



# Opportunities for a green tourism sector



## The role of the tourism sector in Namibia's economy

The tourism industry is one of the fastest growing industries globally. According to the World Travel and Tourism Council tourism contributes about 10 percent to global GDP directly, indirectly and through induced impacts. It accounts for one in eleven jobs (WTTC) and contributes 7 percent to world exports (UN World Tourism Organisation). Namibia is set to increase her share of the global industry. Government has realised the potential of the tourism sector to contribute to the development of the country, to job creation and to foreign exchange earnings. Tourism is one of the four priority sectors in the Fourth National Development Plan that covers the period 2012/13 to 2016/17 besides

logistics, manufacturing and agriculture and is included in NDP5 that covers the next five years.

Tourism is a cross-cutting sector and therefore not included in the National Accounts as a separate industry. The hotel and restaurant industry is usually used as a proxy for the performance of the tourism industry. However, tourism stretches beyond hotels and restaurants since it contributes to other industries such as the transport industry (airlines, car rental companies, boat cruises, etc.). In Namibia with vast distances between tourist attractions, car rental companies play a vital role. Consequently, tourism benefits other service providers such as service stations and garages along their routes. Tourists also contribute to the financial sector and in

particular foreign exchange bureaus when exchanging their foreign currencies into Namibia dollar and the communication sector through the use of mobile phones and internet. These are some examples of how the tourism sector cuts across various economic sectors. Based on the Social Accounting Matrix (SAM) 2013 for Namibia, the 'hotel and restaurant' industry is strongly anchored in the Namibian economy. It has backward linkages to 24 of the 36 sectors in the SAM through the purchases of goods and services and 31 forward linkages to other sector to which it provides services.

Based on the National Accounts, the hotel and restaurant industry grew on average by 7.1 percent between 2007 and 2015 with strong growth of 10.8 percent in 2014, but lower growth of only 4.1 percent a year later. It contributed 2.1 percent to the total Namibian economy in 2015; above the average of 1.7 percent between 2007 and 2015. Taking into account the indirect impacts of the sector on the economy through the links described above, tourism is estimated to contribute about 15.5 percent to the Namibian economy. Over the same period, tourism accounted for 8.6 percent of total exports of goods and services, which is above the global average of 7 percent. However, not only its relative contribution to exports declined from 10.3 percent (2007) to 7.1 percent (2015), but also its absolute contribution dropped from NAD4.3 billion (2007) to

NAD3.3 billion in 2015.

The importance of the tourism sector as an employer is not only reflected in the direct and indirect number of jobs created, but even more so in the fact that these jobs are often created in remote areas with hardly any other form of paid, formal employment opportunities. The industry creates additional economic opportunities in the areas of arts and culture, horticultural production etc. It therefore, plays a vital role in these communities. In 2014, 29,179 persons were employed in the hotel and restaurant industry, 67.6 percent of whom were women. The employees accounted for 4.1 percent of all female employees in the country. However, like the sector's contribution to GDP tourism's contribution to total employment through its direct and indirect impacts is estimated to be considerably higher at 19 percent (2012). In other words, almost every fifth job was related to tourism in the country.

The number of tourists arriving in Namibia increased from 984,099 in 2010 to 1.4 million in 2015 representing a growth rate of 7.2 percent annually on average. Angolan tourists accounted for the largest and increasing share of tourists, followed by South African, Zambian and German tourists. Over the period 2010 to 2015, Angolans accounted for on average 34.1 percent of all tourists, South Africans for 25.4 percent and Zambians and Germans for 7.9 and 7.3 percent respectively. However, the numbers of Angolans visiting Namibia dropped already in 2015 and is expected to decline further in 2016 due to the low oil prices and hence the scarcity of foreign exchange in Angola. The retail trade and other sectors have already felt the impact of the lower demand from Angola. Moreover, focusing on the number of tourist arrivals alone can be misleading. The economic impact depends not on the number of visitors, but on how long tourists stay in the country and how much money they spend on average per day. Therefore, overseas tourists are vital for Namibia, since they tend to stay longer and spend more on a daily basis. Last but not least, the carrying capacity of many tourist destinations in Namibia is limited

and a large number of tourists would spoil the scenery or disturb the wildlife. In order to accommodate increasing numbers of tourists, new tourism destinations need to be developed as well as new themes. According to the World Economic Forum Travel and Tourism Survey, Namibia scored poorly on Cultural Resources and Business Travel with 1.1 points out of 7.0, even though efforts are being made to develop cultural tourism with the development of Living Museums. Developing cultural and business tourism further could attract more visitors without adding pressure on existing destinations in fragile environments such as the desert and the north-eastern areas with their wildlife.

In recent years, shopping tourism has emerged as a major foreign exchange earner and a driving force for some of the investments in retail trade space. In particular, Angolan visitors to a large extent do not come for leisure, but for shopping benefitting the retail trade sector significantly or to make use of Namibia's health care and facilities. Since the second half of 2016, three new airlines are connecting Windhoek to the Netherlands, Ethiopia and Qatar, while Air Namibia re-introduced the route to Gaborone, Botswana and further to Durban. It is expected that these new routes open the Namibian market to additional visitors. In order to monitor the impact of the additional flights, more timely tourist arrival data is needed.

NDP4 defined the Desired Outcome

for the tourism sector as being the most competitive tourist destination in Africa south of the Sahara by 2017 with a score of at least 4.4 out of 7.0. Namibia's score actually dropped from 3.8 in 2009 to 3.7 in 2015 indicating a loss of competitiveness over time. However, other countries performed apparently worse, since Namibia moved up the ranks from 82 (2009) to rank 70 globally in 2015, although with a drop to rank 91 in 2013. Namibia was ranked fourth in Sub-Saharan Africa in 2015 behind South Africa (rank 48), Seychelles (54) and Mauritius (56). Considerable efforts are needed to move beyond South Africa that scored 4.08 out of 7.00 and to be the most competitive tourism destination.

### Conservancies

Namibia is well known for its conservancy programme under the Community Based Natural Resource Management (CBNRM) that has gained recognition globally. The number of conservancies increased to 82 at the end of 2015 covering an area of 165,182 sqkm. This equals some 53 percent of all communal land or 20 percent of Namibia's land area. In addition, state-run protected areas cover about 17 percent of the land surface, while Community Forests, Freehold Conservancies and Concession Areas add another 7 percent to Namibia's protected areas that cover in total 43.7 percent of the country's land surface. Most of the conservancies are located in the north-west, the east and north-east of



Namibia, often in areas that provide few alternative sources of employment and income. The communities managing these conservancies have the rights over the wildlife and can therefore benefit from it through hunting (consumptive) and wildlife viewing (non-consumptive) tourism. They receive income from these activities as well as from concessions for private tour and or lodge operators. Other income sources include own accommodation facilities, sales of craft, cultural activities and guided tours, to mention a few. Trophy hunting tourism not only provides cash income, but since communities receive the meat as well, it contributes to food security. The income of conservancies was estimated at NAD102 million for 2015, which includes all benefits including in-kind benefits such as the distribution of meat from hunting tourism. It is estimated that trophy hunting contributes about 36 per cent to the total income. Despite the tremendous increase in benefits from NAD1 million in 1998, only a few of the conservancies maintain their operations without financial support from outside. Furthermore, the average per-capita income for each conservancy member amounts to about NAD540 per year based on an estimated number of conservancy members of 189,230. Although it is a welcome additional income and contributes to the diversification of income sources, it alone is not enough to raise the standard of living of these communities significantly. Some conservancies are, however, better off and their income makes a difference, while in particular the smaller conservancies hardly benefit from any cash or in-kind income. Since the Millennium Challenge Account programme came to an end and International Development Partners are reducing their engagement in the country, new sources of support for conservancies need to be identified and new business models developed that ensure their sustainability and viability.

The conservancies play an important role in protecting the environment and wildlife, since the communities receive direct benefits from their conservation efforts. The establishment of conservancies has contributed to increased wildlife populations, among others of elephants

and rhinos, and a reduction in poaching. However, poaching has been on the increase again in Namibia since 2015 owing to the rising demand for ivory and rhino horns in Asian countries, in particular Vietnam and China. Although the Convention on International Trade in Endangered Species (CITES) prohibits the international trade of ivory, it does not prohibit the domestic trade. It is estimated, that up to 70 percent of ivory ends up on the Chinese market. Therefore, China's pledge at the CITES meeting in South Africa in October 2016 to stop the processing and sale of ivory by the end of 2017 is a significant step in the fight against elephant poaching. Similar drastic steps need to be taken by Asian countries regarding the trade and use of rhino horns.

While wildlife brings benefits to communities, it is not without risks. Human-wildlife conflicts in conservancies, mixed-use areas in national parks and in communal farming areas are on the rise in particular during periods of droughts, since animals leave their usual tracks in search for water and fodder. Elephants and hippos damage crop fields of communal farmers, while lions prey on livestock. Because of demands by communal farmers from the Kavango and Zambezi regions, the Ministry of Environment and Tourism has begun with a review of the human-wildlife conflict policy, in particular the monetary compensation of losses incurred. In order to reduce losses caused by wildlife, new farming management techniques need to be promoted more widely. The Cheetah Conservation Fund for instance has developed the livestock guardian dog programme using Anatolian shepherd and Kangal dogs to herd livestock. These breeds have reduced livestock losses from predators significantly. Crop farmers have experimented with chilli pepper and other plants to protect their fields against elephants. It could be considered to introduce corridors along the animal's migration routes in order to reduce potential conflicts.

### **Tourism and the Sustainable Development Goals**

The United Nations General Assembly

adopted the Sustainable Development Goals (SDGs) on 25 September 2015. They follow on the Millennium Development Goals and cover the period 2015 to 2030. All countries agreed on a set of 17 goals with a total of 169 targets to be achieved by 2030. There are a number of targets under various Goals that have an impact on the tourism sector. However, sustainability aspects are not new to the Namibian tourism sector. The National Policy on Tourism of 2008 stresses in its principles already the sustainability of tourism as opposed to short-term gains. Sustainability includes the environment, aesthetic value, wildlife as well as culture. Furthermore, the Environmental Management Act requires any tourism development plans to be based on the carrying capacity of the area. Not only scarce water resources could limit tourism developments, but the aesthetic value of pristine landscapes or of wildlife viewing will suffer from too many tourists visiting the same place at the same time.

The tourism industry can support achieving a number of targets under the SDGs. Investment in tourism facilities adds to economic growth and job creation (SDG 8 – Decent work and economic growth) in particular as mentioned above in areas where job opportunities are otherwise scarce. Additional jobs generate income and hence help alleviating poverty (SDG 1 – No poverty) and hunger (SDG 2 – Zero hunger). In addition, tourism facilities in remote areas can induce investment in agriculture and diversify agricultural production which will benefit the local population as well and ensure access to nutritious and sufficient food in line with SDG 2 Target 1.

Moreover, through the protection of large tracts of land, rivers and oceans and consequently of their resources (wildlife, fish, plants etc.) tourism backs the conservation of oceans (SDG14 – Life below water) and land (SDG15 – Life on land). In particular, tourism plays an important role in achieving Target 5 of SDG 15, namely to 'halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species', since biodiversity and the flora and fauna ensures the very exist-

ence of the tourism sector. However, there are tourism activities that can threaten biodiversity, such as off-road driving in the desert, dunes and coastal areas. This activity is explicitly referred to in the National Policy on Tourism since it has lasting impacts on sensitive areas and damages flora and fauna when regulations are not followed. Tracks on otherwise unspoilt soils remain for decades as evidenced in particular in the desert along the coast. Therefore, regulations guiding these activities need much stricter enforcement. Furthermore, sensitive areas can be protected against any damage by tourists by constructing walkways, railings, and by making guided tours by trained tourist guides compulsory, which will in addition contribute to employment creation. In addition, signposts and displays at the entrance to these areas explaining the purpose and the necessity of the restricted access will increase the awareness about the fragile environment among tourists. While walkways are not yet widely used in Namibia, with the exception of some places such as Twyfelfontein, Cape Cross or the so-called White Lady at the Brandberg as well as some newly-built lodges, overseas tourists are used to them from their own National Parks and protected areas.

Moreover, as briefly explained above, not only, but in particular community conservancies contribute to the protection of wildlife since they derive economic benefits from its protection and therefore contribute greatly to SDG 15 Target 7, namely 'to end poaching and trafficking of protected species of flora and fauna (...)'. Although it might sound contradictory, but trophy hunting tourism contributes to wildlife protection and to combatting poaching. Not only have communities an interest in the protection of wildlife, the income from trophy hunting licenses feeds into the Game Products Trust Fund that in turn invests among other in anti-poaching and wildlife protection projects.

Combating climate change (SDG 13 – Climate action) has to receive more attention, in particular the third target that commits countries to 'improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.' Overseas tourists visiting Namibia leave a substantial carbon footprint because of the long-haul flights. Environmentally conscious tourists take their potential carbon footprint into account when deciding about their holiday destination. Namibia needs to be proactive and mitigate the long-distance carbon footprint of overseas tourists by reducing the carbon footprint they leave in the country once they have arrived. Various initiatives would support a low carbon or even carbon neutral footprint such as the further promotion of renewable energy sources, such as Solar Water Heaters and Solar Panels, that are already widely used, to replace, for instance, diesel generators or to feed into the national grid. Sourcing inputs locally, not only agricultural products, but also building materials, reduces the transport carbon footprint of tourism facilities operations, while the implementation of the three Rs (Reduce, Reuse, Recycling – that are prescribed by the Environmental Management Act of 2007) will not only support combating climate change, but also SDG 13 – Responsible Consumption and Production. The use of local construction material will provide distinct features of tourism facilities in Namibia's diverse regions. Installing resource-saving technologies, such as water and electricity saving appliances, as well as the reuse of resources, such as grey water, will reduce operational costs in the medium to long term and support the SDGs.

Moreover, Namibia is one of the best places in the world to harness solar energy. The tourism industry should exploit this potential and move towards electric cars powered by solar energy for game drives

and electric boats for cruises on rivers and along the coast. The Namibian government could support this drive by inviting car manufacturers to test their electric vehicles in the country starting with its own resorts such as the Etosha National Park and the Waterberg Plateau. A close collaboration with tertiary institutions, such as the Namibian University of Science and Technology, which has recently developed a solar taxi, would provide a boost to Research, Development and Innovation in Namibia.

With these and other initiatives Namibia could build a brand as an innovative, leading, low-carbon footprint tourism destination that is committed to achieving the SDGs.

### Main recommendations

- Ensure the sustainability and viability of conservancies that are vital for the protection of biodiversity and wildlife through appropriate business models and support mechanisms.
- Protect sensitive areas through appropriate measures such as walkways, barriers, compulsory guided tours and ensure compliance with the regulations.
- Introduce the three Rs (Reduce, Reuse, Recycling) in tourism facilities and establish the necessary infrastructure such as collection points and transport.
- Embark on an innovative drive to introduce electric vehicles and boats for game drives and cruises to become the world leader and attract investment into RD&I.

