

# Tourism in the Kavango–Zambezi Transfrontier Conservation Area

The Kavango–Zambezi Transfrontier Conservation Area (KAZA TFCA) is a multi-objective initiative involving parts of Angola, Botswana, Namibia, Zambia and Zimbabwe. The concept of a major tourism destination based on the extensive network of protected areas and wildlife populations has been discussed and developed over the last decade. Recently, the idea has been revitalised by the ministers of those five countries, who seek to establish a world-class transfrontier conservation area and tourism destination in the Okavango and Zambezi river basin regions of those countries, within the context of sustainable development.

Recognising the importance of tourism to the economic development objectives of TFCA implementation, this study was undertaken to determine the current size of the tourism industry within the KAZA TFCA, focussing on accommodation providers and tour operators. The survey was conducted in northern Botswana, Livingstone, parts of Victoria Falls<sup>1</sup>, along the Upper Zambezi and in Caprivi. Almost 60% of accommodation establishments and almost 40% of tour operators that were trading in 2004 were surveyed.

The research focuses only on direct impacts – economic activity generated by the activities of tourists. This briefing note presents highlights of the results and conclusions; considerably more detailed analysis is available in the full report.

## Survey results

In 2004, accommodation establishments in the KAZA region had the capacity to house 8,312 guests each night; the tour operators were able to host 2,926 guests per day.

It is estimated that just over 318,640 guests spent one or more nights in these accommodation enterprises, and 782,200 bednights were sold in the region. Approximately 314,200 guests were taken on a tour by operators in 2004 (see Table 1).

The industry generated over \$US100 million in 2004. \$US89.4 million was generated in the accommodation sector, and \$US10.8 million by tour operators. Accommodation services generated 64% of total accommodation sector revenue, restaurant and bar sales generated 31%, 4% was generated by tour services and 1% by 'other' (curio and shop sales, casino operations, golf courses, sales of firewood,

transfers and commissions on tour sales). 34% of accommodation sector revenue was generated in Victoria Falls, 28% in Livingstone, 26% in northern Botswana, and just 6% each in Caprivi and the Upper Zambezi. In the tour sector, 96% of revenue earned was generated by tours, with 4% by sales of food and beverages. Northern Botswana operators generated 64% of total tour revenue, with Livingstone generating the remaining 34%.

The accommodation sector provided 89% (4,913) of employment, with the tour operators providing the remaining 11% (616) (see Table 2). Within KAZA tourism businesses, local employees made up 94% of the total workforce, non-local national employees 2%, KAZA employees comprised 1%, and expatriates made up the remaining 3% of the workforce.

In 2004, a total of 5,204 local workers, 689 of them in part-time jobs, were employed in the tourism industry. Local wages paid as a proportion of the total wage and salary bill across the KAZA region were just 73%, despite 94% of employees being locally employed. Across the region and across both sectors, males make up 61% of the local workforce, with 39% of positions filled by women. In the accommodation sector, women accounted for 38% of the local workforce; in the tour operator sector, they accounted for only 22% of local employees.

Just 48% of non-wage operating costs were spent locally across the whole region, though the proportion varied massively between regions and enterprises. This represents a significant leakage from the region (see Table 3).

Only 20% of the profit generated in the industry was earned by local owners. Remittances of corporate and (foreign) private profits also represent a considerable leakage from the local economy.

## The future

Tourism as an industry has grown rapidly over the last decade, and this trend is predicted to continue into the foreseeable future. In this context, and depending on the

**Table 1. Capacity and sales, 2004**

	nB	Liv.	VF	UZ	Cap.
<b>Accommodation establishments</b>					
% capacity	17	35	32	4	12
% bednights sold	23	39	25	4	9
<b>Tour operators</b>					
% capacity	34	66	-	-	-
% tours sold	50	50	-	-	-

nB=northern Botswana; Liv.=Livingstone (Zam); VF=Victoria Falls (Zim); UZ=Upper Zambezi (Zam); Cap.=Caprivi (Nam).

'Sustainable tourism' can refer to all segments of tourism markets – from mass tourism through to niche markets like that for ecotourism – and emphasises the need to achieve a balance between the industry's environmental, social and economic impacts in order to guarantee long term sustainability. The concept describes tourism that uses environmental resources efficiently, with minimal negative impacts, that respects local societies and cultures, and that creates long term, viable enterprises with equitable distribution of benefits (e.g. employment and opportunities for host communities that contribute to poverty alleviation where appropriate).

Source: UNEP/WTO (2004) Making tourism more sustainable: A guide for policymakers. Madrid: UNEP/WTO.

	nB*	Liv.*	VF	UZ	Cap.	KAZA
<b>Revenue (USD '000s)</b>						
Total revenue	29,799	29,169	30,822	5,437	4,976	100,203
<b>Operating costs (USD '000s)</b>						
Salaries	4,371	7,068	6,178	809	1,346	19,772
Operating costs	14,450	13,315	13,383	2,113	2,572	45,833
Taxes	2,992	1,384	4,773	9	222	9,380
<b>Employment</b>						
Local	823	2,441	1,151	319	470	5,204
Non-local national	4	14	-	40	38	96
KAZA	21	8	-	7	6	42
Expatriate	54	93	-	25	15	187
Total employment	902	2,526	1,151	391	529	5,529

\* Includes both accommodation establishments and tour operators

policies and activities that are implemented in the region, the KAZA initiative can almost certainly increase the rate of tourism growth within the TFCA. However, rapid rates of growth are likely to be desirable only if the growth can be properly planned and managed, rather than occurring in an uncontrolled and ad hoc manner.

The adoption of sustainable tourism principles has already been identified as a primary means of shaping and managing this growth to assist the achievement of the KAZA TFCA's economic development and poverty alleviation objectives, while jointly achieving its biodiversity and natural resource management goals.

### Maximising returns

Three options are available to increase returns from the industry – to increase the total size of the industry, to maximise the value extracted from the industry, or some combination of the two. The survey results show that leakages of revenue, operating expenditures, profits and salaries are already a feature of the industry, and it is not certain that increases in tourist numbers are desirable, or even appropriate, across the whole of the KAZA region – particularly given the ecological sensitivity of some areas, combined with the fact that some areas are already close to saturation. Relying on passive approaches to increasing sustainability will mean that benefits from growth remain trickle-down in nature, rather than achieving the 'triple bottom line' sustainability desired by the KAZA TFCA. In order to maximise impacts at the local level, additional strategies will be required, as discussed below.

#### Local employment

Local employment strategies impact positively on local livelihoods and economies. In the KAZA region, local employment is already high (approximately 94% across the region), though few locals seem to be in management and supervisory positions (except in Victoria Falls). A first step to addressing this issue would be to increase the access of industry employees with potential to appropriate and quality training. One difficulty with this strategy will be to ensure that highly trained and skilled local employees have enough opportunities and challenges to ensure that they remain in the region.

#### Local participation

One of the key strategies of the KAZA initiative should be to increase the participation and success of local residents in the tourism industry. Table 4 illustrates that while half of enterprises are locally owned, the financial returns to these entrepreneurs – and in particular black-owned enterprises – are low in absolute terms (i.e. revenues and profits generated) as well as relatively (i.e. compared to the corporates). Increasing local participation and increasing the returns to local operators will require significant commitments of resources for capacity building, skills development, tourism and

business training. The availability of financial resources targeted specifically at improving the profitability of existing locally-owned enterprises and enabling new local businesses to open will be crucial.

It is recommended that the feasibility of establishing a fund to provide credit to small locally-owned tourism businesses should be examined. Such a fund should be designed to promote the participation of, and improve the returns to, local enterprises. Credit could then be provided to local entrepreneurs who are unable to access funds from traditional financial institutions due to the small size of the (planned) business, a lack of collateral, or for other valid reasons.

#### Partnerships

Many of the sites of high tourism development potential within the KAZA TFCA fall on communal land. In such areas, where local entrepreneurs do not have the necessary expertise or financial resources to start a new business, it may be possible to form partnerships between the private sector and the communities who hold traditional rights over the area. If well designed and monitored, such joint venture agreements can provide benefits to all parties – enabling private sector operations in high tourism potential areas while earning revenues (e.g. through lease fees, revenue sharing and other arrangements), and creating jobs for rural communities (many joint venture agreements stipulate that vacant positions should be filled locally wherever possible). Such partnerships can also contribute to capacity building and training of local employees.

#### Local procurement

Local procurement policies can provide an important means of increasing local economic impact by creating opportunities for local entrepreneurs to become involved in providing goods and services to tourists and tourism businesses. By increasing local inter-industry linkages through local sourcing of inputs, the indirect and induced impacts of tourism can be improved. Local procurement strategies are also a form of partnership, though local procurement contracts would be expected to be of much shorter duration than those relating to joint venture agreements.

	nB*	Liv.*	VF	UZ	Cap.	KAZA
Local wages	3,535	3,461	6,178	408	857	14,439
% of total local wages	24	24	43	3	6	100
Local expenditure	8,918	4,903	5,707	1,141	1,464	22,133
% of local expenditure	40	22	26	5	7	100
Profit retained locally	3,403	527	290	824	94	5,138
% of profit retained locally	66	10	6	16	2	100

\* Includes both accommodation establishments and tour operators

Though levels of local procurement are already almost 50% in the KAZA region, they could no doubt be improved. Further, while enterprises may already be supporting local businesses, it should be possible to increase the amount, range and quality of goods and services that can be sourced and produced locally.

#### *Equitable distribution*

Ensuring the equitability of the distribution of opportunities and benefits within the KAZA TFCA will require careful planning and balance. The inequitable distribution of opportunities and benefits may stimulate conflicts over land and other resources that generate benefits for a minority. There would seem to be most potential for this in communal areas, where tenure over land and other resources is not always secure. Incoherent land allocation policies (e.g. land leases for tourism sites) may also stimulate conflict between operators and residents. Though by some sites will always have a higher tourism demand than others due to their unique and/or spectacular characteristics, by ensuring fair land allocation policies and spatially planning future tourism development, opportunities to enter the industry should be spread more equitably across the KAZA region.

#### *Cost mitigation*

In addition to the consideration of benefits to local communities, the mitigation of costs associated with living with wildlife will also need to be made. Human-wildlife conflict refers to damage to crops by wild herbivores and stock losses to predators, and can have significant negative effects on agricultural livelihoods and household food security. The limited data available suggest that 67–80% of agricultural households suffer some level of crop damage caused by wildlife, while almost 20% of stock-owning households suffer losses to predators.<sup>2</sup> Innovative measures will need to be developed and trialled (as is already happening in some areas) to determine the best possible method(s) of damage limitation. It will also be necessary to introduce successful programmes in a timely manner in areas where, as resource management improves, wildlife spreads into areas where it is not currently found in large numbers (particularly in Zambia and Angola). By implementing such programmes, it will be possible to provide direct and positive impacts at a household level to a significant proportion of the rural population. Such programmes will fit easily with the basic hypothesis of community based natural resource management programmes, that if the benefits (of living with wildlife) outweigh the costs, then sustainable resource use is likely to follow.

#### *Infrastructure development and service delivery*

The necessity of improving and extending infrastructure has been identified as one means to increase tourist access to the KAZA TFCA, and will obviously impact on access to individual sites within it. National plans for infrastructure development and the provision of ancillary services (e.g. communications, electricity, health, finance, etc.) will guide the spatial development of the tourism industry.

Further, in regions with limited or no access to infrastructure or services, its provision is likely to have more widespread positive impacts on poverty, and contribute more to local economic development than the presence of the tourism industry and the opportunities offered by it. Thus, infrastructure development and service delivery must be carefully planned and implemented to ensure that proposed developments meet not only the needs of the tourism industry, but also those of residents.

#### *Additional challenges*

A number of challenges will face KAZA TFCA institutions in their attempts to support and facilitate sustainable tourism, support local economic development and poverty alleviation. As the five countries are at very different stages of economic and tourist industry development, policy makers will face significant challenges in attempting to harmonise tourism and associated policy and legislation. The need for coherent tourism and related policies within the KAZA region will need to be balanced with the needs of the tourism industry elsewhere in each of the five countries. A balance will also need to be achieved between regulations

**Table 4. Share of tourism market by ownership type, owner residence and ethnicity, 2004**

	Operations	Turnover	Employment
<b>Ownership type</b>			
Private	88	49	58
Communal	3	0	0
Government	-	-	-
Corporate	7	50	40
Joint venture	-	-	-
Other	2	1	2
<b>Owner's residence</b>			
Local	49	19	25
KAZA	21	19	17
Foreign	12	6	8
Other	11	6	11
Corporate	7	50	40
<b>Owner's ethnicity</b>			
Black	45	6	13
White	34	29	34
B/W partnership	6	8	5
Other	8	7	9
Corporate	7	50	50



and policies that encourage sustainable tourism, and those that are so complex or bureaucratic that they stifle the growth of the industry. In many cases, offering incentives for desired outcomes will be more successful than attempting to regulate undesired behaviour.

Government is ideally placed to create an enabling environment that stimulates desired outcomes. However, the creation of an enabling environment should not become confused with being an active participant in the tourism industry. It has been demonstrated within the region, and elsewhere in the world, that the private sector is frequently more efficient than government at managing industries such as tourism.

One of the major issues that will require an innovative solution will be how to incorporate the needs and wishes of local residents in all aspects of the planning, decision making and implementation of the KAZA TFCA. The institutional structures set up to manage transfrontier parks and TFCAs elsewhere in southern Africa do not provide explicitly for such active community participation in decision making and planning. Lessons should be learned from the lack of participation of local communities in the Great Limpopo TFCA. Such issues can be avoided in the KAZA region if structures allow for direct community participation in processes at the local, national and international level. Support to and strengthening of existing transboundary tourism and natural resource management institutions should occur as one means of encouraging local input into planning processes.

A balance will need to be achieved between the benefits accruing to the tourism industry based on the extensive natural and wildlife attractions of the region, and the cost of managing these resources. While profits from the nature-based tourism industry in KAZA accrue predominantly to private and corporate enterprises, the costs of managing wildlife populations and conservation areas fall largely on the national governments of the five countries. (The obvious exceptions to this are community and private conservation areas, which are expected to generate sufficient revenues to manage the natural resources within their boundaries with little assistance from the state.) Methods of ensuring that the industry, which relies almost entirely on well managed wildlife populations (inside and out of protected areas) contributes to the cost of their management must be determined. There are many examples of innovative methods of achieving such a goal, and feasibility studies should be conducted to determine which methods are most appropriate within the KAZA TFCA. One example is the implementation of an environmental levy on tourists and/or tourism businesses in the region, whose revenues are returned to natural resource and protected area management within the KAZA TFCA.

It is heartening to note that the survey results presented above provide evidence of willingness on the part of existing operators to contribute to the development of local areas, with around half of all existing businesses already making voluntary financial and in-kind contributions to local communities. Raising the awareness of industry participants of ways in which they can maximise the social and economic

benefits of their business practices, coupled with some combination of incentives and regulations regarding local employment, local procurement policies and partnership arrangements would likely stimulate significant positive changes within the industry. Though it is almost certain that there will always be a proportion of operators who are disinterested in contributing to, or participating in, TFCA activities, if even a significant minority of operators do change their business practices, it is likely that significant additional positive local economic impact will follow.

It can be seen from the survey results presented above that the tourism industry as it currently operates is already contributing to economic growth, revenue generation, government tax revenues and job creation within the KAZA region. However, the KAZA countries are characterised by high levels of inequality and poverty – where 25–66% of the population live on less than \$US1 per day, and between 55 and 90% live on less than \$US2 per day.<sup>3</sup> Within the KAZA region, much of the population is rural, reliant on rainfed agriculture, often food insecure, and with inadequate access to infrastructure and other government services. In the region covered by this survey, the total population is in excess of one million people. In 2004, at least 5,500 people were employed in the tourism industry – just one half of 1% of the population. Assuming that each employee provides support to one household, the indirect impact rises to around 5% of the population. It would be expected that with the anticipated continued growth in the industry, combined with a widespread adoption of sustainable tourism principles as outlined above, the industry could make an important contribution to achieving the economic development and poverty alleviation objectives of the KAZA TFCA – particularly as very few alternative development programmes currently exist in the region. However, this contribution should be neither over- nor under-emphasised; sustainable tourism development should rather be recognised as one element of a suite of development strategies that are required to overcome poverty and stagnant economic development in the region. Given that the majority of residents within the KAZA region are reliant on subsistence agriculture, consideration should also be taken of implementing programmes to improve the efficiency and sustainability of resource use of agriculture and pastoralism, while increasing production and productivity levels in the sector.

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1. Only the nine largest hotels in Victoria Falls were able to be sampled. No tour operators in Victoria Falls were surveyed, so these results likely underestimate the total importance of the town as a tourist hub.

2. Suich, H. (2003) 'Summary of partial results from the socio-economic household survey regarding community based natural resource management and livelihoods in Caprivi and Kunene.' *WILD Project Working Paper No. 12*. Windhoek: MET/WILD. Cullis, A. and Watson, C. (2004) 'Winners and losers: Privatising the Commons.' *Briefing Paper*. London: IIED/RCI.

3. Data available only for Botswana, Namibia, Zambia and Zimbabwe. World Bank/UNDP (2005) 'Income and poverty 2005.' [www.worldbank.org](http://www.worldbank.org)



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