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ABBREVIATIONS AND ACRONYMS

CBTE	Conservancy-Based Tourism Enterprises
CBNRM	Community-Based Natural Resource Management
CTAN	Coastal Tourism Association of Namibia
DOT	Directorate of Tourism
FDI	Foreign Direct Investment
FENATA	Federation of Namibian Tourism Associations
GRN	Government of the Republic of Namibia
HAN	Hospitality Association of Namibia
JV	Joint Venture
MCA	Millennium Challenge Account
MCC	Millennium Challenge Corporation
MET	Ministry of Environment and Tourism
MLR	Ministry of Lands and Resettlement
MLSW	Ministry of Labor and Social Welfare
MOF	Ministry of Finance
MTI	Ministry of Trade and Industry
NACOBTA	Namibia Community Based Tourism Association
NAPHA	Namibia Professional Hunting Association
NASCO	Namibian Association of CBNRM Support Organisation
NATH	Namibia Academy for Tourism and Hospitality
NCCI	Namibia Chamber of Commerce and Industry
NGO	Non-governmental Organization
NIC	National Investment Center
NPC	National Planning Commission
NDP	National Development Plan
NTB	Namibia Tourism Board
NQA	National Qualification Authority
NWR	Namibia Wildlife Resorts
RETOSA	Regional Tourism Organization of Southern Africa
SADC	Southern Africa Development Community
SME	Small- and Medium-Size Enterprise
TASA	Tour and Safari Association of Namibia
TIPEEG	Targeted Intervention Program for Employment and Economic Growth
TAN	Tourist Guide Association of Namibia
TSA	Tourism Satellite Account
UNWTO	United Nations World Tourism Organization
WTTC	World Tourism and Travel Council

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Executive summary

Namibia has abundant tourism resources and a growing tourism industry. But the sector is under-performing in terms of job creation and in terms of generating economic benefits. To unleash the employment benefits of tourism, Namibia needs to realign its tourism institutions and policies, diversify tourism products and facilities, and prepare its workforce to take up these new opportunities.

Namibia has spectacular assets that can enable tourism to contribute to the country's economic growth and job creation.

Namibia is peaceful and relatively safe. It has one of the most successful wildlife conservation programs in Africa. It is the only country in the world where a black rhino population outside of protected areas is increasing, where free-roaming lion populations are increasing, and where the entire coastline is protected. It is the first African country to incorporate protection of the environment in its constitution. The environmental and social components of tourism have been well managed; Namibia is a model for other destinations in terms of community involvement.

Namibia has several advantages compared to its competitors in the region. First, it has attractive and unique tourism products: landscape, wildlife, peacefulness, and indigenous culture. Second, it has a safe and extensive road network and sufficient lodging options. Third, it has an abundance of adventure tourism opportunities, which include hiking, sky-diving, dune-boarding, and game and trophy hunting. As adventure travel is one of the fastest growing sectors of the long-haul travel market, this is a positive indicator for the future.

The ability of Namibia to employ these assets faces near spectacular limitations.

Although its tourism industry has grown considerably during the past decade, Namibia is performing as a backwater and not as a mainstream player in tourism, both in its international image and its attitude to promoting tourism. This paper identifies six principal constraints

- i. **Poor institutional coordination:** Government and parastatal institutions involved in and related to tourism have overlapping and conflicting mandates. Poor organization leads to failures in coordination, slow collection and analysis of statistics, and overlap in government activities.
- ii. **Complex regulatory environment:** The current tourism business environment in Namibia is governed by a complex regulatory framework. The system places a burden on small business owners and not conducive to effective public-private partnerships. It stifles growth and innovation while deterring investment in the sector.
- iii. **Problematic access to land:** In Namibia, freehold land is expensive, the procedures for leasing communal land are complex and time-consuming to negotiate, and the system of securing concessions on state owned protected areas are not transparent. Tourism investors have many destinations to chose from are easily deterred by poor land policies.
- iv. **Inefficient tourism SOEs:** When governments are involved in running businesses, there are often conflicts of interest and inefficiencies that impact both the customer experience and distort the competitive marketplace. Namibia Wildlife Resorts and Air Namibia both have the potential to be profitable but their operations are hampered by non-commercial decision-making. The Ministry of Environment and Tourism's poli-

cies prevent the expansion of private sector activities in areas such as Etosha National Park.

- v. **Narrow product:** The government and private sector tend to have narrow focus on high-end long-haul nature tourists. Expansion of the product presents environmental and social challenges. Community-based tourism exposes local residents to the risk of the demonstration effect. Cruise ship tourism can result in large ebbs and flows in visitor numbers; it can also overload infrastructure. Safari tourism can disturb animal behavior. Dunes and desert areas are fragile ecosystems with low resilience to visitor impacts. Careful management is needed to ensure tourism developments benefit rural communities and tourism investors, without negatively affecting tourism resources.
- vi. **Low level of skills:** Unemployment is high but the vast majority of the unemployed are unprepared for careers in tourism. Most tourism occupations require basic English and math skills, inter-cultural understanding, and the ability communicate effectively with different groups of people. There is a severe gap between the skills the labor force currently has and the skills it needs to enable SMEs to grow and prosper.

Namibia has sensational assets. It now requires a dynamic response that matches these assets and exploits them for economic development, with sure attention to social and environmental matters.

To transform tourism into an effective vehicle for job creation, Namibia urgently needs to align its tourism institutions and policies to encourage more private sector investment, diversify tourism products and facilities, and prepare its workforce to take up new opportunities. This paper suggests six major policy actions that can help the country unlock its spectacular assets:

1. Develop a clear national tourism strategy

Having a clear strategy will help coordination between tourism agencies, assist with professionalizing tourism data and statistics collection, and provide a framework for monitoring national performance against identified goals.

2. Rationalize tourism regulatory framework

Tourism licensing and regulation in Namibia has become confused with quality assurance and marketing. A clearer division of responsibilities is needed to prevent conflicts of interest and facilitate public-private sector partnerships. The harmonization of tourism licensing is also needed to reduce the administrative burden on small businesses and improve the business environment.

3. Facilitate private access to land

Tourism cannot grow without improved access to land. Establishing a conservancy-based tourism support center will help facilitate negotiations between communities and prospective investors in enterprises on communal land. Review of and improvements to existing concessions policy will result in employment and investment benefits.

4. Upgrade tourism infrastructure

Distances between tourism sites in Namibia are large. The growth of the tourism industry depends on the strategic upgrading of tourism infrastructure. The identification of growth poles and supporting tourism infrastructure is vital.

5. Diversify tourism products

Many opportunities for product development are missed in Namibia. Identifying opportunities to support SME development and to improve SOEs will increase the market reach and appeal of the destination.

6. Increase access to skills

The current labor force is unprepared to take up the opportunities presented by tourism. Work is needed in customer service training as well as in expanding on-the-job and post-school tourism and hospitality training opportunities.

Some of these actions represent opportunities and so can be realized directly through steadfast collaboration between the government and private enterprise. Institutional coordination, narrow product range and training fall into this category. Others will require hard decisions to be taken for the sector to move to the next level.

There are risks involved in any development strategy. Tourism is no exception. Rising costs, unfavorable exchange rates, and additional taxes reduce destination competitiveness. International tourism markets are fickle and prone to demand swings. Security risks in neighboring countries can negatively impact demand. Risks are more severe in locations with just one central attraction and destinations reliant on one key product or market segment. To remain competitive and reduce risks, Namibia needs to diversify its product and market base.

Namibia's tourism industry has strong potential for growth. International, intra-regional, and domestic demand exists. Tourism products in Namibia are world class. Namibia has established itself as a leader in community conservation and sustainable development. The country now needs to build on this solid base and enable tourism businesses to expand and create more jobs.

Recommended Policy Actions

Action Area	Responsible agent	Primary Recommendation	Other Recommendations	Selected Action Items
1) Tourism coordination	DOT with NTB, and other private, public, and civil society stakeholders.	Develop a tourism growth and management strategy. This should include a statistics plan, an organizational review, and a identify potential growth poles	<ul style="list-style-type: none"> • Initiate strategy development process with broad stakeholder input • Identify ways to improve communication between government directorates • Professionalize tourism data and statistics collection systems 	<ul style="list-style-type: none"> • Establish a tourism coordination group made up of middle management representatives from DOT, NTB, and the private sector • Work with coordination group to develop plan and organizational review • Develop tourism statistics plan including a regular tourist expenditure survey
2) Tourism regulatory framework	DOT and NTB	Establish a clearer division of responsibilities between regulation, planning, and quality assurance functions in NTB	<ul style="list-style-type: none"> • Conduct review of organizational roles and functions and consider restructuring tourism institutions • Rationalize existing licensing and levees so that renewals and payments can be made simultaneously 	<ul style="list-style-type: none"> • Establish public-private sector review committee for new regulations • Shift core legal, licensing, and planning functions back to DOT in the medium to long term • Review levee system to ensure fees are clearer allocated to the fund they are designed to assist

Action Area	Responsible agent	Primary Recommendation	Other Recommendations	Selected Action Items
3) Access to land	DOT and NTB with MET, NWR and the private sector	Establish a CBT business support center to support community-based tourism businesses and facilitate negotiations between community management committees and prospective investors	<ul style="list-style-type: none"> • Develop transparent and pro-business concession policies with private sector input • Review existing regulations and enable the opening up of Etosha to more lodges, more activities, and more competition for NWR 	<ul style="list-style-type: none"> • Develop a concept for CBTE support center • Review concession policy with private sector and NWR input • Initiate an open and transparent discussion on NWR's monopoly of Etosha with a view to allowing more JV lodge ventures and wider range of activities inside the park
4) Tourism infrastructure	DOT and NTB with MOT and Namibia Airports on infrastructure in partnership with private sector	Identify areas of the country as tourism growth poles with attractive land packages	<ul style="list-style-type: none"> • Undertake a feasibility study for the upgrading of the Walvis Bay Airport to international standard • Consider upgrading cruise ship facilities at Walvis Bay • Undertake feasibility study for medium-size convention and conference facilities in and around Windhoek 	<ul style="list-style-type: none"> • Undertake pre-feasibility study for cruise ship dock expansion in Walvis Bay and Luderitz with particular focus on employment and environmental impacts • Research market and potential impacts of cruise tourism development • Investigate market for conventions and meetings
5) Tourism products	The private sector with support from NTB and DOT	Support the development and expansion of tourism SMEs	<ul style="list-style-type: none"> • Develop a comprehensive SME support program • Open Etosha to a restricted number of sustainable private sector lodge developments • Upgrade market research, marketing and promotion for new secondary markets, domestic, and intra-regional tourism 	<ul style="list-style-type: none"> • Perform an in-depth value-chain analysis to identify ways to make local supply chains more productive • Conduct market research for new secondary markets, such as Italian, Portuguese, and Chinese visitors • Establish an internal firewall to reduce political interference in commercial decisions regarding the running of NWR and Air Namibia

Action Area	Responsible agent	Primary Recommendation	Other Recommendations	Selected Action Items
6) Access to skills	NTB in partnership with private sector groups	Work with Namibia Polytechnic and the private sector to expand and upgrade Namibia Polytechnic and develop a center of excellence for tourism training	<ul style="list-style-type: none"> • Establish a national customer service qualification • Recruit and train talented high school teachers • Develop an efficient business-friendly work permit system 	<ul style="list-style-type: none"> • Conduct needs assessment for tourism human resource development • Initiate discussions with potential donor agencies • Initiate a “stay in school” incentive program to get more young people to complete 12th grade • Hold open discussion between DOT, NTB, Immigration and the private sector tourism industry to address work permit issues

1. Introduction

1. Globally, tourism is a three-billion-dollar-a-day business. According to UNWTO, the sector employs 230 million people, generates 30 percent of the world's service exports, and is responsible for 5 percent of global GDP. In 2009, tourists spent US\$305 billion in emerging economies and US\$547 billion in advanced economies.¹

2. Apart from the direct economic benefits, tourism stimulates multiple value-added opportunities. Examples include safety and health improvements, infrastructure upgrades, business reforms, environmental conservation, public facilities (parks, sporting arenas, conference centers), and increased foreign investment. Due to low barriers to entry, tourism can particularly benefit women, people in disadvantaged rural communities, and young people. It can generate revenues for environmental and cultural heritage conservation.

3. Namibia is a relatively small tourism destination. It received just under one million visitors in 2010. Nevertheless, expenditure by tourists provided 6.2 percent of Namibian GDP in 2009. By 2021, the contribution of tourism to GDP is expected to grow to US\$382 million and 8.4 percent of GDP.² But despite these achievements, the tourism sector in Namibia is under-performing in terms of job creation and economic benefits compared to other countries in the region.

4. National Development Plan IV (NDP4) provides the opportunity for Namibia to use the tourism sector to promote increased jobs and earnings for the country. This paper examines how tourism can align its institutions and policies, diversify tourism products and facilities, and prepare its workforce to take up new tourism opportunities.

The Case for Tourism

5. Tourism is underestimated as an economic transformer. Evidence from Seychelles, where tourism accounts for 23 percent of GDP, and Mauritius, where tourism accounts for 21 percent of GDP, and Cape Verde, where tourism accounts for 25 percent of GDP, tell a clear story.³

- **Demand for Africa tourism products keeps growing.** From a small base of just 6.7 million visitors in 1990, sub-Saharan Africa (SSA) attracted 28.1 million visitors in 2009. For the past three years, tourism to SSA has been growing almost twice as fast as the world average. Africa was the only region whose tourism sector grew during the world economic crisis.⁴
- **Tourism creates more and better jobs.** Tourism is labor intensive and provides opportunities for small business development, career advancement, and lifelong learning potential. One in twenty jobs in SSA is already in travel and tourism.⁵ By 2021, more

¹ UNWTO (2010) *UNWTO Tourism Highlights*, 2010 Edition, UNWTO, Madrid

² WTTC (2011) *Namibia: Travel and Tourism Economic Impact*, 2011, WTTC, Oxford.

³ The World Bank (2010) *Africa Region Tourism Strategy: Transformation Through Tourism*, Unpublished draft, World Bank, Washington, D.C.

⁴ Twining-Ward, L. (2010) *Sub Saharan Africa Tourism Industry Research, Phase II Tour Operator Study*, Unpublished Report for the AFTFP, The World Bank, Washington, D.C. a study conducted for AFTFP's Competitiveness Flagship Report.

⁵ Twining-Ward, L. (2010).

than 15 million people are expected to be employed directly or indirectly as a result of travel and tourism in SSA.⁶

- **Tourism accelerates reform.** The experiences of Mauritius, Tanzania, Rwanda, Seychelles, and Cape Verde⁷ demonstrate that when conditions are right, tourism is a beacon for pro-business policies and reforms that can help small and medium-size (SME) business development and stimulate foreign investment.⁸
- **Tourism helps diversify exports.** In 1980, agricultural products represented 54 percent of Mauritius's exports. As a result of the growth in tourism, agriculture now accounts for just 16 percent of total exports while textiles account for 25 percent and tourism accounts for 25 percent.⁹
- **Tourism can empower communities.** Tourism can empower rural communities to transform their livelihoods using the multiplier effect of tourism. Tourism coupled with community-based natural resource management can become a significant driver for economic and social empowerment.

Objective of the Paper

6. Following steady growth in international and intra-regional demand over the past decade, Namibia's tourism sector is now primed for employment creation and economic growth. Accordingly, GRN identified tourism as a priority sector in Vision 2030 and highlighted tourism in NDP4. The purpose of this paper is to provide information and recommendations that will help unleash the job-creation potential of tourism in Namibia:

7. The paper addresses the following key questions:

- How is Namibia's tourism sector performing compared to its competitors in the region?
- What potential does Namibia's tourism industry have for job creation?
- What are the key constraints to the development of tourism in Namibia?
- What are the policies and actions that will improve tourism's growth and job creation potential in Namibia?

8. The paper is structured in three parts. The first part analyzes the performance and potential of the Namibian tourism industry. The second part identifies and discusses the constraints currently facing the sector. The third part of the paper makes recommendations to help transform tourism into an effective agent of economic growth and job creation.

2. Tourism performance

9. Namibia is a mid-sized tourism destination. The sector is still in the early stages of development, and it has the potential for further growth. However, Namibia has not been as effective in using visitor numbers to create jobs and to stimulate investment as other countries in the region. This is because of the high cost and limited supply of labor and because the

⁶ WTTC, (2010) Economic data tool.

http://www.wttc.org/eng/Tourism_Research/Economic_Data_Search_Tool/

⁷ Twining-Ward, L. (2010) *Yes Africa Can: Success Stories from a Dynamic Continent*, Office of the Chief Economist, Africa Region, The World Bank, Washington, D.C.

⁸ Wong, M., Christie, I. and Al Rowais, S. (2009) *Tourism in South Asia, "Benefits and Opportunities,"* PREM, Finance and Private Sector Development Unit South Asia, The World Bank, Washington, D.C.

⁹ In Rwanda, between 1995 and 1998, coffee and tea accounted for almost half of all exports. Now travel and tourism provide 36 percent of exports and reliance on coffee and tea is down to 20 percent.

Spenceley, A. and Neilson, H. (2010) *The Success of Tourism in Rwanda—Gorillas and More: Background Paper for Africa Success Stories Study*, Office of the Chief Economist, The World Bank, Washington, D.C.

tourism sector is characterized by a large number of small, family-owned businesses, which do not easily absorb additional staff.

Tourism trends

10. Tourism trends in Namibia are characterized by slow but steady growth in arrivals, an unusually high length of stay, and a relatively high average daily spend. International tourist arrivals have increased to 984,099 in 2010 from 777,890 in 2005.¹⁰ Although Namibia still has fewer tourists than Botswana, it is catching up. Out of the seven neighboring countries shown in the table below, Namibia had the second highest ratio of tourists to residents after Botswana. By 2020, UNWTO predicts Namibia will have more visitors per year than the total population.

3. International arrivals to Namibia can be divided into two types: short-haul, intra-regional arrivals, and long-haul arrivals. Short-haul regional arrivals make up the vast majority of visitors to Namibia (73 percent in 2010). These are primarily visitors from South Africa and Angola, which together were the source of 58.4 percent of all arrivals to Namibia in 2010 (see Data Appendix

11. Table 9 on page 28 in the Appendix). The South African market grew strongly over the last five years, but dropped by 5 percent between 2009 and 2010. The Angolan market has been stable since 2005 and remains Namibia's largest source market.

Box 1. Mozambique

Mozambique has managed a seemingly impossible transformation of its tourism industry. International tourist arrivals have grown by 284 percent between 2005 and 2010. The government expects four million tourists a year by 2025. The dramatic growth has been attributed to the following factors:

- The number of hotel rooms has doubled from 2000 to 2009
- Legislative reform has been completed, including a new tourism code and investor-friendly regulations for the sector
- A strategic tourism development plan has been developed and will be implemented over the next seven years
- Visas have been abolished for SADC countries: bilateral agreements made with South Africa, Malawi, and Swaziland allow citizens to travel freely to the country without a visa

12. Traditionally, long-haul European arrivals from Germany and the UK have been the primary source of leisure tourists. From 2007 to 2009, the growth in the German and UK markets flattened out, but in 2010 the German market picked up, showing 6 percent growth compared to 2009. The American market has been catching up with the British market and there is also growth in secondary European markets such as France, Portugal, Netherlands, and Italy. Portugal (53 percent) and Belgium (43 percent) were the fastest growing markets between 2008 and 2010 but are still minor source countries. The Brazil market also showed considerable growth from 2009 to 2010 but is also a minor source market.

13. Domestic tourists are another important segment. Although they are not listed on arrival forms, an increasing number of domestic tourists are using commercial accommodation and visiting tourist attractions. A domestic tourism survey conducted in 2006 found that 20

¹⁰ MET (2011), *Tourist Statistical Report 2010*, Windhoek.

percent of domestic trips were for leisure purposes. Twenty percent of domestic visitors used commercial lodging. Overnight domestic tourists spent an average of N\$1,703 per trip. The largest trip expenditure was transportation.¹¹ As disposable incomes increase, domestic travel for leisure purposes is expected to rise.

Tourist characteristics

14. Visitors to Namibia have a longer than average length of stay. The average length of stay for SSA countries is just 5.6 days.¹² Namibia's 2010 statistics report shows that tourists to Namibia stay an average of 16.5 days.¹³ The longer tourists stay, the greater the economic impact of each tourist, so maintaining long length of stay is important for Namibia.

15. Namibia also attracts a high level of leisure tourists (51 percent in 2009 and 43 percent in 2010). Forty percent of visitors say there are visiting friends and relatives; just 14 percent of visitors to Namibia say that they are on business. Leisure tourists are more likely to stay in commercial accommodation, spend money in restaurants, visit tourist attractions, and buy souvenirs. Namibia's high proportion of leisure tourists gives it an advantage in the region. Namibia attracts twice as many leisure tourists as Botswana.

Table 1. Tourism Purpose of Visit in Selected SSA Countries, 2008 to 2010

	Average stay (days)	Leisure		Business		Other		Year of Data
		Number	Percent	Number	Percent	Number	Percent	
Angola	n/a	289,000	55.7	76,000	14.6	54,000	29.7	2009
Botswana	2.7	264,000	17.6	86,000	5.7	1,150,000	76.7	2008
Mozambique	1.8	1,252,000	69	177,000	9.8	386,000	21.3	2008
Namibia	16	416,991	42.4	141,309	14.4	425,794	43.3	2010
South Africa	7.5	9,484,000	95.5	221,000	2.2	229,000	2.3	2009
Zambia	n/a	184,000	22.7	339,000	41.8	288,000	35.5	2008
Zimbabwe	3	1,810,000	92.5	129,000	6.6	17,000	0.9	2008

Source: UNWTO, 2007 to 2009

Note: Lesotho and South Africa figures include same-day visitors; Zimbabwe figures might include same-day visitors. Figures denote all international arrivals regardless of the purpose of visit

16. Seasonal fluctuations in demand have severe implications for the capacity utilization of tourist infrastructure. Namibia experiences seasonal fluctuations in demand that are similar to those of Botswana and Zambia (see Figure 1). Peaks in April, July to September, and December coincide with school holidays in the region. As shown in Figure 2, there is also great variation across countries in these seasonal patterns. For example, 38 percent of Spanish and 13 percent of Dutch visitors arrive in August. January and February are the lowest months for all nationalities except those from Zimbabwe.

17. Seasonal fluctuations have gone down slightly over the last three years. In January 2007 only 6.3 percent of annual visitors arrived whereas in January 2009 7.8 percent annual visitors arrived.¹⁴ The first two quarters of the year accounted for 44 percent of visitors, and

¹¹ Baker, A. C., Muteyauli, P.I., Shigwedha, V., Swiegers, S., and Sweeney, L.F. (2007) *Domestic Tourism in Namibia: Results of a 2006 to 2007 Survey*, Directorate of Environment Affairs, Ministry of Environment and Tourism, Windhoek.

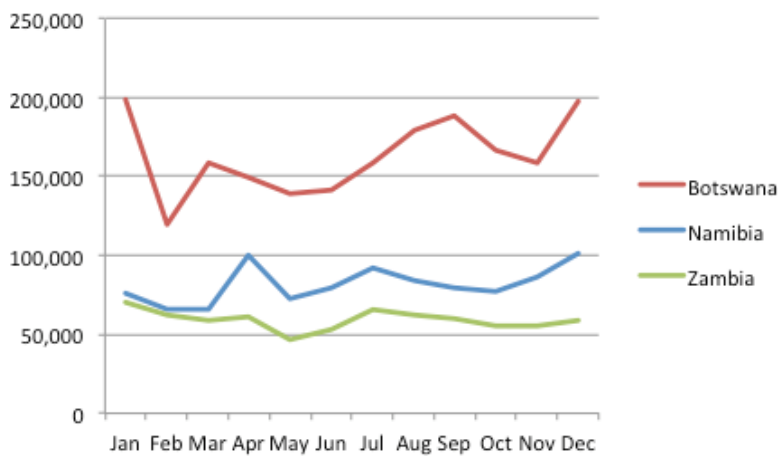
¹² Twining-Ward, L. (2009) *Sub Saharan Africa Tourism Industry Research*, Unpublished Report for AFTFP, The World Bank.

¹³ MET (2011). When the longer-stay outliers such as China (47 days) and Zimbabwe (29 days) are removed, the average length of stay falls slightly to 15.8 days.

¹⁴ Namibia Tourist Board (2008) *Tourist Arrival Tables 2009*, Namibia Tourist Board, Windhoek. Namibia Tourist Board (2009) *Tourist Arrival Tables 2009*, Namibia Tourist Board, Windhoek.

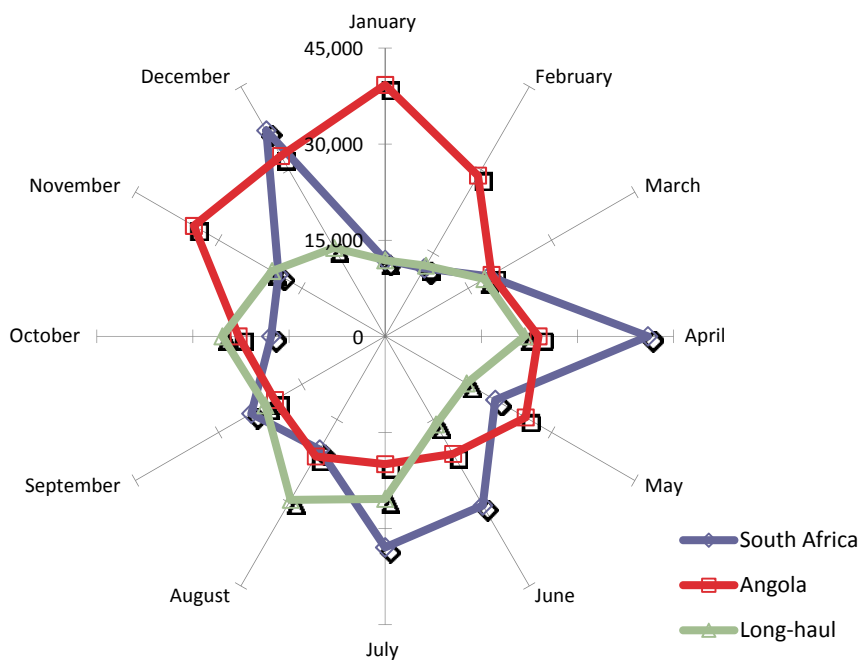
the last two quarters (July to December) accounted for 56 percent. Reducing fluctuations by diversifying products and markets could substantially improve tourism yield.

Figure 1. Seasonal International Visitor Arrivals to Namibia, Botswana, and Zambia



Source: Botswana 2007 data: UNWTO, Zambia 2009 data: UNWTO, Namibia 2010 data: NTB

Figure 2. Seasonal Patterns of Visitors to Namibia, 2010



Source: MET (2011)

18. MET’s 2010 arrivals statistics suggest several important features of the tourism market in Namibia:

- The majority of visitors (70 percent) arrive in Namibia by road; just 29 percent arrive by air. The northern border entry points are the most popular. Twenty-nine percent of visitors use this route; 28 percent use Hosea Kutako International Airport; 20 percent use the southern border point; 16 percent use the northeastern border points. Seven percent of visitors use the trans-Kalahari border.

- There are considerable differences in place of arrival by nationality. Just over half of UK and 49 percent of US visitors arrive by air; 73 percent of French visitors arrive by air. Visitors from neighboring Botswana, Zambia, and Zimbabwe arrived almost exclusively by road.
- Almost a third (29 percent) of those staying in commercial accommodation are from Germany; 27 percent are from Namibia; 12 percent are from South Africa.
- There are far more men who visit Namibia than women. Sixty percent of visitors were men in 2010. This has not changed significantly over the last five years. Male visitors dominate arrivals from China, Portugal, Spain, and South Africa.
- The majority of visitors are between 30 and 39 years old (28 percent). The number of visitors in the 20–29 year category has increased from 19.7 percent in 2006 to 21 percent in 2010.

19. These features imply that the strategy for marketing the country to foreign tourists needs to be tailored to different source markets.

Tourism economics

20. Tourism is already a leading economic driver in Namibia. It is expected to almost double its contribution to GDP, employment, and investment over the next five years.

21. *Contribution to GDP:* WTTC reports that tourism in Namibia directly accounts for 4.7 percent of GDP; by 2021 it will account for 8.4 percent of GDP.¹⁵ It estimates that tourism's indirect contribution is considerably larger: 19.9 percent of GDP in 2011. WTTC forecasts that this indirect contribution will rise to 31.5 percent of GDP by 2021.

22. *Employment:* WTTC (2011) calculates that the travel and tourism sector in Namibia currently provides 24,800 direct jobs (up from 18,000 in 2009) and 114,000 direct, indirect, and induced jobs. NTB, however, estimates that direct employment in the sector is 22,000 and direct and indirect employment is 80,000. The actual number is probably somewhere between the two. WTTC forecasts that 66,000 direct jobs will be created in travel and tourism (11.7 percent of total employment) by 2021. The coastal area of Namibia generates large numbers of jobs at hotels and other accommodations, with tour operators, and in other tourism-related businesses (Table 2).

Table 2. Estimated Numbers of People Engaged in Coastal Tourism 2007 and 2011

Sector	Estimated 2007	Estimated 2011	Estimated employment growth rate in percent/annum
Tourism accommodation	3,409	4,506	7.2%
Tour operators	184	447	9.3%
Tourism-related businesses	4,671	6,249	7.5%
Total	8,264	11,202	7.6%

Source: Barnes and Alberts 2006 and 2011

23. These are impressive growth forecasts but currently Namibia's tourism sector appears to be less efficient in converting tourist arrivals and spending into jobs than other countries in

¹⁵ WTTC (2011) Namibia: Travel and Tourism Economic Impact, 2011, WTTC, Oxford.

the region. Whereas in Mozambique WTTC data suggests one job is created for every US\$1,300 in tourist spending, in Namibia US\$21,200 in spending is needed to create a job. Patterns in jobs created per international arrival are also revealing. While Angola, Mozambique, and South Africa generate one job for every 12–18 international tourist arrivals, Botswana and Namibia need 54–60 international arrivals to create one job. Increasing the efficiency of job creation in Namibia to a level similar to Mozambique’s would result in three times as many jobs for the same number of tourist arrivals. Possible reasons for the shortfall are higher labor costs, smaller business size, and transportation costs.

24. Another reason for inefficient job creation in Namibia’s tourism sector is the small size of most businesses. In an analysis for the NTB, The Tourism Company showed most tour operators are small or micro businesses that have fewer than 10 employees. Twenty-one per cent of businesses had two or fewer employees, 26 per cent had three to five, and only 3 per cent had over 50 employees.¹⁶ This suggests that the informal tourism sector is large.

Table 3. Key Economic Indicators for Selected SSA Countries, 2008 and 2009

	Tourism receipts (US\$ million)	Tourist receipts per job (US\$)	Contribution of tourism to GDP	Contribution of tourism to services exports	Travel and tourism direct employment*	International visitor arrivals	International arrivals per job
Angola	534	18,869	0.3	89	28,300	365,784	12.9
Botswana	513	20,438	4.0	59	25,100	1,553,000	61.9
Mozambique	196	1,251	2.3	35	156,700	2,224,000	14.2
Namibia	382	21,222	6.2	91	18,000	980,173	54.5
South Africa	7,624	19,593	3.0	72	389,100	7,011,865	18
Zambia	98	4,645	1.0	49	21,100	710,000	33.6
Zimbabwe	314	7,169	9.0	n/a	43,800	2,017,000	46.1

Source: UNWTO and WTTC

25. *Investment:* WTTC estimates that travel and tourism investment accounts for 10.7 percent of total investment in 2011.¹⁷ It should rise by 5.6 percent per year to reach 12.5 percent of total investment in 2021.¹⁸ NTB estimates that travel and tourism was responsible for US\$354 million investment in 2011. During the same period, US\$6.1 billion was invested in South Africa and US\$314 million in Angola.¹⁹

26. It is not clear how much of this investment is government-related (in SOEs or parks) and how much is commercial. However, in an interview, NWR stated that US\$295 was being invested in five NWR properties over the next three years. WWF reported that just over US\$19 million has been invested by the private sector in 31 tourism joint venture projects in communal conservancies since 1998.²⁰

¹⁶ The Tourism Company and Career Concept Ltd (2011) *Design of a Tourism Human Resource Plan for Namibia, Situation Analysis*, Commonwealth Secretariat and the Namibia Tourist Board, Windhoek.

¹⁷ These figures are total public and private investment. It is not clear how much of this investment is government-related (in SOEs or parks) and how much is commercial. However, in an interview NWR stated that US\$295 was being invested in five NWR properties over the next three years.

¹⁸ WTTC (2011) *Namibia: Travel and Tourism Economic Impact, 2011*, WTTC, Oxford.

¹⁹ Twining-Ward, L. (2009) *Sub Saharan Africa Tourism Industry Research*, Phase I SSA Tourism Database, Unpublished Report for the AFTFP, The World Bank, Washington, D.C.

²⁰ Namibian Association of CBNRM Support Organizations (2009) *Namibia’s Communal Conservancies: A Review of Progress and Challenges in 2009*, NASCO, Windhoek.

27. Analysis of investment per arrival suggests Namibia has been relatively successful in attracting and generating foreign investment. For every visitor arrival in Namibia there is US\$316 worth of investment in the travel and tourism sector. This rate is expected to almost double to US\$611 per visitor by 2021.

28. Tourism provides a high proportion of Namibia's foreign direct investment (FDI). Global Finances report total FDI inflows were US\$516 in 2009.²¹

Table 4. Tourism Investment for Selected SSA Countries, 2008 to 2011

	Total tourism investment (US\$ million) 2011	International visitor arrivals	Investment per visitor arrival (US\$)	Total tourism investment (US\$ million) in 2021 (forecast)	Year of data
Angola	314	365,784	854	443	2011
Botswana	173	1,553,000	111	277	2008
Mozambique	124	2,224,000	56	203	2009
Namibia	354	980,173	316	611	2008
South Africa	6,107	7,011,865	871	9,238	2009
Zambia	73	710,000	102	133	2009

Source: WTTC (2011)

Tourism Enterprise

29. With the exception of NWR and a few large hotels, tourism operations in Namibia are characterized by a large number of small, family-owned businesses.²² A recent report by Price Waterhouse Cooper found that only 3.4 per cent of tourism firms in Namibia had over 50 employees, and that over 70 percent had no more than 10 employees.²³ Dominant areas of tourism activity are lodging and tourism activities. Accommodation with a kitchenette is the most popular. Wildlife viewing and trophy hunting activities dominate tourism activities.²⁴

30. For tourism accommodation to be successful, industry averages suggest a minimum average occupancy of 55 percent to 65 percent is required throughout the year. In Namibia, accommodation occupancy rates are much lower than this. MCA data show occupancy rates range from an average of 22 percent in January to 34 percent in August.²⁵ Barnes and Alberts (2011) found Swakopmund and Luderitz had the highest average occupancy rates (48 percent and 49 percent).²⁶ Between 2008 and 2010 average year-round occupancy rates have fallen from 32 percent in 2008 to 28 percent in 2010.

31. These rates compare poorly with neighboring destinations. Lodging in South Africa has an average occupancy rate of 58.7 percent; Zambia's rate is 63.1 percent. Possible rea-

²¹ Global Finance, <http://www.gfmag.com/gdp-data-country-reports/213-namibia-gdp-country-report.html#axzz1WNOPVQmH>

²² In an interview, NWR stated that 1,300 jobs would be created in tourism as a result of the redevelopment of five properties.

²³ Price Waterhouse Cooper, (2010) Namibia: 2010 and Beyond. PWC

²⁴ In 2010, there were 2,112 registered accommodation establishments and 1,861 activity operators.²⁴ More than half of the activity operators were either trophy hunters or tour and safari operators. More than a third of registered accommodation was self-catering. Data on the number and type of registered tourism businesses is in Annex 1.

²⁵ Only 28 percent of registered lodging submits occupancy data. Data from the 602 accommodation establishments that did submit occupancy rates suggests these are low in Namibia: 32 percent in 2008 and 31 percent in 2009.

²⁶ Alberts, M. and Barnes, J. I. (2011) Assessment of Peoples' Engagement in Sustainable Use Activities on the Coastal Zone of Namibia, Final Report, Namibian Coast Conservation and Management (NACOMA).

sons for the low occupancy rates are a mismatch between desired accommodation and available accommodation. Many registered accommodation units are of low quality. Another reason for low accommodation is the seasonal pattern of arrivals from key markets.

Table 5. Tourism Supply in Selected SSA Countries, 2008

	Total hotel rooms	International hotel rooms	Average occupancy	Year of data
Botswana	4,942	366	40.3	2008
Mozambique	11,583	339	26.9	2008
Namibia	4,919	758	28	2010
South Africa	65,000	9,850	57.7	2008
Zambia	5,979	649	63.1	2008
Zimbabwe	6,319	811	41.0	2008

Source: UNWTO and WB SSA Tourism Database, MET *Tourism Statistical Report 2010*

Note: International hotel rooms are defined as those operated by international brand hotels

32. The business environment in Namibia is also a constraint to successful tourism operations. The World Bank's *Doing Business* report for Namibia 2011 ranked Namibia 69th out of 183 economies for ease of doing business.²⁷ Detailed results show that some aspects of doing business, such as access to credit, are easier in Namibia than many other countries, while other aspects of doing business, such as starting a business and registering property, are more difficult. Both measure factors that determine new firms' ease of entering markets.

Table 6. "Doing Business" Rankings for Selected SSA Countries, 2012

	Overall Rank 2012	Starting a Business	Registering Property	Getting Credit	Paying Taxes	Enforcing Contracts
Angola	172	167	129	126	149	181
Botswana	54	90	50	48	22	65
Namibia	78	125	145	24	102	40
Mozambique	139	70	156	150	107	131
South Africa	35	44	76	1	44	81
Zambia	84	69	96	8	47	85
Zimbabwe	171	144	85	126	127	112

Source: The World Bank, (2011) *Doing Business 2012* Washington, D.C.

Note: Rank out of 183 countries

Tourism products

33. Namibia is fortunate in having several different products to offer, based on nature, culture, and wildlife tourism resources (see Box 2). Although a wide range of potential product opportunities exist, few of these have been fully developed. Tourism attractions with international appeal include the scenic landscapes and dunes of Sossusvlei, desert-adapted elephants, and more wild black rhinos than any other country. Namibia also has a wide range of cultural heritage

Box 2, Namibia Tourism Products

Key attraction sites include:

- Sossusvlei dunes and the Namib-Naukluft National Park
- Etosha National Park
- Swakopmund and the Skeleton Coast

Secondary attractions include:

- Damaraland
- The Kalahari Desert
- Fish River Canyon
- Caprivi Strip
- Other national parks, protected areas, game parks
- Communal conservancy areas

²⁷ The World Bank, (2011) *Doing Business 2011: Namibia Making a Difference for Entrepreneurs*, Washington, D.C.

attractions such as the World Heritage Site rock paintings at Twyfelfontein.

34. Namibia’s tourism products have several advantages compared over its competitors. First, it is clearly differentiated from its competitors in terms of the landscape, wildlife, peacefulness, and indigenous culture. Second, it enjoys a safe and extensive road network and sufficient lodging options. Third, it has an abundance of adventure tourism opportunities which include hiking, sky-diving, dune-boarding, game-fishing, and trophy hunting. As adventure travel is one of the fastest growing sectors of the long-haul travel market, this is a positive indicator for the future.²⁸

35. Namibia’s products also have a number of disadvantages compared to neighboring countries. These include the dominance of state-owned enterprises (SOEs) in the sector, restrictive policies regarding parks, the long distances between sites and the consequent energy-intensive nature of the industry and its supply chain. Poor and inconsistent service quality is also an ongoing challenge for Namibia. Tour operators need to be confident in the ability of Namibia’s lodging and activity providers to consistently deliver product quality. If product quality is inadequate, tour operators will not include Namibia in their itineraries.

36. Table 7 shows how Namibia’s tourism resources rank against its competitors, using the World Economic Forum’s 2011 Travel and Tourism Competitiveness Index. Namibia scores well for its natural resources and “affinity for travel and tourism” but less well for its human capital and cultural resources. This crucial shortfall limits Namibia’s ability to deliver high quality experiences.

Table 7. Tourism Resource Rankings for Selected SSA countries, 2011

	Human resources	Affinity for travel and tourism	Natural resources	Cultural resources	TOTAL
Namibia	124	50	47	123	109
South Africa	128	43	14	55	49
Botswana	119	85	33	106	98
Zambia	120	113	15	119	95
Zimbabwe	134	90	13	102	96
Angola	138	139	58	135	139
Mozambique	135	94	55	117	127

Source: WEF (2011) *The Travel and Tourism Competitiveness Report, 2011: Beyond the Downturn*, World Economic Forum, Geneva. Note: Rank out of 139 countries. The human resources index measures the health, availability, and skill of the available labor force. The affinity for travel and tourism index measures the extent to which the country and its people are open to foreign visitors.

37. Namibia’s SOEs compete with the private sector for tourism dollars, use government funds for marketing, and have an inside track to concessions. Namibia Wildlife Resorts is the state-run resort company. It has 26 lodges across the country in the most exclusive parks and prime wildlife-viewing areas. Due to the history of the NWR under MET, NWR was obliged to absorb unemployed MET staff in 1998, including veterans and other employees according to government priorities. Low worker productivity that resulted from this has severely impacted the profitability of the enterprise and the ability of NWR to satisfy visitors.

²⁸ Tui Travel PLC (2009) *Passport to Adventure: Industry Trend Report 2010*. The Adventure Company, Headwater, Imaginative Traveler, Quark Expeditions, Gecko’s Grassroots Adventures, Peregrine and Exodus, London.

Table 8. Current Importance and Future Potential of Tourism Products

Product type/market segment	Review	Current importance	Potential for growth in jobs and income	Priority actions required
Wildlife tourism	More than 18 percent of the land area in Namibia is protected. The large number of parks and protected areas with flourishing wildlife populations is a significant and ongoing attraction for international and domestic visitors.	High	High	Increase number of concessions in parks. Improve infrastructure to reduce congestion and increase user-value
Trophy hunting	Trophy hunting currently constitutes at least 14 percent of the tourism sector, generates about US\$19.6 million in direct expenditure and an additional US\$9.2 million in value-added income, most of which accrues to disadvantaged communities. But there is a lack of qualified local hunter guides. This is a concern in terms of real income going to communities.	High	Medium	Train hunting guides, to add value to hunting trips.
Coastal tourism	Estimates based on Alberts and Barnes (2008 and 2011) suggests 11,202 people are currently employed in coastal tourism. Of these, 70 percent, or 7,884 held unskilled jobs. In the relatively small tour/activity operators subsector approximately half of 447 people engaged were considered unskilled with the remainder in some form of management.	Medium	High	Develop a large and mid-range coastal lodging options. Upgrade Walvis Bay airport.
Community-based tourism	There are 64 communal conservancies and 34 joint-venture (JV) businesses between communal conservancies and private sector partners. Campsites provide 789 full-time jobs and over 250 seasonal jobs. Local people also earn money from selling food, wood, crafts, and grass for thatch; they can also profit from joint-venture partnerships.	Medium	Medium	Develop facility to help communities to negotiate joint ventures
Cruise tourism	In 2010, there were 10 cruise ships staying one to two days. With sufficient investment in port upgrades, Walvis and Luderitz have the potential to be a successful cruise destination and to provide a significant number of additional jobs.	Low	Medium	Upgrade port facilities
Meetings and conferences	Meetings and conferences are a lucrative market as they involve large groups, significant daily spends, and travel out of season. Although Windhoek and Swakopmund are unlikely to be able to compete with Cape Town or Johannesburg, they do have potential for smaller domestic meetings and conference tourism. For this to happen, a mid-size convention center will be needed. This has potential for employment but will need to be a public-private sector partnership due to the high investment required.	Medium	Medium	Support the development of public/private mid-size convention/ conference facilities
Shopping tourism	Regional visitors are particularly drawn to shopping facilities and opportunities in Windhoek. Extending shop opening hours on weekends, and encouraging the development of new malls and craft shopping outlets will help boost this sector.	Medium	Medium	Support the development of
Festivals and events	Festivals and events can boost off-season demand. They are an underutilized product with potential for both international and domestic tourism in Namibia. Sporting and adventure-based activities have particular potential	Low	Low	Support the development of sporting events

Sources: Humavindu, M.N. and Barnes, J.I. (2003) "Trophy Hunting in the Namibian Economy: an Assessment." *South African Journal of Wildlife Research* 33(2): 65-70.

Alberts, M. and Barnes, J. I. (2011) "Assessment of Peoples' Engagement in Sustainable Use Activities on the Coastal Zone of Namibia: Final Report," Namibian Coast Conservation and Management (NACOMA).

- Alberts, M. and Barnes, J. I. (2008) "Sustainable Tourism Options for the Coastal Zone of Namibia," Directorate of Environmental Affairs Research Discussion Paper, No. 77, Windhoek.
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- NASCO (2009) *Namibia's Communal Conservancies: A Review of Progress and Challenges in 2009*, NASCO (Namibian Association of CBNRM Support Organizations), Windhoek.

Product potential

38. Emerging tourism destinations generally focus on a narrow range of products. As destinations mature, they need to diversify their product offering in order to expand their market appeal. Namibia has developed a name for wildlife and safari tourism. This is likely to continue to be the main focus of tourism activity. To increase the job generating potential and year-round value of tourism, however, Namibia needs to develop an expanded range of offerings. Products such as coastal tourism, cruise tourism, domestic tourism, conferences, and festivals should all be considered for their job generating ability (see Table 8 above).

Tourism risks

39. Each type of tourism presents its share of environmental and social risks and challenges. Community-based tourism can expose local residents to the risk of the demonstration effect.²⁹ Cruise ship tourism can result in large ebbs and flows in visitor numbers and can put pressure on infrastructure. Wildlife tourism can disturb animal behavior. Dunes and desert areas are fragile ecosystems with low resilience.

40. Wildlife experts and the community in general are concerned that some attractions in Namibia are exceeding their carrying capacity in terms of visitors and vehicles. In an article in *New Era*, the outgoing Director of Parks and Wildlife Management for Namibia noted that in some areas around parks and key sites such as Sossusvlei, "irresponsible tourism" is taking place. Heavy vehicular traffic congests roads and sites are deteriorating due to the pressure of large numbers of visitors.³⁰ Albert and Barnes (2006) also raise the issue of carrying capacity in cases such as dolphin-watching and fishing tourism off Walvis Bay and in the Caprivi Strip.

41. While the principle of carrying capacity is appealing, it is not a suitable management tool. The number of tourists that can be accommodated at one nature-based attraction per day is not static like seats on a plane. It depends on how tourists behave, whether they are in groups or not, how many paths there are, how well the paths are marked, and whether tourists are reminded to stay on them. The crucial question is therefore not "are there too many tourists," but "are the tourists being managed so as to minimize adverse impacts?" In many cases in Namibia the problem is not the number of tourists but poor visitor management.

42. Competing economic activities also pose risks to tourism activities. In Swakopmund, uranium mining threatens important coastal tourism sites. Urbanization, transportation, and expansion of agricultural areas put other areas at risk. It is important that before alternative development takes place, short and long-term social, economic, employment, and environmental cost and benefit analyses take place to ensure the most desirable long-term development path is selected.

²⁹ The "demonstration effect" occurs when indigenous communities adopt western dress, speech and behavior as a result of interactions with tourists.

³⁰ !Hoaës, I. (2011) "Uncontrolled Tourism Activity at Sossusvlei Worrying" *New Era*, June 1, 2011.

43. Sites deteriorate with increased use. Gravel roads worsen with heavy traffic. The current situation in Sossusvlei, however, may be more a result of management failure than tourism impacts. Much can be done to make the most popular sites more resistant to visitor impacts. Sensitive areas can be protected using boardwalks, signage, and fences. Visitor management plans and traffic control needs to be developed for Sossusvlei and Walvis Bay marine tourism activities.

44. Economic risks are always present. Economic downturns in sending countries can have chain reaction effects in destinations. Exchange rate fluctuations, changes in regional visa policies, cross-border relationships, and security concerns present a significant level of risk for tourism enterprises in Namibia.

45. Risks are more severe in locations with just one central attraction and in destinations reliant on one key product or market segment. Increasing the number of secondary attractions, building secondary markets, and diversifying the product base help to reduce risk.

4. Constraints to tourism growth

46. Namibia's product quality and comparative performance in the region suggest the country is poised to substantially grow its tourism sector both in terms of number of tourists and number of jobs. However, a number of constraints stand in the way of scaling up. Key constraints include weaknesses in the tourism institutional framework, unfavorable regulatory environment, problematic access to land, protectionism in SOEs, narrow product and market focus, and lack of skilled workers.

Tourism institutional framework

47. Since Independence, Namibia has devoted considerable attention to establishing a sound framework of laws, policies, and institutions to regulate and promote the country's tourism industry. Certain aspects in how policies are implemented, the assignment of roles and responsibilities to different public sector bodies, and a degree of regulatory over-reach in new laws create constraints to the industry's ability to generate jobs and economic growth.

48. *Implementation of existing policies and plans:* The first national tourism development plan, developed in 1992 with European Commission assistance, is out of date and needs to be replaced.³¹ The national policy for tourism in Namibia, launched at the end of 2008, is designed to help realize the goals of Vision 2030 and meet the targets of the National Development Plan III (NDP3). Ten guiding principles underpin the tourism policy (see Box 4). At the current time, there is no action plan to guide the implementation of these principles, nor are there any indicators to assess progress towards their achievement. There are now plans for a tourism growth strategy. If a comprehensive approach is adopted, this strategy will improve coordination and policy cohesiveness.

³¹ Hoff, Overgaard Carlo Bro (1992) *Namibia Tourism Development Study*, Commission of the European Community and Ministry of Environment and Tourism, Windhoek.

Box 4. Summary of Guiding Principles for Tourism Policy in Namibia

1. Tourism policy must serve government objectives and shall be for the benefit of all Namibians and visitors.
2. Tourism needs to be competitive. The government must intervene to attract investment.
3. Tourism policy must enable the private sector to operate and compete effectively in the global marketplace.
4. Increased local participation and equity are essential to spread the benefits of tourism.
5. Tourism development must be economically, socially, and environmentally sustainable.
6. Sustainability is inextricably linked to the protection of the natural resources base.
7. The government's investment and operational functions in the tourism sector are infrastructure development, marketing, education, and skills development.
8. Tourism investment, development, and promotion must be market-driven.
9. It is government policy to promote interventions on the basis of national benefits.
10. The quality of service provided should be of a standard that meets the requirements of present day national, regional, and international tourists.

Source: Namibia Ministry of Environment and Tourism (2008)

49. *Overlapping roles and responsibilities of key tourism bodies:* The government has established a range of tourism bodies, most notably the Directorate of Tourism (DOT) at the Ministry of Environment and Tourism (MET) and the parastatal Namibia Tourism Board (NTB) and Namibia Wildlife Resorts (NWR). These entities do not always work in unison with each other or with the private sector. Lack of effective coordination prevents Namibia from realizing the full potential of the tourism sector. For example, NTB is charged with promoting tourism (see Box 3), DOT is preparing a tourism investment strategy, and the Namibia Investment Center at the Ministry of Trade and Industry is responsible for investment promotion, including in tourism. These bodies generally work independently of one another. The result is poor coordination and policies that adversely affect the development of the sector.

50. The steady migration of responsibilities and staff from MET to the NTB has led to some overlap and coordination challenges.³² The increase in regulatory responsibilities of NTB reduces its ability to work collaboratively with the private sector, due to the inherent conflict of interest between its roles as regulator and service provider. It has also left DOT under-resourced, unable to compile statistics, and unable to plan tourism in a coherent manner.

51. Tourism plans and strategies provide the framework for institutional coordination. Both the Directorate of Tourism and NTB engage in strategic planning for tourism, tourism research, and liaising with the private sector. Neither have an up-to-date ac-

Box 3. Namibia Tourism Board

The Namibian Tourist Board (NTB) was established in 2000 by an Act of Parliament to regulate and market Namibia as a tourist destination. The Act repeals the previous Ordinances for 1973 to 1979 on Accommodation Establishments and specifies eight functions of the NTB:

- To promote tourism in Namibia
- To take measures to ensure services provided to tourists comply with standards
- To consider and decide on applicants for the registration of accommodation
- To promote the training of people engaged in tourism
- To promote the development of sustainable tourism
- To give advice and guidance to persons engaged in tourism
- To promote tourism activities on an international, national, regional, and local level
- To advise the Minister on any matter relating to national tourism policy and the creation of incentives

³² For further information on planned increase of NTB functions see: Grant Thornton International (2009) *Final Strategy: Presented to Senior Management of the Namibian Tourism Board*, NTB, Windhoek.

tion strategy or indicators to assess progress towards their achievement.

52. *Regulatory over-reach:* A new bill, *Promulgation of Namibia Tourism Board Act, 2000*, will increase the power and authority of NTB as a regulatory agency. These new powers make more acute the conflict of interest between NTB's mandate to provide services to and promote Namibia's tourism sector. The bill gives NTB responsibility for quality assessments of facilities and sustainable tourism planning, an activity that was formerly under the jurisdiction of DOT. It also substantially increases the power of NTB to regulate the tourism sector. It includes the power to imprison any person who provides accommodation without being registered.³³ New powers provided for in the bill include the following:

- NTB can at any time establish a new tourist levy to benefit the Board to be paid by operators of accommodation establishments and other operators.
- All tourism business vehicles must display the name of the business on both sides of the vehicle.
- License and registration can be cancelled or suspended for wrongdoing
- NTB inspectors can enter at any time and seize documents, vehicles used for guests, or computers, if necessary.
- All tourism operators must be inspected to qualify for an NTB license. All vehicles used to transport guests must also be inspected and licensed by NTB. NTB collects a 2 percent levy from accommodation providers.³⁴ It intends to add a training levy in the future. These additional fees could have a positive impact on marketing and training programs if they are well managed. However, they put significant reporting, licensing, and financial burdens on tourism SMEs and increase the cost of doing business.
- A proposed tourism bill opens the door to further levies and will allow NTB to police the tourism industry using stricter rules. This is unlikely to constrain the expansion of the industry and comes at a time when SADC countries such as South Africa and Mozambique are reducing levies.

53. This expansion of regulatory intervention in the tourism sector stands in contrast to the trend in other African countries. Kenya and Zambia, for example, have recently passed tourism bills that attempt to streamline tourism regulations, encourage greater coordination among tourism bodies, and position the government as a facilitator and promoter of the tourism industry (see Box 5 on page 16).

³³ Government of Republic of Namibia, (2000) *Promulgation of Namibia Tourism Board Act, 2000 (Act 21 of 2000)*, Government Gazette of the Republic of Namibia, No. 2437, Windhoek. Government of Republic of Namibia, (2011) *Promulgation of Namibia Tourism Board Act, 2011 (Act X of 2011)*, Government Gazette of the Republic of Namibia, No. XX Windhoek.

³⁴ All tourism accommodation operators are obliged by NTB to add a 2 percent tourist levy to their room bill. This levy will soon be extended to other tourism operators. The funds generated are designed to assist NTB with marketing. However, the current fund is not directly linked to the marketing budget. To improve revenue collection and private sector trust, an improved, more transparent system is needed which directs tourist levy revenues directly to tourism marketing activities. The system must be accountable to operators.

Box 5. Tourism Legislation in Kenya and Zambia

Zambia Tourism Bill, 2010

The Zambia Tourism Bill (ZTB) has many similarities to the Namibia Tourism Bill in terms of roles, responsibilities and structure. The Zambia Bill provides for:

- Greater focus on the marketing role of the ZTB
- More focus on competitiveness
- Greater multi-agency collaboration, e.g., Zambia Development Agency deals with business licenses
- Clearer process for the use of tourism levies, e.g., a tourism development fund for product development, marketing, training, and research
- Fewer documents required for licensing a property and business
- More incentives to licensed businesses

Kenya Tourism Bill, 2010

The Kenya Tourism Bill (KTB) also has similarities to the Namibia Tourism Bill. It defines the function of the Tourism Board: to regulate, register, license, grade, develop standards, develop codes of practice, and promote sustainable tourism. In comparison with the Namibia Tourism Bill, the Kenya Tourism Bill provides for:

- More frequent assessments of tourism activities (biannual)
- Greater outsourcing of training, e.g., Kenya Utalii College deals with all tourism training
- Greater involvement in meetings market, e.g., Kenyatta Conference Centre comes under the Bill
- Less involvement in statistics, e.g., Kenya Tourist Board has a separate tourism research institute and monitoring mechanism
- More focus on marketing
- Clearer use of tourism levies, e.g., a fund for activities as specified in the act
- Fewer requirements for a tourism license, e.g., development plan, EIA, public representation

Complex regulatory environment

54. Tourists and firms in the tourism industry interact with many government agencies other than dedicated tourism bodies such as NTB and DOT, and some of these do not fully appreciate their contribution to the tourism environment in Namibia. The broader legal and regulatory environment is quite important for the performance of the tourism sector. Tourism growth is driven in part by investment. Private investors have many destinations to choose from. They look for places where it is easy and secure to do business and where attractive incentives are offered. Namibia has made considerable progress in some areas, such as tourist visas, yet it is still expensive to do business, difficult to hire and fire workers, and time-consuming to obtain work permits for foreigners.

55. *Employment regulations:* Labor laws are needed to protect workers from exploitation. However, the current regulations stifle the creation of jobs in tourism. According to private sector interviewees, current and new employment regulations in Namibia make it harder, not easier, for businesses to employ more workers. Although the tourism sector has been successful in getting special treatment on work hours and vacation days in the past, dispute resolution is time-consuming and costly. The new Labor Act is likely to slow hiring and increase its cost. It will hinder companies' ability to select suitable employees and will make it harder for companies to fire incompetent workers. In a fast-paced tourism industry, these measures will be a severe hindrance to Namibia's ability to be internationally competitive.

56. *Visas and work permits:* Although Namibia has a fairly liberal visa regime for tourists, the generally more restrictive regime for business visas and work permits tends to constrain businesses in the tourism industry. These rules apply to all parts of the economy, not

just the tourism industry, but businesses in the tourism industry are arguably disproportionately affected. Spontaneous changes in the application of visa and work permit policies make Namibia unattractive for businesses that bring tourists to Namibia. There have been several well-publicized incidents in recent years where foreign tour guides were denied access to Namibia because they lacked work permits left tourist buses stranded without guides. These resulted in companies removing Namibia from multi-country tour itineraries, costing the country jobs and revenue. If similar issues arise with the nascent cruise industry, it will reduce the attractiveness of Namibia as a cruise destination. Business travelers face requirements above and beyond other visitors (e.g., no visa on arrival) that, although not necessarily onerous, add to their cost of doing business with Namibian companies. Firms in all sectors report difficulties obtaining work permits for skilled labor.³⁵ Since skilled and unskilled labor are complements, restricting firms' access to skilled labor reduces their demand for unskilled labor. One should note that Namibia is not alone in restricting the movement of tourism workers: the lack of bilateral agreements with Botswana and South Africa means Namibia guides cannot cross the border.

57. *Business regulations:* As noted earlier, Namibia ranks considerably lower than neighboring countries (and competitors for tourism investment) on several key Doing Business indicators, i.e., those measuring the ease of starting a business, registering property, and paying taxes (see Table 6 on page 9). Currently, more than fifty permits and certificates are required for hospitality owners who want to register or extend the registration of their accommodation establishment.³⁶ All tourism operators must be inspected annually to qualify for an NTB license. All vehicles used to transport guests must also be inspected and have a Road Carrier Permit issued by NTB. Guides need police clearance certificates which can take up to six months to obtain. Foreign tour operators are required to pay US\$2,000 for a license to drive on Namibian roads. These regulations put a significant reporting, licensing, and financial burden and increase the cost of doing business in Namibia's tourism industry. The burdens often fall disproportionately on small businesses and potential new entrants into the market. Visitors to adjust a higher cost tourism environment by shortening their visits or engaging in lower value activities, thus reducing the sector's contribution to economic growth and job creation.

Problematic access to land

58. The availability and cost of land has a significant impact on tourism growth and competitiveness. Sound land policies establish incentives for conserving, protecting, and developing land for tourism. Poor policies result in market distortions, lack of transparency, and burdensome bureaucracy, which can deter investors needing access to land for enterprises that can generate jobs and incomes, particularly in rural areas. In Namibia, the main choices for investors are freehold land, which is expensive, communal land, which takes years to negotiate, or concessions on state land, which are not always transparent or reliable.

59. *Joint ventures with communal conservancies:* The Namibia *Communal Land Reform Act of 2002* allows leases for up to 99 years. For leases or lease renewals of more than ten years, however, the Minister of Lands and Resettlement has to approve the lease. This takes time and causes delays. Even short-term leases for camps can require lengthy multipartite negotiations with conservancy leaders, traditional authorities, and communal land boards—

³⁵ Firms report a range of problems, from work permits not being granted or renewed at all, not being granted for sufficiently long periods of time, or not being granted in a timely or predictable fashion.

³⁶ HAN (2010) *Documents Needed to Register, Extend Registration and/or needed Recurrently for the Operation of an Accommodation Establishment*, Unpublished Members Document, HAN, Windhoek.

lasting up to five years, according to one evaluation.³⁷ Even after a tourism operation enters into a joint venture with a communal conservancy, this evaluation found that changing demands from communities and conflicting demands between communities and traditional authorities, sometimes stemming from unrealistic expectations about the profitability of tourism activities, resulted in disruptions, increased legal costs, and other factors that significantly reduced the financial rate of return.

60. *Concessions on state lands:* Given the difficulties involved in communal conservancy negotiations, there is significant interest in concessions in state-protected areas. Eighteen percent of the country and the entire coastline are now under state protection.³⁸ Many different types of commercial activity could potentially be undertaken in protected areas: lodges, gift shops, guide services, and restaurants. These could, if operated well, add value to park visitors' experiences, increase government revenues, and provide sustainable employment opportunities. The challenge is to have a fair, transparent, and sustainable way of allowing concessions on this land. The *Policy on Tourism and Wildlife Concession on State Land* provides the regulatory framework for concessions.³⁹ It allows MET to allocate concessions in protected areas and on state land directly to local communities. Relatively few concessions have been granted.⁴⁰ A 2008 study of MET found that it lacked the necessary staff at that time to implement the new policy.⁴¹ Others argue that implementation of the policy is not transparent nor does it provide communities, tour operators, and investors with security of tenure or continuity of operation that will allow them to invest, grow their businesses, and employ more workers.⁴²

61. *Taxation:* Land taxes in Namibia are an additional concern. A recent proposal for lodge owners operating on communal lands to pay eight percent turnover tax as a leaseholder fee could make it even more difficult to invest in Namibia. In the Caprivi and Kavango regions in July 2010, lodges were spontaneously issued with invoices for leasehold fees. Confusion in the collection of these fees between Communal Land Boards, the Ministry of Lands, and communal authorities has unsettled lodge owners.⁴³

62. *Land and infrastructure:* In addition to land, investors also need infrastructure. Usually, core infrastructure is provided by utilities or by the state as far as the perimeter of the project. On-site infrastructure is the responsibility of the developer. In Namibia, while main roads are in good condition, park roads and feeder roads from smaller airports are deteriorating and need attention.

³⁷ Barnes, J. (no date) "Analysis of the Financial and Economic Impacts of Induction Costs on Joint Venture Operations," unpublished CBT research paper for FENATA. Asheeke, J. W. (2010) "A Private Sector Point of View Conservancy-Based Tourism Enterprises (CBTEs) in Namibia and the Business of Tourism," A ComMark Trust Study prepared by FENATA. Barnes recommended the development of a community-based tourism business management center to help resolve difficulties in establishing joint ventures with communal conservancies.

³⁸ Ministry of Environment and Tourism (2010) *State of Protected Areas in Namibia: A Review of Progress and Challenges*, Ministry of Environment and Tourism, Directorate of Parks and Wildlife Management, Windhoek.

³⁹ Government of Republic of Namibia (2004) *Policy on Tourism and Wildlife Concessions on State Land*, Ministry of Environment, Windhoek.

⁴⁰ The MET website lists 11 concessions to commercial lodges and 4x4 enterprises and 4 concessions to communal conservancies, as of around 2010. <http://www.met.gov.na/Pages/Protectedareas.aspx>. In February 2012 MET granted the Ehirovipuka Conservancy a concession to conduct operations in Etosha National Park.

⁴¹ World Bank, "Implementing the Agenda of the Namibian Ministry of Environment and Tourism"

⁴² MCC (2008) *Millennium Challenge Account Namibia Compact: Volume 5: Thematic Analysis Report – Tourism, Namibia Strategic Environmental Assessment*, MCC Washington and MCA Namibia, Windhoek.

⁴³ Shigwedha, A. "Leasehold Tax for Lodges in Communal Areas Cause a Stir," *The Namibian*, (September 23, 2010).

Inefficient SOEs

63. The role of the state is to enable development and facilitate the growth of the private sector. When governments are involved in running businesses, there are often conflicts of interest and inefficiencies that impact both the customer experience and distort the competitive marketplace. Namibia has a large number of state-owned enterprises, many of which are involved in tourism activities. The most influential are Namibia Wildlife Resorts (NWR) and Air Namibia.

64. *Lodging in national parks:* At its inception in 1998, NWR operated 22 resorts inside national parks that had been constructed over the years by the government. Since then NWR has refurbished most of its facilities and has introduced three new eco-friendly properties. NWR has had a difficult and controversial history. It collapsed in 2006 due to mismanagement and poor product and service delivery. It was rescued by the government with a N\$120 million bailout package. NWR went back in 2010 for another bailout, and at the time of writing is reportedly again in financial trouble.⁴⁴ NWR has been operating without a managing director since December 2010.

65. NWR holds a monopoly on lodging and other activities located inside national parks, notably wildlife viewing near lodges after park gates close at dusk. NWR's close relationship with the government gives rise to the view that MET's environmental and concessions policies are implemented to the advantage of NWR. To be sure, NWR competes with privately owned lodges located outside park gates, many of which send game or nature viewing drives into the parks, but NWR's privileged position confers distinct advantages over other operators.

66. Despite these advantages, NWR suffers from problems common to many monopolies and SOEs around the world. NWR lags behind parks in neighboring countries in offering innovative, premium services (e.g., nighttime drives or guided game hikes). Efficiency is hampered by political influence over decision-making. Performance is limited by restrictive hiring and firing policies and the large number of untrained older employees. Political and union objections make it difficult for NWR to close unprofitable properties or outsource non-lodging activities such as food service, crafts sales, and other services that add would value to visitors' stay in the parks.

67. *Air transport:* A similar situation is found in air transportation. Air Namibia's long-haul routes suffer from a perception of poor services, have been losing money for some time, and require large state subsidies. Air Namibia has gone through multiple turnaround strategies during the past decade, each involving large injections from the treasury. Nevertheless, Air Namibia defaulted on state-guaranteed loans of N\$320 million in March 2011. In August the government approved a N\$1.6 billion bailout package. To some extent, the losses are due to weak management—Air Namibia has been without a managing director since March 2010—compounded by politicized corporate governance (the Minister of Transport attempted unsuccessfully to fire the board of directors in March 2012).

68. Some of Air Namibia's losses surely also stem from the structure of the international airline business, which makes it unprofitable for small airlines to deliver scheduled service on long-haul routes, especially when they have to compete with high-volume traffic moving through regional hubs (e.g., Johannesburg). Demand for flights within Namibia is still too

⁴⁴ See for example *The Namibian*, "NWR Begs for Urgent Bailout," (July 22, 2010) and *The Namibian*, "NWR on Brink of Collapse," (May 21, 2012).

low to make increased domestic operations profitable. In contrast, there would appear to be more room for Air Namibia to compete with other carriers for intra-regional traffic

69. Air Namibia does provide a vital function in bringing tourists to the country as well as providing jobs for Namibians, although one should bear in mind that fewer than one-third of visitors to Namibia arrive by air.⁴⁵ The company employs 600 people and reports that it has a direct and indirect employment impact of more than 10,000 jobs.⁴⁶ But what is the cost to the state? How long can this be sustained?

70. If NWR and Air Namibia were managed as commercial businesses, state ownership would not matter and both NWR and Air Namibia could make a lasting positive contribution to tourism in the country. However, current political interference in decision-making results in lower service standards, falling profit margins, and additional hurdles for new market entrants. This is of particular concern in Etosha, the country's iconic attraction. Namibia's pro-SOE stance is out of touch with the rest of the Southern African Development Community (SADC), where privatization, like in the case of SANParks in South Africa, has been highly successful (see Box 6). There are also numerous other experiences in Africa and elsewhere that could serve as references as Namibia considers the balance between state and private delivery of air transport and hospitality services: Air Mauritius' partnership with British Airways and Air France; Tanzania's concessioning of hotels and safari lodges in its parks (similar to RSA's private lodges in national parks); developing good statistics and a matching

Box 6. South African National Parks (SANParks)

SanParks, created in 1998 from the transformation of the National Parks Board, became a successful autonomous parastatal entity, a leader in the development of the ecotourism industry with high research standards. Yet despite managing some of the world's most spectacular natural assets, SANParks was failing to deliver tourism products efficiently. Service standards were often mediocre, products were poorly differentiated, and prices were not determined by the market. In 1999, following a benchmarking exercise against similar, private operations, SANParks realized that it lacked the skills, incentives, and access to capital that it needed to make the most of tourism opportunities. Deciding that it would not run commercial ventures but instead focus on its core function of biodiversity management, SANParks developed the concept of "commercialization as a conservation strategy."

Part of this strategy was the concession of exclusive rights to commercial use of lodge sites together with the surrounding parkland. Since starting to implement the strategy, SANParks has concessioned 12 lodges, 19 shops, 17 restaurants, and 4 picnic sites to private partners. The 20-year concession contracts for lodges (with no right of renewal or first refusal on expiration) include environmental and social obligations and penalties for noncompliance. The concessionaires pay SANParks an annual fee calculated as a percentage of the turnover bid during the tender process. In 2004 lodges, shops, and restaurants generated concession fees of US\$13.5 million, and lodges attracted private investment of US\$42.5 million. SANParks is now independent from government transfers for more than 75 percent of its operating revenue. This is a spectacular financial achievement, even compared with conservation agencies in industrial countries. The commercialization strategy has vastly improved SANParks' standing in the eyes of stakeholders, reduced unemployment in neighboring communities, and created economic opportunities for previously disadvantaged ethnic groups. As a result of this success, the national government increasingly views national parks as a tool for economic development and has stepped up its annual financial commitment to SANParks. Thanks to the increase in public funds and the additional revenue from its partnerships, SANParks has been able to expand the land under its protection by 5 percent in the past 10 years.

Source: Saporiti (2006) *Managing National Parks*, Public Policy for the Private Sector, The World Bank Group, Washington, D.C.

⁴⁵ According to MET's 2010 statistical report, only 29 percent of all tourists arrived by air in 2010. Excluding visitors from the region, the share rises to just 60 percent, and visitors from a number of markets arrive predominantly by land (e.g., Australia, Canada, Netherlands, and Scandinavian and Iberian countries). (MET 2011).

⁴⁶ Information provided during interview with senior management based on 2006 impact study

information campaign, as in Seychelles; depoliticizing decisions on land through a transparent process and effective land institutions, as in the Maldives.

Narrow product

71. Namibia has a clear comparative advantage in nature and wildlife tourism products. This focus has worked well in establishing Namibia as an international tourism destination. For example, Namibia is one of three finalists to host the 2013 Adventure Travel World Summit. It has also resulted in the saturation of some key sites, however. For tourism to grow further will require much greater innovation and diversity in products and markets and a bigger emphasis on the use of local supply chains.

72. NTB has a small marketing budget and limited staff. These two factors, combined with a low level of tourism skills education, have resulted in a narrow product focus: high-end long-haul nature tourists from traditional markets such as Germany. The private sector is also limited by the small size of operations and lack of professional ambition. The informal sector lacks support and the ability to add value to its products. At Cape Cross Seal colony, for example, there are no craft outlets or food stalls. The questions of how best to assist emerging tourism entrepreneurs and who qualifies for assistance need to be addressed.

73. In order to support new product development, training and infrastructure must be improved. Although roads are generally of high quality, many bridges are missing and there is no reliable bus or rail service for domestic tourists. Domestic flight networks and schedules are not currently compatible with tour itineraries. Airport terminal buildings at Hosea Kutako International Airport and Walvis Bay Airport are not large enough to accommodate the scale of simultaneous passenger arrivals or departures consistent with the country's growth ambitions. The telecommunications infrastructure for immigration is currently insufficient to enable electronic processing of visas and other immigration information.

Low level of skill

74. Namibia is known as a "boutique" destination, offering a more intimate and personal tourism experience in smaller facilities. High value, low-volume tourism requires efficient and friendly service. Namibia does not have a culture of customer service in the public or private sector, however. This has serious implications for the tourism industry, where it is difficult to find new entrants with an understanding of what a service culture entails.

75. Tourism is labor intensive and requires skilled and semi-skilled service-sector labor. Namibia has a large available workforce but the workforce has a low level of skills. The majority (85 percent) of unemployed people have not completed secondary school. According to the 2008 Namibia Labor Force Survey only 10 percent of the population has a 10th grade education, 1.3 percent have a high school matric (12th grade certificate), 1.2 percent have completed college, and 0.7 percent have completed postgraduate training.⁴⁷ The proportion of educated people is much lower in rural areas where there are tourism opportunities than it is in urban areas. The result is a population that is poorly prepared to take up opportunities in tourism.

76. A fundamental factor contributing to the poor educational outcomes is poorly trained teachers, particularly in rural areas. Another factor is the lack of parental supervision and encouragement. Industry leaders say high school graduates are improperly trained for the jobs

⁴⁷ Government of Republic of Namibia (2008) *Namibia Labour Force Survey 2008 (NLFS 2008)*, Ministry of Labor and Social Welfare, Directorate of Labour Market Services, Windhoek.

that are available and those that are trained have unrealistic expectations about pay and working conditions and little desire to work in isolated rural lodges.

77. Peer pressure to leave school early may also be a factor. With limited English, math, and communication skills, it is difficult for young people to find employment doing anything but manual labor. Those who are hired for entry-level tourism positions are difficult to promote without further basic education as well as sector-specific training.

78. Lack of skills and experience is also pervasive among older people. Due to the history of apartheid, many middle-aged Namibians have not received tertiary education and business training. This lack of mature skilled workers coupled with the private sector's reluctance to promote previously disadvantaged workers to supervisory, professional, or managerial positions affects the growth potential of the industry.

79. Constraints on labor could be relieved with the use of foreign workers. Currently, the process of applying for a work permit for foreign workers is lengthy, and applications are frequently denied even in highly specialized fields. Immigration authorities claim applications are often submitted at the last minute and do not meet the requirements for displacing local labor. They say employers are not delivering on promises to train replacements. Industry representatives claim immigration officials often fail to understand job titles, such as the difference between a cook and chef, and the importance of specialized skills and experience in adventure tourism. The consequences of this ineffective policy are far-reaching and severe, deterring would-be investors and preventing the expansion of existing businesses. In some cases work visas are not re-issued for skilled expatriate workers. Consequently, Namibia is losing managers and chefs who are critical to the sector's growth and productivity.

Box 7. Volume and Value in Tourism

Tanzania and Botswana have actively pursued a policy of high-value-low-volume tourism. This approach requires significant capital and highly trained staff but has the advantage of maximizing revenues while minimizing adverse environmental impacts. The Gambia and Kenya have actively pursued high volume tourism. This approach has the advantage of providing more jobs, requiring less highly skilled employees, and being less demanding on capital investment. It may, however, have more severe environmental impacts.

High value	High volume
Fewer numbers of people visiting sensitive areas	Large numbers of people needing diverse activities and services
Higher daily spend	Large multiplier
Lower numbers of highly trained staff	Larger numbers of semi-skilled staff
Large (foreign) investment required	Local and foreign investment possible

Nevertheless, the dilemma about whether to promote high value or high volume tourism to a country is often not a real choice but a stage of development or a type of product within a destination. Seychelles and Mauritius were both high-value destinations and are now successfully welcoming mid-market visitors and investors. An emerging tourism destination such as Ethiopia is likely to be dealing with low volume-high value tourism by default. As a destination grows, numbers increase and prices fall. In a mature destination such as South Africa, both high volume and high value tourism have been developed in different parts of the country. Smart positioning will enable the destination to straddle several product and market niches in order to maximize employment and revenue generation over time.

5. Recommendations

80. A review of Namibia's tourism performance indicates that the sector has the potential to grow but is currently underperforming in terms of job and income generation due to a handful of binding constraints that prevent investment, job creation, and income growth. To fully leverage the sector, a few major policy actions are needed. Six recommendations are made here which are directly linked to the sector constraints.

1. Develop a clear tourism strategy

81. While the current vision and guiding principles for tourism development are commendable in their sustainable approach, there currently is no strategy for the achievement of the stated goals. There is no monitoring system to establish if progress is being made towards these goals. **A broad tourism growth and management strategy needs to be developed**, that has appeal across diverse markets, and is prepared as a partnership between the private sector and government ministries, directorates, and agencies. The plans for this action are already underway and will require collaborative support.

82. The strategy will need to **identify ways to improve communication and coordination between government agencies** working on tourism-related activities. Several previous reports have recommended the establishment of an inter-agency tourism advisory committee. This has not yet occurred.

83. The strategy will also need to put a special focus on **professionalizing tourism data and statistics collection systems**. Current tourism information systems are inadequate. Tourist expenditure data is outdated. There is no information on the number of visitors to various sites around the country, on how tourists spend their money, or on their satisfaction levels. Tourism supply data is collected but not fully analyzed or widely communicated. Tourism employment information is not available in a usable form. A systematic revision of the collection, analysis, and communication of tourism information and statistics is needed. This will need to be undertaken by DOT with the assistance of a multi-sector advisory committee including not only parastatals and government agencies (Bank of Namibia, Ministry of Home Affairs and Immigration, Namibia Statistics Agency, NTB), but also private sector organizations. Additional trained tourism researchers and/or statisticians are needed at DOT to accomplish this.

2. Rationalize tourism regulatory framework

84. Effective regulation is vital to safety, consumer protection, and environmental management—all necessary ingredients to a successful tourism sector in Namibia. Functions of regulatory enforcement, marketing, quality assurance, and investment promotion are not complementary in the sense that they need not—and ought not—be performed by a single entity. While marketing and quality assurance require trust and collaboration with the private sector, regulation and licensing require enforcement.

85. Following the establishment of the NTB, there was a gradual shift of roles and responsibilities from DOT to NTB. As a short-term solution this has worked well, given small budgets and limited human resources. In an ideal world, responsibility for strategy, legal, licensing and other regulatory activities would be situated in a government ministry, while marketing, product development, standards setting, quality management, and similar market services would be delivered by a parastatal (or in some cases by private sector bodies).⁴⁸ If

⁴⁸ A review of NTB activities was conducted by Grant Thornton consultancy in 2009. The resulting report recommends removing any regulatory responsibility from NTB and placing it with MET. Grant Thornton Interna-

Namibia were to rearrange functions of DOT and NTB along these lines, the transition would need to be pursued gradually and adequate resources provided. **In the short and medium-term, a clearer division of responsibilities is needed to prevent conflicts of interest between regulatory and planning functions on the one hand and marketing, quality assurance and other market services on the other.**

86. A crucial follow-up step to the tourism growth strategy is to **rationalize licensing laws, employment policies, and regulations.** For example, the Labor Act is not well suited to the working environment in the tourism sector and Namibia's stated goals for the sector to generate jobs. Such policies put a significant reporting, licensing, and financial burden on tourism SMEs and increase the cost of doing business without necessarily achieving these policies' objectives.

87. Licensing is one of the most contentious of tourism issues and it is not easy to resolve. Many countries in the region require multiple costly licenses that are all renewed at different times. **The harmonization of tourism licensing is urgently needed.** Tourism businesses will be more willing to pay tourism levies if renewals and payments can be made simultaneously, if the system is transparent, and if the fees are used for the purpose for which they are allocated.

3. Facilitate access to land

88. Since many of Namibia's tourism attractions are located on land that is not privately owned, there need to be streamlined, transparent, and predictable provisions for granting tourism enterprises secure access to the use of communal and state-owned land. Communal land negotiations are often lengthy and costly for investors as well as conservancies. Communities frequently have misguided and unrealistic expectations for tourism outcomes.⁴⁹ They often lack understanding of the potential of tourism to foster entrepreneurial activity. **A mobile conservancy-based tourism enterprise (CBTE) business support center** could help support community-based tourism businesses and facilitate negotiations between community management committees and prospective investors.⁵⁰

89. **The 2007 concessions policy needs to be implemented more fully and in a transparent and predictable manner.** Policies must be also developed in consultation with the private sector. These policies will be used for evaluating concession applications and renewals. Information on these policies must be freely available and systematically implemented.

4. Upgrade tourism infrastructure

90. Tourism investment is highly competitive. **Identifying areas of the country as tourism growth poles** will help to focus new infrastructure development. Providing incentives for the sustainable development of those areas will help achieve a critical mass, a requisite for ongoing and expanding job generation. The Walvis Bay area offers particular opportunities. The harbor is deep, the coastline is attractive, and there are multiple attractions within a few

tional (2009) *Final Strategy: Presented to Senior Management of the Namibian Tourism Board*, NTB, Windhoek.

⁴⁹ HAN has a well-developed tourism awareness course which it has used in local schools. Namibia Polytechnic have staff able to provide awareness courses. HAN (2009) *How Do Tourism and Hospitality Work?* Manual for HAN Members to Conduct a School Project on the Subject, HAN Tourism Awareness Program 2009, Windhoek.

⁵⁰ The establishment of a well-funded CBTE business support centre was a key recommendation from the Fenata study: Asheeke, J. (2010) *Conservancy-based Tourism Enterprises (CBTEs) in Namibia and the Business of Tourism—a private sector point of view*, A ComMark Trust Study, FENATA, Windhoek.

hours' drive. The selection of tourism growth poles and development routes must be in line with the tourism vision and strategy, must be competitive with other investment offerings in the region, and must involve close cooperation between DOT, NTB, and NIC. Analysis of the linkages between growth poles (hub and spoke, circuits, etc.) would be an integral part of the work plan. This would help address the issue of the distances between destinations and might well help increase utilization of assets.

91. Key future developments to consider include the **upgrading of Walvis Bay Airport to international standard, the upgrading of cruise ship facilities at Walvis Bay, and the development of medium-size convention and conference facilities in and around Windhoek**. Similar types of development have created jobs and stimulated growth in other countries in the region. However, each case is unique and prior to any development, full environmental, social, and economic analysis of potential costs and benefits is needed.

5. Diversify tourism products

92. Further product development and sector expansion can occur if SMEs are provided with the support they need to bring new products to market and to scale up operations: access to finance, security for loans, linkages with locally produced goods and services, and connections to international operators. **Increased SME support should include business planning, training, and access to credit**. This support could be modeled on the successful program created by SME Compete.⁵¹

93. **Value chain analysis needs to be undertaken to help identify other opportunities to add value from the tourism economy**. For example, high-quality, carefully targeted craft production has the potential to increase rural income, jobs, and even become a sustainable export sector. However, local artisans rarely employ an effective division of labor. Identifying opportunities through value-chain analysis is the first step to enabling growth of employment in this area.

94. Ending NWR's monopoly over hospitality services in national parks and empowering it to operate more commercially, with minimal political intervention, can also contribute to greater diversification and innovation in Namibia's tourism industry. The monopoly stifles growth and quality service provision. NWR lodges are not commercially run. Issues of over-staffing, low productivity, and the management staff's lack of private-sector experience are difficult to address due to political interventions in management decision-making. Introducing professional lodge management and competitive business practices for hiring and firing are essential to achieving visitor satisfaction and profitability. **Opening up of Etosha National Park to more lodges, more activities, and more competition for NWR, while reducing state intervention in NWR's business operations to enable NWR to compete would be a long-term solution to commercial management of national assets**.

95. Marketing and promotion need to keep pace with product development. Potential long-haul and short-haul visitors need greater awareness of the tourism opportunities that Namibia offers. **Professional market research for new secondary markets, such as Italian, Portuguese, and Chinese visitors, is needed. A collaborative public-private sector promotion plan is also needed for domestic and short-haul tourism, offering**, for example, attractive off-season packages that include domestic transport and reasonably priced accommodation. Intra-regional Angolan and South African markets have the benefit of demand for off-season short breaks, meetings, and events but have so far been insufficiently tapped.

⁵¹ SME compete is a non-profit organization based in Windhoek.

6. Increase access to skills

96. Tourism is a significant part of the economy and deserves greater focus at all levels of education. **The Polytechnic's tourism programs should be expanded and upgraded. It should aim to become a regional center of excellence for tourism training,** attracting students from throughout southern Africa. This is a project that is likely to qualify for donor support.⁵² Tourism studies should also be introduced in high schools, incorporated in to geography, economics, and business college courses. Tourism should be introduced at all levels: elementary school, middle school, high school, and technical colleges and universities.

97. **Establish a national customer service qualification.** Customer service is crucial to visitor satisfaction and business success. In Namibia, there is a low level of understanding of the basic principles of customer service in the public and private sector. With the assistance of Namibia Polytechnic, a national customer service qualification should be established for all service sector and front line government employees.

98. Up-skilling the current workforce will take time. To address the current shortfall, improved access to foreign work permits is needed. The current work-permit processing system is slow and problematic; it adversely impacts the ability of the tourism industry to grow and create jobs. **An efficient business-friendly system must be developed and communicated to employers and investors.**

6. Concluding remarks

99. This policy note has reviewed Namibia's current tourism performance, identified the potential for growth, highlighted key constraints, and recommended policies and action to alleviate these constraints.

100. Namibia's tourism industry clearly has strong potential for growth. International, intra-regional, and domestic demand exists. Tourism products in Namibia are competitive with those offered in neighboring countries. Namibia has established itself as a leader in community conservation and sustainable development. The country now needs to build on its strengths and enable tourism businesses to succeed and leverage further job creation opportunities.

101. Six key constraints are identified in this paper: poor institutional coordination, complex regulatory environment, problematic access to land, inefficient SOEs, narrow product, and low level of skills. Short-term interventions such as TIPEEG and MCC-funded activities will only be stopgaps if these essential constraints are not addressed. If job creation through tourism is the goal, there needs to be a willingness to strengthen the business enabling environment and remove the barriers to job creation.

102. Six policy actions are recommended in this paper:

- ***Develop a clear national tourism strategy:*** Having a clear strategy will help coordination between tourism agencies, assist with professionalizing tourism data and statistics collection, and provide a framework for monitoring national performance against identified goals.

⁵² Support may be provided from Commonwealth Secretariat and other donors for this type of capacity building project.

- ***Rationalize tourism regulatory framework:*** Tourism licensing and regulation in Namibia has become confused with quality assurance and marketing. A clearer division of responsibilities is needed to prevent conflicts of interest and facilitate public-private sector partnerships. The harmonization of tourism licensing is also needed to reduce the administrative burden on small businesses and improve the business environment.
- ***Facilitate private access to land:*** Tourism cannot grow without improved access to land. Establishing a CBT Support center will help facilitate negotiations between communities and prospective investors. Review of and improvements to existing concessions policy will result in employment and investment benefits.
- ***Upgrade tourism infrastructure:*** Distances between tourism sites in Namibia are large. The growth of the tourism industry depends on the strategic upgrading of tourism infrastructure. The identification of growth poles and supporting tourism infrastructure is vital.
- ***Diversify tourism products:*** Many opportunities for product development are missed in Namibia. Identifying opportunities to support SME development and to improve SOEs will increase the market reach and appeal of the destination.
- ***Increase access to skills:*** The current labor force is unprepared to take up the opportunities presented by tourism. Work is needed in customer service training as well as in expanding on-the-job and post-school tourism and hospitality training opportunities.

7. Data Appendix

Table 9. International Arrivals to Selected SSA Countries, 2006 to 2010

	2005	2006	2007	2008	2009	2010	Population	Tourist per resident in 2009	Growth rate 2008 to 2009
Angola	209,956	121,426	194,730	294,258	365,784	n/a	18,992,707	0.02	24.3%
Botswana	1,675,132	1,425,994	1,455,151	1,500,000	1,553,000	1,550,000**	1,977,569	0.78	3.5%
Mozambique	578,000	664,000	771,000	1,815,000	2,224,000	2,220,000**	23,405,670	0.09	22.5
Namibia	777,890	833,345	928,912	931,111	980,173	984,099	2,212,037	0.44	5.3
South Africa	7,518,400	8,395,800	9,090,881	9,591,828	7,011,865	8,073,552	49,962,243	0.14	-27%
Zambia	668,862	756,860	897,413	811,775	710,000	n/a	12,962,409	0.05	-12.5
Zimbabwe	1,558,501	3,286,572	2,508,255	1,955,594	2,017,000	2,240,000**	12,644,041	0.16	3.1

Source: UNWTO 2005 to 2009, The World Bank (2010) Population Data, Namibia Tourism Board (2010) South African Tourism Board (2010)

Notes: Zimbabwe figures might include same-day visitors;

*South Africa arrivals up to 2008 includes same-day visitors

**Provisional figures only. International arrivals include business, leisure, visiting friends, and family, and other purposes of visit

Table 10. International Arrivals To Namibia by Region and Nationality, 2005 to 2009

Nationality	2005	2006	2007	2008	2009	2010	Growth rate 2008 to 2010
South Africa	230,949	239,886	250,038	243,038	285,779	277,655	14%
Angola	281,365	278,058	336,045	310,395	309,127	296,825	-4%
Botswana	22,333	24,720	25,649	26,378	26,918	31,503	19%
Zambia	35,782	45,203	40,709	50,248	54,333	54,229	8%
Zimbabwe	22,765	30,623	26,764	29,281	31,842	37,667	29%
Other Africa	8,543	10,098	10,943	17,104	15,763	3,667	-78%
SUBTOTAL	601,738	628,588	690,148	676,445	723,760	714,288	6%
Germany	61,222	68,214	80,418	81,543	81,974	87,072	7%
UK	20,978	24,736	28,214	28,111	28,039	25,717	-9%
Italy	8,557	9,406	10,102	11,836	12,095	10,767	-9%
France	9,959	12,000	15,019	14,604	15,044	17,039	17%
Scandinavia	6,327	7,305	8,446	9,506	8,681	10,591	11%
Austria	5,160	5,278	6,198	6,664	7,201	7,197	8%
Netherlands	11,569	12,196	13,282	14,382	14,503	16,078	12%
Switzerland	8,363	8,921	10,110	10,845	11,091	12,605	16%
Spain	3,492	4,467	4,968	6,159	5,428	8,071	31%
Portugal	2,753	3,880	5,027	5,965	8,653	9,124	53%
Belgium	3,240	3,753	6,400	4,909	5,647	7,024	43%
Russia	n/a	n/a	n/a	1,953	1,806	1,762	10%
Other Europe	4,741	6,816	6,421	7,656	6,334	6,023	-21%
SUBTOTAL	146,362	166,976	194,603	204,116	206,494	219,069	7%
Australia	4,274	4,645	5,783	6,117	6,365	7,066	16%
USA	11,979	16,325	19,342	20,856	20,080	17,826	-15%
Brazil	n/a	n/a	n/a	2,855	1,717	3,382	19%
China	n/a	n/a	n/a	3,661	5,119	4,229	16%
Other countries	13,537	16,814	19,036	17,062	16,639	13,272	-22%
SUBTOTAL	29,791	37,783	44,161	50,550	49,919	27,949	-45%
TOTAL	777,890	833,345	928,912	931,111	980,173	984,099	5.7%

Source: UNWTO e-statistics, NTB and MCA (2011)

Table 11. Namibia Registered Tourism Operators, 2010

Namibia Registered Tourism Operators by Type, 2010	
Category of operator	Number of registered tour operators, 2010
Activity operator	131
Air charter operator	23
Conference center	163
Booking agent	4
Foreign tour operator	114
Shuttle services operator	178
Tour facilitator	144
Trophy hunting operator	587
Tour and safari operator	411
Vehicle rental	106
Total	1,861
Source: NTB	
Note: Some operators may be licensed more than once for different activities	

Table 12. Namibia Registered Accommodation, 2010

Namibia Registered Accommodation by Type, 2010	
Category of accommodation	Number of registered accommodation providers, 2010
Backpacker lodges	54
Bed & Breakfast	235
Campsites/tented camps	230
Guest farms	194
Guesthouse	188
Hotels/Pension	140
Lodges/tented lodges	268
Rest camps	95
Resorts	0
Self catering	696
Total	2,112
Source: NTB	

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