural hinterland. A recent survey of GiG beneficiary households indicates that the Programme has raised the incomes of participating households significantly – by up to five times from around £81 to £458 per year. Income gains of this level suggest a profound poverty reducing impact.

The analysis suggests that one of the biggest pro-poor benefits of tourism – in terms of the number of households affected – either is or could be through agricultural linkages. For instance, the £1.7m of food purchased locally by the tourist sector is likely to translate into £1m in sales at the farm gate. If the average farming household accessing the tourism agricultural supply chain benefits to the extent revealed by the GiG survey, this implies that as many as 2 600 farming households could benefit from supplying hotels and restaurants with existing procurement patterns. As agricultural supplies could travel more extensively than tourists, the pro-poor benefits of agricultural supplies could reach areas such as impoverished North Bank District, that at present derive little benefit from tourism

‘Best practice’ experience is beginning to emerge, especially in the Caribbean, relating to aspects of market facilitation exercises in the agricultural supply chain – namely by working on both the supply and demand end of the supply chain to facilitate a viable market interface between poor rural farmers and large urban hotels and restaurants, and overcoming obstacles such as transport and storage.

3.3 Retail

The high proportion of retail sales in the cultural and informal sector in The Gambia may reflect the lack of alternative retail outlets, since shopping fails to rate highly in visitor surveys. More positively, though, the pro-poor impact of the retail sector reflects a great

deal of effort that has gone into establishing regulated craft markets and helping traders to design and manage their stalls and products more professionally (Goodwin, 2002). The high proportion of locally produced craft is also a great achievement for a country surrounded by others with exceptionally strong traditions in cultural and heritage products – such as Mali and Senegal. Government support for the popular biennial Roots Festival, celebrating African ancestry in the diaspora is a positive sign of official commitment to diversifying tourism products.

The scale of job creation in the informal sector in The Gambia is a significant achievement and credit to the activities of the Association of Small-Scale Enterprises in Tourism (ASSET) and the DfID-funded support of this organisation. Particularly striking is the evidence that wages and organisation in the informal sector are similar to those in the formal sector. This 'formalisation' of the informal sector is an unusual and positive feature in a developing country context.

The capture of half of the total retail expenditure by the informal sector highlight and the largest single transfer of resources from the tourist sector to the poor. Realistically, it is unlikely that the informal sector will capture a much greater proportion of tourist retail expenditure and all efforts should be focused on defending this success. Sustainability depends on improved quality of the retail experience, product development, further support from the GTA and maintaining the self-regulatory mechanisms in ASSET.

Visitor surveys convey two clear, and contradictory, messages about tourist interaction with Gambian people. First, the friendliness of the Gambian people is consistently ranked as one of the key attractions of the destination. Second, harassment from beggars and touts, known as 'bumsters' in The Gambia, is considered a serious problem by about two thirds of departing tourists. Regulations seeking to reduce this harassment are extremely tough: anyone with dreadlocks is treated harshly, and there are allegations of suspected 'bumsters' being held at army camps for up to 72 hours without being charged. Yet tourists still complain of harassment. This suggests that either the existing regulations are not being implemented or have proven ineffective. Either way, the danger of enacting increasingly rigorous anti-harassment legislation is that one of the unique selling features of Gambian tourism – the easy-going interaction and trade with local people – will be lost.

3.4 Excursions and local transport

Excursions are a potentially powerful mechanism for linking the tourism sector to the poor. Spending on excursions in The Gambia was about £4.5m (GMD255m) in 2005. Although this represents only one twentieth of the total tourism economy it is important because it has direct and significant links with the poor – with an estimated 25 per cent of all excursion expenditure being within the informal sector (Bah & Goodwin, 2003).

There are two types of excursion available to tourists in The Gambia. The formal sector product is organised by the ground handlers and is generally purchased through commissioned holiday reps. These excursions will typically involve a 20 to 25 per cent commission to the international tour operator, with a lesser share (20 per cent) going to the local supplier, which allows the ground handler to absorb the remaining 55 to 60 per cent of the excursion cost for organising, insurance and transport. This is obviously not a particularly pro-poor model and reflects the economic power of the four inbound tour operators compared with that of the excursion services suppliers. There are signs that some international tour operators are interested in developing more progressive excursions that may have a greater developmental impact than the conventional model.

The other type of excursion involves linking with the informal sector when a tourist directly commissions an official trained guide who is then likely to subcontract transport services to a tourist taxi – an almost entirely pro-poor tourism product, apart from the cost of petrol.

Local transport represents only about 1.5 per cent of the tourism economy, £1.3m (GMD75m). It comprises two elements, a small car hire component – which has little pro-poor impact – and taxis, where it is assumed that 50 per cent of the gross local transport revenue accrues to taxi drivers – some 43 per cent of total turnover for this activity.

Aside from the pro-poor impacts, two key regulatory issues emerge from this analysis. First, tourists are often not receiving value for money. This is because of the high entry barriers to being a tour operator and thus the lack of an effectively functioning market. This model also provides an opportunity for excursion piracy – the selling of uninsured 'cut-price' excursions. Second, there is a legitimate concern amongst tour operators that tourists will be injured while using poorly maintained taxis. There is a need to look at taxi licensing that would include minimum quality standards to ensure safer vehicles being used and a supply of taxis that matches the demand for them (EMG Deloitte, 2005).

In general, there is a need for tourists to be offered excursions that reward local suppliers with a more significant return and do not place the tourist in danger.

4. EXPANDING THE TOURISM SECTOR

Tourism in The Gambia generates significant direct and indirect benefits for the poor, and consequently it is in the interests of the poor for tourism to flourish and grow. Expanding the tourism sector will increase the demand for goods and services provided by everyone engaging directly or indirectly with the tourism value chain in The Gambia, including the poor, with targeted interventions significantly increasing the size of the slice going to the poor.

This section outlines some of the main obstacles to the growth of tourism in The Gambia and makes some suggestions as to how they may be overcome.

4.1 Malaria

There is some evidence that public authorities, and some tour operators, are not taking full account of the risks malaria poses to tourists. This is particularly important in the mainstream tourist market because heavily discounted and late bookings carry a disproportionate risk of malaria. Tourists may not have time – or be inclined – to purchase the expensive malaria prophylactics. Also, as The Gambia successfully develops into a year-round destination, this will inevitably result in more tourists arriving during the higher malaria-risk summer rainy season.

The Government of The Gambia should work with tour operators to ensure that tourists know about the risks of malaria and how these may be reduced and, if necessary, how it can be treated.

4.2 Poor and unreliable infrastructure

The economic infrastructure for tourism is poor in The Gambia and impedes the expansion of tourism in two ways. First, the absence of some types of economic infrastructure

effectively blocks tourism development. For instance, until recently most of the TDA (the entire coastal strip of The Gambia) was not serviced by tarred roads and so could not be developed.

Second, the absence of other types of infrastructure does not preclude tourism, but it makes achieving and maintaining service standards more difficult and expensive. The failure to provide adequate bulk services to the tourist sector is remarkable, even in the TDA and on the boundary of the existing urban area, placing a significant financial burden on the tourist sector. For instance, hotels have grid electricity for only about 8 hours a day, so all hotels need their own generators and about one quarter of total hotel operating costs are absorbed by utilities.

In policy statements, The Gambia has committed itself to a rapid increase in the numbers of visitors and up-market tourists – yet is apparently unable to provide, or operate, the infrastructure on which this increased demand depends. It is clear from the analysis of the supply pipeline for new hotels that the inability to expand the bulk supply network is effectively forcing almost all new investors to stay in the existing tourism coastal enclave (as shown in Figure 1), and undermining policy to spread benefits nation-wide.

A two-pronged solution to the problems of economic infrastructure provision should be considered in The Gambia. First, the functioning of the utility parastatal should be improved as a matter of urgency – it is understood that some form of concessioning process is under way. Second, the initial concept of the state-owned TDA was that part of the 'betterment' value (incremental increase in land values resulting in tourism development proposals being approved) should provide a source of funding for developing infrastructure. This potential source of funding has been eroded because the fees paid by developers for tourism land have not been increased since the creation of the TDA three decades ago.

4.3 Lack of choice of accommodation

Gambian tourism depends on a relatively uninspiring menu of modest quality accommodation and a 'winter sun' product. The policy goal of developing tourism activity away from the coastal enclave (i.e. towards up-country regions) has featured in tourism

policy for at least 20 years, as has the need to diversify the tourism product by incorporating different niche markets (birding, fishing, slavery ancestry, etc.)

Through existing development control, land ownership of the TDA and marketing powers, the government has many of the regulatory levers to encourage diversification of the tourism product. So far, poor use has been made of these potential mechanisms to generate diversity, and TDA activity has been exercised in a way that constrains rather than diversifies the current tourism product.

While it is likely that tourism in The Gambia would benefit from a more diverse product, many of the arguments supporting this proposal are based on assumptions that have a weak empirical base. For example, evidence from exhaustive tourism expenditure surveys in The Gambia and Luang Prabang, Vietnam, demonstrates that when it comes to out-of-pocket discretionary expenditure on all items other than accommodation, there is no significant difference between budget and upmarket tourists and package and independent tourists (EMG Deloitte, 2005; Ashley, 2006a). Targeting up-market and independent travellers successfully would be one way of reducing hotel dependence on tour operators, but would not guarantee an increase in pro-poor impact.

In addition, a strategy to encourage a more up-market tourist product – an important element of the Master Plan proposals – is likely to necessitate corresponding enhancements to the tourism infrastructure. Perhaps reflecting the modest standard of current Gambian tourism and hence the modest expectations of tourists themselves, there is evidence of widespread satisfaction with the current tourist infrastructure. Visitor surveys suggest that only transport and shopping in The Gambia fail to be rated highly by tourists. A danger inherent in focusing solely on an upgrading strategy is that, if it is successful, a widening gulf opens between what visitors expect in the way of service standards and the destination's ability to meet and sustain these standards.

The same infrastructural issues arise when considering small, up-country tourist products that have been advocated as being more pro-poor than the current products. Simply because poverty rates are higher in eastern rather than western Gambia does not, in itself, justify a strategy to channel tourist development into the eastern area, without having the necessary accompanying infrastructure in place.

4.4 Lack of marketing support

Marketing The Gambia as a tourist destination is clearly critical to expanding tourism and has been recognised in tourism policy and strategy documents for the past 20 years. At present, effective marketing activities are firmly in the domain of international tour operators and word-of-mouth recommendations from returning tourists.[5] The marketing activities pursued by the GTA have had little impact on the profile of the destination. A recent survey (Global Development Solutions, 2006) of specialist Africa tour operators in Europe indicated the low profile of The Gambia – and ranked the destination as having the 13th most prominent profile in Africa (between Rwanda in 12th place and Ethiopia in 14th place).

So, why the failure to market the destination when this is clearly in the self-interest of The Gambia? The fact that it is one of the poorest countries in the world and is in the process of improving public finances could be the answer. However, even where funds are ring-fenced for marketing activities they tend not to be spent effectively. The GTA needs to operationalise its marketing mandate and channel funds into effective marketing strategies. Internet innovations such as the World Hotel Link exemplify the inexpensive strategies that could inexpensively market The Gambia directly to the independent long-haul traveller, as could working in partnership with the small number of tour operators who dominate tourist flows in The Gambia.

4.5 Seasonality of demand

From a destination perspective, a major constraint on tourism development is the seasonality of tourism demand. Strategies to reduce seasonality include better marketing, offering a more diverse tourism product to a wider market, as well as many of the themes covered in the following sections.

[5] Visitor surveys indicate that over half of visitors had come to know about The Gambia through a travel or tour firm brochure and most of the rest through personnel recommendations by friends or family – most frequently on the basis of the friendliness of the people and the clemency of the weather.

4.6 Accessibility

Accessibility in this context relates to the almost complete control international tour operators have over the destination because access from the major source markets is through chartered aircraft. The Master Plan, and previous tourism policy documents, identifies this external control on the supply of incoming seats as impeding the growth of tourism – a constraint that can be overcome with a scheduled service for The Gambia.

However, in 2006, a 'scheduled' service was opened between London and Banjul, under the Gambia Experience ('scheduled' because independent tourists were offered seats on a chartered air service). However the idea that tour operators are restricting air access to The Gambia is challenged by evidence from the Civil Aviation Authority suggesting that there are up to 173 000 inbound seats scheduled from the main European and American source markets scheduled for 2006/2007 (Flight Schedule for Winter Season 2006/2007 from the Statistics Unit, Department of Commerce, Gambia Civil Aviation Authority). On conventional load factor assumptions (95 per cent charter and 70 per cent scheduled) this proposed service equates to about 157 000 arrivals in 2006/2007 – over 40 per cent higher than the actual tourist arrivals total for 2005 of 110 815.

This significant recent increase in incoming seats from charter operations, without any obvious increase in destination marketing effort, suggests that tour operators believe there is significant latent demand for tourism in The Gambia from traditional source markets and have mobilised supply to meet this higher level of demand. There is little empirical basis for the view that tour operators are restricting the supply of inbound seats to The Gambia and, in so doing, having a deleterious effect on tourism activity in the destination (Mitchell & Faal, 2006).

4.7 Lack of training

Improving HRD (Human Resource Development) in the tourism sector has been an urgent policy priority in The Gambia for many years and is normally framed as the transformation of the Hotel School into some form of training institute. The consequence of not being able to demonstrate progress in HRD is a continuation of developmentally adverse trends in the

tourism sector, including expatriate managers of the major hotels, poor wages for tourism workers and an under-representation of women in the workforce.

The government should urgently seek to enhance HRD in the tourism sector in the quickest and most effective way possible.

4.8 Policy making and governance

Tourism policy in The Gambia is quite voluminous, generally useful and often bypassed when it comes to implementation. The quantity of tourism action plans generated over the last two decades from various sources is impressive. Several policy or strategy initiatives and action plan proposals over this period strongly echo each other, and yet have simply not been implemented, aside from government divesting itself of hotel ownership, retaining equity in only one hotel.

5. CONCLUSIONS

The analysis in this paper indicates that mainstream holiday package tourism in The Gambia has important pro-poor benefit flows. About half the total tourism value chain is captured by the destination – in this case the smallest and one of the poorest countries in Africa (the remainder going to international tour operators and airline companies). This is a much higher degree of local benefit 'capture' than researchers were expecting.

The analysis also identifies how, and how much, the poor were benefiting from tourism in The Gambia. On aggregate about 14 per cent of the Gambian part of the tourism value chain flows to poor people – through retail markets, the agricultural supply chain, non-managerial hotel workers, guides and taxi drivers, in descending order of significance. Highlighted features of these pro-poor benefit flows are the importance of out-of-pocket expenditure and the large pro-poor impact of comparatively minor elements of the tourism value chain. In addition, the importance of the role of organisations such as ASSET in helping micro-enterprises access the tourism value chain appears to have been critical.

Practical improvements to the pro-poor impact of tourism are proposed for the further strengthening of linkages in the accommodation, agricultural supply, retail and excursions.

The constraints that are holding back the growth of the Gambian tourism sector are well known and can be mitigated with relatively straightforward policy measures. The implementation of policy is now urgently required. Implementation should focus on creating an enabling environment, improving product quality and range and marketing the destination.

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