BIG READ / TOURISM SECTOR

# THE LONG PATH TO TOURISM R

## Signs of growth in crucial sector battered by insecurity, piracy in the Indian Ocean, terror attacks and travel advisories

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Tourism is undoubtedly the second largest source of foreign exchange revenue after agriculture in Kenya. However, in within the last decade the sector has been hard-hit and suffered major shocks due to insecurity.

Before the controversial 2007 presidential election and the post-election violence that followed, Kenya's tourism sector was at its peak with over 36 charter flights landing at the Moi International Airport Mombasa, every week.

Following the chaos, according to the available government information, tourism revenue plummeted 54 per cent in the first quarter of 2008 compared to 2007 the same period. The earnings fell to Sh8.08 billion from Sh17.5 billion in January-March 2007.

Since 2008, the government has been grappling on how to grow the sector from the shocks it went through during the 2007-2008 violence that left hundreds of thousand of Kenyans displaced.

The grand coalition government, established after the signing of a peace deal between former President Mwai Kibaki and opposition leader Raila Odinga, worked hard to ensure the tourism sector grew.

However, another plague befell the country after the Somali-based al Shabaab militia started kidnapping tourists along the Kenyan border towns. On October 16, 2011, the Kibaki-Odinga led administration decided engaged 'Operation: Linda Nchi' where the Kenyan Defence Forces pursued the militia after the kidnappings increased. The KDF prowess enabled them to capture key towns inside Somalia town that were being controlled by al Shabaab.

Eleven months later, on September 28, 2012, KDF executed 'Operation: Sledge Hammer', which was the final assault in capturing the al Shabaab-controlled port city of Kisimayu that was their source of financial income from the piracy and charcoal business.

As Kenyans and the world celebrated the KDF victory, al Shabaab had another plan; infiltrating the Kenyan population to carry out a series of grenade and gun attacks on the masses in major towns of the country including Nairobi, Mombasa, Malindi, Kwale and Garissa towns, where scores of people were killed and hundreds injured.

The Kenyan government, now under President Uhuru Kenyatta, continued grappling with the run-away insecurity as the attacks increased. The worst being the terror heist on Westgate Shopping Mall in Nairobi on September 21, 2013 in which 67 people were killed and hundreds others injured.

On May 14, 2014, United Kingdom, United States, France and other western nations, key tourism source markets for Kenya, slapped travel advisories after the al Shabaab attacks continued to rock the nation. They advised their citizens to avoid travelling to Mombasa, Eastleigh in Nairobi and areas within 60 kilometres of the Kenya-Somalia border.

Four days later, UK sent in two Thompson Airline planes, a Dreamliner and a Boeing 777 to Mombasa to evacuate over 500 foreign nationals from the Kenyan coast hotels.

"This was a very bad scenario," explains Sam Ikwaye, the coast executive director of the Kenya Association of Hotelkeepers and Caterers.

Shortly after, Tui Travel, a giant

# ECOVERY

British leisure travel group listed on the London Stock Exchange, suspended all its leisure trips to Kenya following the advisories.

The ripple effect was felt in the region as more than 20 hotels (including popular resorts) in Kilifi, Kwale and Lamu were forced to shut down, consequently laying off over 3,000 staff and casual labourers.

Tourism stakeholders appealed to the government for the formation of a Tourism Recovery Task Force that would come up with an all-inclusive strategy to deal with the slump in tourism sector. The then Tourism Cabinet Secretary Phylis Kandie appointed former Jacaranda Indian Ocean Beach and Resort & Spa manager Lucy Karume to chair the taskforce.

"We must appreciate the work that was done by the Lucy Karume-led team because the changes we see now in the sector are some of the things they had recommended," says Ikwaye.

He says the park entry fee incentives, marketing strategies and the incentives on charter flights coming to Kenya were some of the taskforce's recommendations.

After rigorous lobbying, the UK, US and France reversed its travel advisories in July 2015, against parts of coastal Kenya except Lamu, which borders Somalia.

One of other issues that was affecting the tourism sector, according to stakeholders, was the merger with the East African Affair and Commerce docket, which were under Kandie.

They lobbied to have an independent Tourism ministry and in November 2015, President Uhuru Kenyatta re-shuffled his cabinet and established a stand-alone Tourism ministry, and appointed Najib Balala to be its cabinet secretary. Immediately after his appointment Balala said his immediate agenda was to publish and implement recommendations of the Tourism Recovery Task Force appointed by his predecessor.

He said this would be part of the strategies he would implement to revive and sustain the tourism sector, which had been battered by a two-year recession caused by insecurity, piracy in the Indian Ocean and terrorism.

Since November last year, the tourism sector has seen a significant growth as the port city of Mombasa has received several cruises ships and charter planes have resumes flights.

About four cruise ships with over 3,000 tourists have docked at Mombasa between last November and February this year, says Balala.

On July 14, approximately two years after Tui pulled out of the Kenya market, the flight resumed its operations to Mombasa.

Speaking during the welcome reception of the charter, Balala said the good news is that Tui is one of the charter flights that have taken up the Kenyan government's Sh1.2 billion-incentive.

Last December, the government announced a Sh1.2 billion incentive package for charter flights at Mombasa and Malindi airports effective January this year and is expected to be extended to June 2018. This was in a bid to recover lost business from tourist charter airlines which had fled following unending threats from the terror group, al Shabaab.

Landing fees at the two airports were waived for two and a half years with a further passenger subsidy of $30 (Sh3,040 ) per seat for international visitors disembarking in Kenya.

"We are happy now that Tui is back and these are signs that we are on the right path of tourism recovery," says Balala.

The company is expected to bring in 2,200 tourists from Poland by the end of winter cycle in October this year, and the next cycle is expected to begin in summer of November.

Ikwaye says: "The charters are coming because there has been a lot of marketing initiatives in the source markets."

He adds that the Kenyan coast is still a preferred destination despite the insecurity that affected the region few years ago," he says.

Balala says they expect to receive over 1.2 million international tourists this year.

Ikwaye however says with the coming general elections around the corner, Kenyans remain optimistic that they will be peaceful so that the tourism sector is not affected.

"In the past, election year and the proceeding months have been terrible time for tourism, but we hope we will regain steady recovery even after next year's poll," he says.

Tourists disembark from the cruise ship MS Nautica at Mombasa port on November 13, 2015. /FILE


Tourists sample the wildlife at the Masai Mara. /FILE

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OPINION

## (+) TOURISM PROMOTION FUNDS SLASHED

**The tourism sector may take a while to bounce back after government slashed its tourism marketing budget by 40 per cent.**

**The proposed Finance Bill 2016, aims to incentivize stakeholders in the tourism sector by eliminating VAT on park entry fees which raised the cost by a whopping 16 per cent. The VAT charged on commissions earned by tour operators was also removed reducing the cost of safaris and excursions for foreign visitors.**

**However, claims that the government has increased budgetary allocations to tourism promotion are FALSE, as based on our previous fact check. Allocation to this program has actually declined by 40 per cent between FY 2015/2016 budget estimates (Sh8.6 billion) and the supplementary budget passed by Parliament in March this year (Sh5.15 billion).**

**The proposed allocation of Sh4.5 billion for FY 2016/2017 to the sector means there will be even less funds for tourism promotion and marketing.**

***The writer, Leo Mutuku, is a PesaCheck Fellow. PesaCheck is the first-ever media-focused budget and public finance fact-checking initiative.***