GOOD PRACTISES FOR THE DESIGN AND IMPLEMENTATION OF SUSTAINABLE TOURISM INVESTMENTS PROJECTS IN AFRICA

INDEX

ACKNOWLEDGEMENTS

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List of acronyms

Acronym	Meaning
ADB	African Development Bank
AfCFTA	African Continental Free Trade Area
AHG	Azalaï Hotels Group
AHIF	Africa Hotel Investment Forum
AU	African Union
EIB	European Investment Bank
FDI	Foreign Direct Investment
FITUR	International Tourism Fair in Madrid
GDP	Gross Domestic Product
ICT	Information and communications technology
IFC	International Finance Corporation
IMF	International Monetary Fund
IPA	Investment Promotion Agency
ISDB	Islamic Development Bank
M&E	Monitoring and evaluation
MIGA	Multilateral Investment Guarantee Agency
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organization
OECD	Organisation for Economic Co-operation and Development
PPP	Public-Private Partnership
PRI	Political risk insurance
RDC	République Démocratique du Congo
T&T	Travel & Tourism
TTRA	Travel and Tourism Research Association
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNWTO	United Nations World Tourism Organization
WEO	World Economic Outlook
WIR	World Investment Report
WTO	World Trade Organization

CONTEXT

Figure 1: Why tourism matters?

Source: https://www2.unwto.org/content/why-tourism

Over the last decades, tourism has experienced continued growth and deepening diversification to become one of the fastest growing economic sectors in the world. Modern tourism is closely linked to development and encompasses a growing number of new destinations. These dynamics have turned tourism into a key driver for socio-economic progress.

Today, the business volume of tourism equals or even surpasses that of oil exports, food products or automobiles. Tourism has become one of the major players in international commerce and represents at the same time one of the main income sources for many developing countries. This growth goes hand in hand with an increasing diversification and competition among destinations.

Tourism has boasted virtually uninterrupted growth over time, despite occasional shocks, demonstrating the sector's strength and resilience. International tourist arrivals have increased from 25 million globally in 1950 to 278 million in 1980, 674 million in 2000, and 1,4 million in 2018. Likewise, international tourism receipts earned by destinations worldwide have surged from 2 billion dollars in 1950 to 104 billion dollars in 1980, 495 billion dollars in 2000, 1,326 billion dollars in 2017 and 1,448 billion dollars in 2018.

International tourism (travel and passenger transport) accounts for 29 percent of the world's services exports and 7 percent of overall exports of goods and services. The total export earnings from international tourism experienced a 4 percent growth in 2018 compared with the last year and reached USD 1.7 trillion in 2018. For the seventh year in a row, growth in tourism exports (+4 percent) was higher than growth in merchandise exports (+3 percent) in 2018.

If we focus on Africa, the continent received 67 million tourists according to the UNWTO in 2018 with an increase of 7 percent compared with the previous year. Regarding to the tourist receipts in 2018 Africa accounted 38 billion, an 8 percent increase according to the UNWTO.

International development institutions such as the World Bank Group, the African Development

Proyecto cofinanciado por la Unión Europea
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Bank among others are working together with developing countries to design and implement programs that actively foster sustainable tourism development for economic and social development in those countries.

This guide is intended to provide to public-sector and private practitioners involved in the tourism development with the necessary guidance needed to prepare a sustainable project in order to achieve the financing by international agencies, private investors or a mix with the Public-Private partnership model.

1ST PHASE: Identify Trends and Opportunities

The objective of this unit is to highlight the following issues:

1. Global Economic Outlook – summary
2. African economic outlook review
3. Figures of global tourism: current situation and trends
4. Figures of Africa's tourism sector: current situation and trends
5. The impact of sustainable tourism investment

1. Global Economic Outlook - summary

According to the latest World Economic Outlook report published in April 2019 by the International Monetary Fund (IMF), the world economic activity registered a growth of 3.3 percent in 2018. The IMF divides economies by different groups but focusing on the advanced economies in 2018 the growth reached by 2.2 percent and the group of countries classified by the IMF as emerging and developing countries grew 4.5 percent in 2018 compared with the previous year.

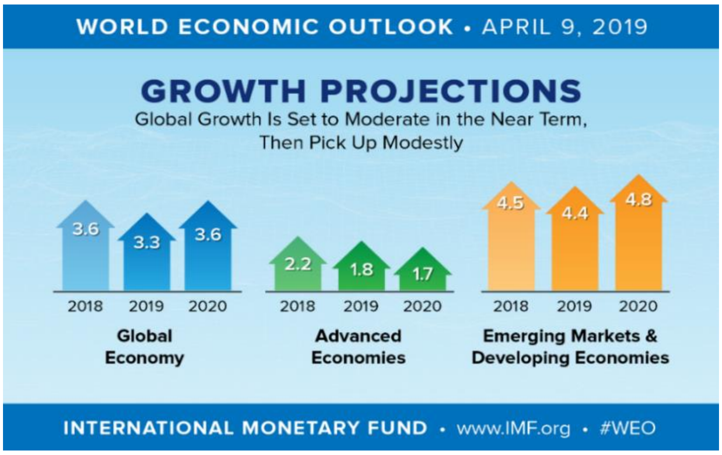
According to the same report, after experiencing nearly two years of global economy growth, the expansion decelerated in the second half of 2018 due to several factors as the trade tensions between China and the United States, a decline in global business confidence, a tightening of financial conditions, and higher policy uncertainty across many economies that affected many countries in several sectors specifically.

The IMF highlights in the above-mentioned report that the advanced economies, and more specifically the Euro area slowed more than expected. There are several factors that are behind this slowdown such as a weaker consumption, lack of business confidence, concerns about BREXIT that have stopped investments and brought uncertainty and a decrease of the intra-European exports. The IMF report states that the United States is one of the few economies that shows a positive evolution on the advanced economies group thanks to the reduction of unemployment rates and a solid increase of consumption.

Regarding the emerging countries, the IMF describes that China's growth declined to 6,6 percent in 2018 from 6,8 percent in 2017 due to the above mentioned trade conflict with the USA, a lower consumption, a decrease on the investment in infrastructures and import demand decrease in Asia and Europe, especially in the second half of 2018. The rest of emerging countries also were affected due to the global financial market, lower activity and geopolitical tensions among other specific factors in each country.

If we focus on the prospects for 2019 and 2020 the IMF has reviewed downwards the growth prospects as the balance of risks to the outlook remains on the downside, therefore global growth is now projected to slow from 3.6 percent in 2018 to 3.3 percent in 2019 and a growth of 3.6 percent in 2020. The growth forecast for the advanced economies in 2019 is projected by 1.8 percent and 1.7 in 2020. The emerging and developing economies will register a growth of 4.4 percent in 2019 and 4.8 in 2020.

Figure 2. World Economic Outlook growth projections, 2019-2020

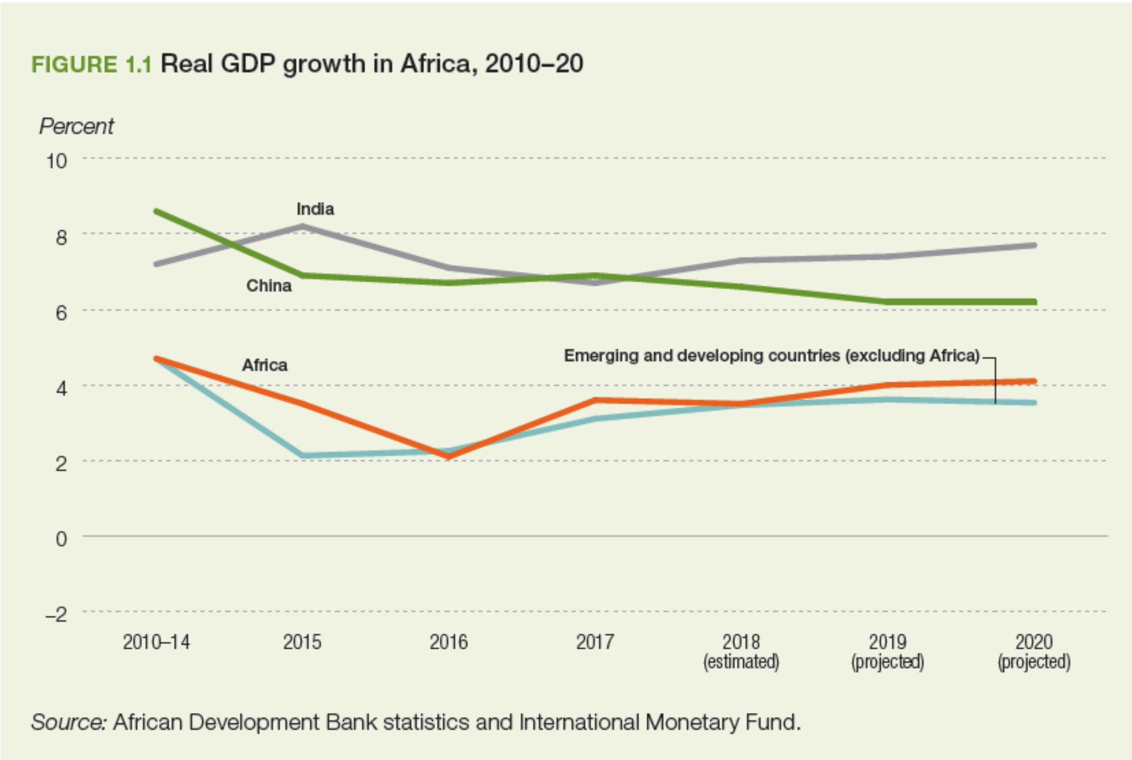


2. African Economic Outlook - Review

The African Economic Outlook[1] report estimates a growth of 3.5 percent in 2018 for Africa, the same growth registered in 2017 and after registering a growth of only 2.2 percent in 2016 due to the dependence of some of the largest economies of the continent on commodity prices that remained low in 2016.

The economic growth was supported by higher agricultural production, increasing consumer demand, and rising public investment in non-resource rich countries such as Senegal (7 percent), Rwanda (7.2 percent) and Côte d'Ivoire, (7.4 percent). On the other side, countries dependent on commodities saw declines like Angola (- 0.7 percent) while Nigeria and South Africa, the two biggest economies on the continent, are pulling down Africa's average growth. There is significant heterogeneity across African countries and regions, East Africa led with GDP growth estimated at 5.7 percent in 2018, followed by North Africa at 4.9 percent, West Africa at 3.3 percent, Central Africa at 2.2 percent, and Southern Africa at 1.2 percent.

Figure 3. Real GDP growth in Africa, 2009-2019



According to the report there are factors that could dampen growth in the following years such as the global trade tensions, the increase of external financing, climate change, the instability of commodity prices, the debt stress as well as security, migration and elections in many African countries.

[1] The AEO is a product of collaborative work by three international partners: the African Development Bank, the OECD Development Centre and the United Nations Development Program. http://www.africaneconomicoutlook.org

Another key factor is the lack of productive infrastructure in power, water and transport services in Africa. The report suggests that the continent's infrastructures need 130–170 billion dollars a year, with a financing gap in the range 68–108 billion dollars.

The above-mentioned challenges must be seen by African countries as an opportunity to implement structural measures and increase the lack of productive infrastructure with new financing models that may lead to public and private investments that will surely have a direct impact on economic and social growth.

Africa's growth outlook remains positive for 2019 and 2020 with a projected growth of 4 percent and 4.1 percent respectively according to the above-mentioned report. The projections for 2019 and 2020 are based on many factors such as a strong consumption in the top-growing countries, less inflation pressure, increase of tax revenues and the signing of the Africa Free Trade Agreement, among other factors.

3. Global Tourism Performance: current trends and prospects

There are various figures that allow us to measure the impact of the tourism sector in the economy of a country or region, such as: the number of tourist arrivals, tourism receipts (visitor spending on accommodations, entertainment, attractions, food and beverage, and transportation), for both domestic and international travel. On the other hand, there are also significant indirect and induced impacts that should be measured, resulting from the recirculation of that spending within local economies, the jobs created, and income generated by companies that supply the industry.

According to the UNWTO and the World Travel & Tourism Council, the tourism industry represents 10 percent of the global GDP and generated 1 in 10 jobs on the planet in 2018 same figures as in 2017 and 2016. Moreover, the demand for international tourism remained robust in 2018 despite challenges. The growth of international tourist arrivals was estimated at 6 percent to reach a total of 1.402 billion meaning growth in international arrivals of some 84 million compared with 2017.

2018 was the ninth-consecutive year of sustained growth following the 2009 global economic and financial crisis. A comparable sequence of uninterrupted solid growth has not been recorded since the 1960s. As a result, 393 million more people travelled internationally for tourism between 2008 and 2017.

By region, the Middle East led the global growth in 2018 with an increase of 10 percent that accounted 64 million tourists in 2018. The second region that grew the most was Africa with an increase of 7 percent compared with the previous year reaching a new record of 67 million tourists representing 4,79 percent of the total figure of 2018 and surpassing the tourist arrivals of Middle East. Europe registered an increase of 6 percent in 2018 reaching 713 million tourists. Asia and the Pacific grew at a 3 percent rate in 2018 reaching 343 million tourists in 2018 and finally the Americas also grew by 3 percent compared with the previous year and welcomed 217 million tourists.

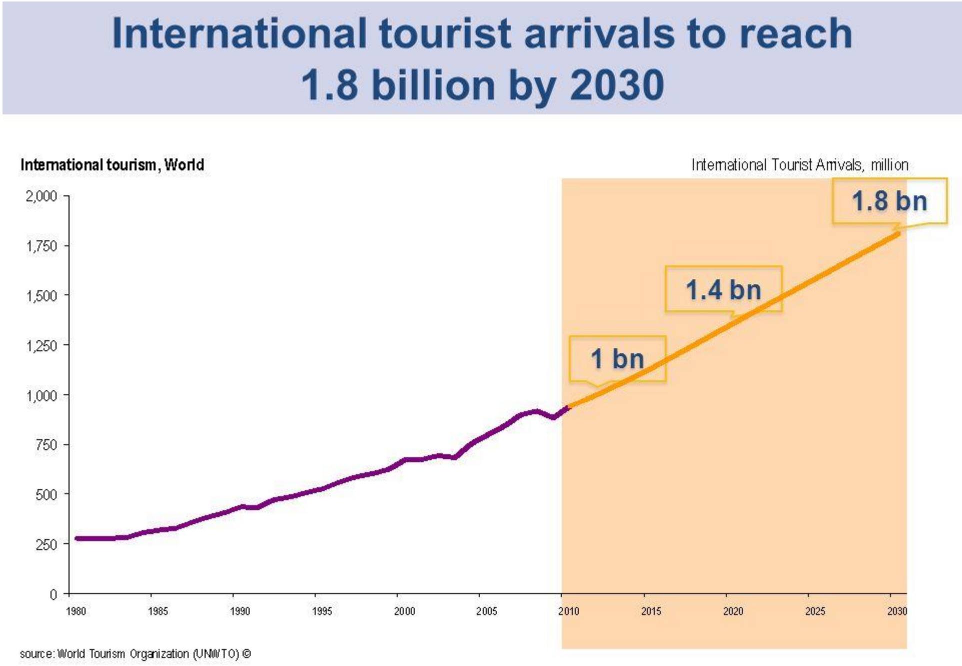
Regarding the year 2019, the UNWTO expects that tourist arrivals will grow around 3-4 percent compared with 2018 due to the global economy slowdown that was mentioned above.

Figure 4. International tourist arrivals 2018

Source : UNWTO

Focusing on the long-term trends, it is noted that in previous decades, North America and Europe have dominated the travel markets, but this may not be the case for much longer as Asia and the Pacific are already receiving more arrivals than the Americas. By 2030, the UNWTO has forecasted that there will be 1.8 billion international tourist arrivals and most of the growth will come from Africa, Asia and the Middle East, which will enable further growth and job opportunities in these regions. While markets in Europe and the Americas will continue to grow, the rate is incomparable to other regions.

Figure 5. International tourist arrivals forecast by 2030



Emerging markets will not only become larger source markets but also, they will become more attractive destinations. According to the Travel & Tourism Competitiveness Report 2017 developed by the World Economic Forum, between 2016 and 2026, the top 10 fastest growing destinations for leisure travel spending are expected to be India, followed by Angola, Uganda, Brunei, Thailand, China, Myanmar, Oman, Mozambique and Vietnam.

Interview 1: Rafael Gallego, President of the Spanish Confederation of Travel Agencies

Q: Could you analyse the current demand and the potential of the Spanish tourist for traveling to the African continent?

A: Historically the most visited destinations by the Spaniards in Africa are located in the north of the continent, especially Morocco, Tunisia and Egypt. The latter two are gradually recovering amidst the instability witnessed in these destinations which resulted in a drastic drop in tourism. In the south of the continent, South Africa stood out since the inauguration of the direct flight from Iberia from Madrid, which has also benefited Botswana and Zimbabwe as travel has proliferated combining these three destinations. Finally, in Eastern Africa, Kenya and Tanzania are the preferred destinations for the Spanish travellers that mainly use airlines based in the Middle East.

Q: Does the Spanish tourist show special interest in Spanish hotel chains when choosing accommodation or do they choose a hotel with African capital and management?

A: Spanish tourists still prefer to stay in Spanish chains or European chains and when they choose the airline they follow the same preferences, in addition to Gulf airlines companies.

Q: Is the threat of global terrorism and other factors such as health issues and political instability negatively affecting tourism?

A: The Spanish tourist as well as the European tourist is not free of fears when traveling to certain destinations with social instability or health risk. What is true is that this fear is based on the place where these situations occur.
While European cities that have been affected by terrorist attacks have not suffered a fall in arrivals of Spanish tourists in the medium and long term, the destinations of North Africa that have suffered from similar situation have been negatively impacted. Therefore, the tourists rely more on the advice of the tour operator to choose a safer destination

Q: You have commented in several interviews and forums that Spain is experiencing tourism boom, because it is receiving "rendered tourists" due to the instability of the continent and especially in North Africa will this trend continue or a change of demand?

A: Since the outbreak of the Arab Spring in 2011, our country has been growing in the number of tourist arrivals. In addition to that, Spain has benefited from the instability experienced in Greece and the political instability in Turkey These circumstances are what make us say that at the moment Spain has about 15% of tourists rendered. But if the circumstances of both Tunisia and Egypt are maintained they will recover part of this tourism. Something we have already seen happening this summer.

Q: Does the confederation have a specific plan to promote Africa as a tourist destination?

A: The Confederation has collaborated with the Moroccan province of Chefchaouen to advice on the creation of tourism products for the Spanish market and its promotion. We have experienced the same with other destinations of the E.U. and in Latin America, since the Confederation is represented by national tour operators, large networks of travel agencies, online travel agencies and SMEs in the sector.

Q: What role can forums like INVESTOUR play to increase business between Africa and Spain?

A: INVESTOUR is an important forum to help the tourism development of Africa and the Confederation is ready to collaborate in increasing this business. Both from the point of view of promoting the tourist offer of African countries and the prospects of increasing the investments of Spanish companies in the continent.

4. Tourism Performance in Africa: Current Trends and Prospects

Africa has been one of the world's fastest growing tourism regions, growing from a small base of just 14.7 million visitors in 1990, to 26 million international tourists in 2000, 63 million in 2017 and 67 million in 2018. International tourist arrivals in Africa increased by an estimated 7 percent in 2018 according to the UNWTO and comparatively limited data available to date, representing a strong rebound after a weaker performance in 2014 and 2015 in the wake of various health, geopolitical and economic challenges. The region represented around 5 percent of the world total tourist arrivals, earning 38 billion dollars in international tourism receipts (3 percent share), an increase of 1 percent in real terms.

In 2018 North Africa led the region's recovery (+10 percent) where Morocco stands out, which was the first destination of the African region with 12.3 million tourists, which meant an increase of 8 percent over the previous year. Although Egypt with 11.3 million tourists ranked in second position in the northern region of the African continent with an increase of 36.8 percent, being the best growth performance on the continent. Tunisia, with 8.3 million tourists ranked second in North Africa with an increase of 17.7 percent.

In Sub-Saharan Africa region, arrivals increased by 6 percent compared with 2017, where South Africa was the country of the sub-region which received the most tourists with 10.4 million international arrivals (third second in the continent ranking), accounting 8.9 billion dollars in tourist receipts (first in the continent ranking). Zimbabwe is the second country in the sub-region ranking in terms of tourist arrivals with 2.4 million tourists an increase of 11.8 percent in 2018 compared with the previous year.

According to the Economic Development in Africa Report 2017 conducted by the UNCTAD in 2017, tourism sector in Africa has grown since the 90's in terms of expenditures, revenues and international arrivals. The report states that *"inbound tourism expenditures on travel, that is international tourism receipts, recorded an annual average growth rate of 9 percent from 1995 to 2014 in nominal terms. These receipts grew on average by 6 percent per year in 1995–1998; growth then increased to 13 percent per year in 2005–2008. With greater volatility following the financial crisis, receipts peaked in 2012 and recorded a yearly decline of 2 percent per year in the period 2011–2014. Tourism has become an important employer in Africa. While in 1995–1998, tourism directly supported 4.5 million jobs, it supported more than 8.8 million jobs in 2011– 2014."*

According to the same report, the UNCTAD states that the tourism has gained relevance in terms of GDP and employment contribution to the African continent as it arises from the following facts compiled by the UNCTAD:

- Doubled from 69 billion dollars between 1995 and 1998 to 153 billion dollars between 2005 and 2008;
- Rose to 166 billion dollars between 2011 and 2014;
- As a share of GDP, tourism contributed 6.8 percent to Africa's GDP in 1995–1998, 9.6 percent in 2005–2008 and 8.5 percent in 2011–2014;
- Considering only its direct contribution to GDP, tourism accounted for 2.9 percent in 1995–1998, 4 percent in 2005–2008 and 3.5 percent in 2011–2014. As noted previously, the sector was expanding strongly up to the financial crisis, contributing most in Northern, Eastern and Southern Africa.
- In 18 African countries, this share exceeded 10 percent, illustrating the importance of tourism to these economies. This group includes Africa's entire small island developing States, four landlocked developing countries, eight least developed countries and five countries outside of these categories, namely Egypt, Kenya, Morocco, Namibia and

Tunisia.

Figure 6. Tourist arrivals, employment contribution and GDP 1995-2015 [2]

Total Contribution	1995-1998 (average)		2005-2008 (average)		2011-2014 (average)		2015	
International tourist arrivals (in millions)	Eastern Africa	4 365	Eastern Africa	7.221	Eastern Africa	10.479	Eastern Africa	10.488
	Middle Africa	491	Middle Africa	624	Middle Africa	1.528	Middle Africa	833
	Northern Africa	10 519	Northern Africa	23.967	Northern Africa	27.047	Northern Africa	25.416
	Southern Africa	6 508	Southern Africa	12.229	Southern Africa	12.762	Southern Africa	11.165
	West Africa	2 201	West Africa	3.778	West Africa	4.115	West Africa	11.165
	Total Africa	**24.084**	**Total Africa**	**47.819**	**Total Africa**	**55.931**	**Total Africa**	**52.803**
Inbound tourist revenues (million dollars)	11 992		35 167		41 062		33 927	
Total Employment contribution (thousands people)	10.513		20.466		21.188		NA	
GDP (in terms of share)	Eastern Africa	8.5 %	Eastern Africa	12%	Eastern Africa	10.9 %	Eastern Africa	10.7%
	Middle Africa	3.3 %	Middle Africa	3.9%	Middle Africa	4.0%	Middle Africa	4.2%
	Northern Africa	8.6 %	Northern Africa	12.9 %	Northern Africa	11.1 %	Northern Africa	10.6%
	Southern Africa	6.4 %	Southern Africa	9.4%	Southern Africa	9.3%	Southern Africa	9.6%
	West Africa	4.9 %	West Africa	6.0%	West Africa	4.9%	West Africa	5.0%
	Total Africa	**6,8%**	**Total Africa**	**9,6%**	**Total Africa**	**8,5%**	**Total Africa**	**8,3%**

There is no data breakdown for the years 2016, 2017 and 2018 by the UNCTAD by sub-regions as stated above but there are some key figures disaggregated by sub-Saharan and North Africa areas that the World Travel & Tourism Council states as follows:

[2] Source: UNCTAD and UNWTO

Figure 7 Tourist arrivals, employment contribution and GDP 2016-2018

Total Contribution	2016		2017		2018	
International tourist arrivals (millions)	Sub-Saharan Africa	38.9	Sub-Saharan Africa	41.3	Sub-Saharan Africa	43.2
	North Africa	18.9	North Africa	21.7	North Africa	23.9
	Total Africa	57.8	Total Africa	63	Total Africa	67.1
Total Employment contribution (thousands people)	Sub-Saharan Africa	16.546,5	Sub-Saharan Africa	17.204,5	Sub-Saharan Africa	18.700
	North Africa	5.410	North Africa	5.566,5	North Africa	5.600
	Total Africa	21.956,5	Total Africa	22.771	Total Africa	24.300
GDP (in terms of share)	Sub-Saharan Africa	7.1%	Sub-Saharan Africa	7.1%	Sub-Saharan Africa	7.4%
	North Africa	9.7%	North Africa	10.9%	North Africa	11.2%
	Total Africa	8.1%	Total Africa	8.1%	Total Africa	8.5%

Source: World Tourism Barometer (June 2018) and World Travel & Tourism Council

From the above chart it is remarkable how the contribution of total employment in the tourism sector in Africa registered an increase of figures. In 2018 Africa there were 24,3 million people working in the tourism sector an increase of more than 1,5 million people compared with the previous year (+6.41 percent). In 2017 also experienced an increase of a 3.71 percent that represents an increase 800.000 thousand people working in the tourism sector in Africa.

Regarding the GDP contribution to the tourism sector in Africa it has also experienced growth in terms of share since 2016 reaching 8.5 percent in 2018 from 8.1 percent in 2016 and 2017.

Regarding the long-term outlook of Tourism in Africa, the UNWTO forecasts 134 million international arrivals in 2030 that will presumably be a share of 7 percent of the global tourist arrivals. This projection means that the number of tourists will be double in 12 years' time.

The above projection is one of the many reasons why the African Union's Agenda 2063 and the Tourism Action Plan under its New Partnership for Africa's Development (NEPAD, now African Union Development Agency-AUDA) recognize the importance of tourism in driving Africa's socioeconomic development and structural transformation through job creation, in catalysing growth in other productive sectors and in fostering inclusion through the participation of women and youth in the sector's activities. According to the objectives of the African Union, the First Ten-Year Implementation Plan 2014–2023 of

Agenda 2063, full implementation of an African tourism strategy and the establishment of an African tourism organization were envisaged, with a target to at least double the contribution of tourism to GDP in real terms from 2014 to 2023. [3]

Given that the total contribution of tourism to GDP increased from 6.1 percent in 1995 to 8.4 percent in 2018, with a peak of 9.9 percent in 2007, it will be challenging to achieve the target by 2023 if African countries don't diversify their economies, especially economies that are dependent on the mining and oil industry. To achieve at least double the contribution until 2023 the African GDP will need to grow more rapidly than it has since the global financial crisis, and until now it's not happening as stated in the first epigraphs.

[3] UNCTAD Economic Development in Africa Report 2017: http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=1778

5. The impact of sustainable tourism investment

According to the UNWTO, a sustainable tourism strategy entails making an optimal use of environmental resources, preserve the cultural heritage of local communities and ensure viable, long-term economic operations, providing socio-economic benefits to all relevant stakeholders.

Recent research by the UN Environment Agency has indicated that the tourism sector's consumption of key resources: energy, water, land and materials (such as fossil fuels, minerals, metals and biomass) – is growing commensurately with its generation of solid waste, sewage, loss of biodiversity, and greenhouse gas emissions. In a 'business-as-usual' scenario, tourism would generate by 2050 an increase of 154 percent in energy consumption, 131 percent in greenhouse gas emissions, 152 percent in water consumption and 251 percent in solid waste disposal.

For this reason, sustainability must now redefine tourism development in the 21st century. Therefore, it requires the combined effort of the local community, tourists, private sector, and the governments to succeed in fostering the sustainable development of the sector. Investments in the tourism sector bring positive impacts but it can also have major negative impact if it's not managed with sustainable basis. These positive and negative impacts of the tourism sector in general include the following:

Positive impacts

- Employment opportunities
- Income growth
- Infrastructure & facilities development
- Preservation of heritage, culture & local customs
- Conservation of natural habitats

Negative impacts

- Seasonal unemployment
- Dilution of heritage, culture
- Increased crime
- Littering & pollution
- Destruction of habitat
- Increased carbon footprint
- Increased congestion

There are many reports developed by reputed public and private organizations that state the positive impact of implementing a sustainable tourism scheme. For instance, Booking.com 2019 sustainable travel report reveals almost three quarters (72 percent) of travellers believe that people need to act now and make sustainable travel choices to save the planet for future generations. While results were relatively consistent across ages, almost three-quarters (74 percent) of 46-55-year olds believe most strongly that this is needed, followed by millennials at 71 percent.

But this concern is not new, results of a global study by The Nielsen Company conducted in 2015 surveyed 30,000 online consumers in 60 countries and suggested that "despite high unemployment rates and low wages, millennials are willing to spend more for products that are environmentally friendly." In fact, 66 percent of global respondents — up 11 percent from the previous year — noted they would "pay more for products and services from companies committed to positive social and environmental impact." Furthermore, according to the United

Nations Environment Program (UNEP) handbook for policy makers, sustainability can potentially have a positive impact on various tourism stakeholders:[4]

- Investors: Investors in all fields around the world are becoming more conscious about the environmental and social sustainability of their investment choices – which affects long-term financial sustainability. In tourism, this is fuelled, in part, by the recognition of the significant impact that issues such as climate change, biodiversity conservation, and social development can have on the investment value. As a result, addressing environmental and social issues is now considered critical for the proper management of projects, portfolio management, and reputation risks, as the world moves towards a green economy.

- Private tourism sector companies: Companies operating in the tourism sector engage in sustainability primarily when it is their clients concerns, these companies are mostly concerned about their own corporate image, the relationship with their employees, with the local community and their impact on the global environment and that immediately around them.

- Local communities: The communities directly or indirectly involved in the tourism sector seek increased prosperity but without exploitation or damage to their quality of life.

- Tourists: tourists contribute to the development of the sector. As they seek high-quality experience in safe and attractive environment; they are becoming more aware of the impacts of their travelling.

- Environmentalists and NGO's: Organizations such as World Wildlife Fund promote sustainable tourism as a valuable source of income for conservation.

- Governments: play a leading role in ensuring the sustainability of the tourism sector in their respective countries. Implementing the relevant regulations and policies to regulate the sustainability of businesses in the tourism sector will subsequently encourage the private sector and other stakeholders to place sustainability at the forefront of their agendas. Developing proper urban planning, implementing good environmental and social regulations and the provisions of public infrastructures that are environmentally friendly are few policies with which governments can coordinate the sector.

[4] : UNEP Report. Making tourism sustainable: a guide for policy makers. More info: http://www.unenvironment.org/resources/report/making-tourism-more-sustainable-guide-policy-makers

2ND PHASE: EVALUATING THE CURRENT INVESTMENT CLIMATE

The second stage focuses on evaluating the investment climate by assessing the following key areas:

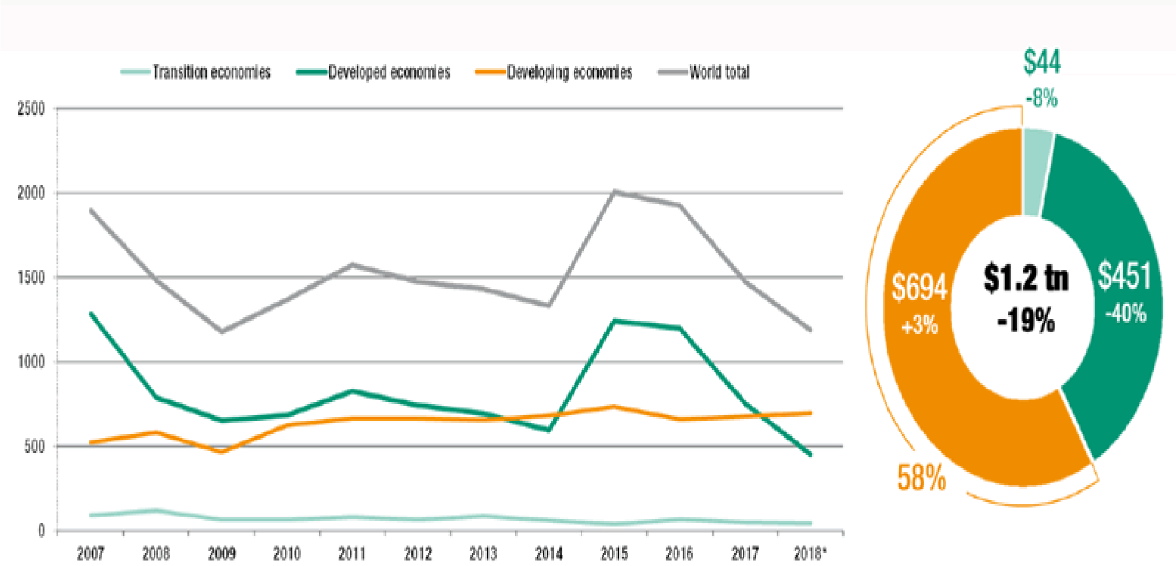
1. Current situation and trends of the world foreign direct investment
2. Current situation and outlook of Foreign Direct Investment in Africa
3. Evaluating the investment environment of a country: identifying opportunities and challenges
4. Detecting the conductive environment for investment
5. Tourism sector diagnosis

1. Current situation and trends of the world foreign direct investment

For decades, economists, civil society, government have been discussing the impact of foreign direct investment (FDI). Traditionally, FDI is seen as the process where multinationals relocate capital and other resources to other countries while other consider FDI as one of the best ways to guarantee development in terms of economy growth. The real fact is that both points of view are right, FDI brings development but it also could generate certain dependence of the global momentum at it showed in the years of the world finance crises and in the year 2017 too.

According to the Investment Trend Report 2019[5] published by the UNCTAD (United Nations Conference on Trade and Development) global foreign direct investment (FDI) reached in 2018 an estimated amount of 1.2 trillion dollars, a decrease of 19 percent compared with 2017 (1.47 trillion dollars).

Figure 8 FDI inflows, global and by group of economies, 2007-2018* (billions of USD)



Source: UNCTAD.
* Preliminary estimates.

This decrease recorded in 2018, the third in as many years, was concentrated in developed countries where inflows fell by as much as 40 percent to an estimated 451 billion dollars due to large repatriations of accumulated foreign earnings by multinational companies from the United States that caused a decline in flows to Europe to only 100 billion dollars. Also, the United States registered a decrease of flows by 18 percent compared with the previous year. In the other hand, the developing economies remained resilient with an increase of 3 percent 694 billion dollars (58 percent of the global FDI in 2018).

If we focus on the FDI trends in 2018 by regions, Asia registered a growth of 5 percent, while Africa registered a 6 percent increase, but region such as Latin America and the Caribbean experienced a decrease of 4 percent. East Asia and South-East Asia sub-region were the largest host regions accounting for one-third of global FDI in 2018.

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[5] Investment Trend Report 2018: https://unctad.org/en/PublicationsLibrary/diaeiainf2019d1_en.pdf

In terms of inflows, FDI are projected to grow slightly in 2019 due to new Greenfield projects prevision and the repatriation benefits will turn to normal levels. However, as stated previously, there are still risks that may affect global FDI such as the weakness of the global economy growth, geopolitical tensions that impact commodities prices, the tightening of global financing conditions and trade conflicts that affect global trade and consumption

Case study 1: World Investment Report. UNCTAD

The World Investment Report focuses on trends in foreign direct investment (FDI) worldwide, at the regional and country levels and emerging measures to improve its contribution to development. Click on the "Reports" tab below to download a free copy of this report. Overviews of the report are also available in all official UN languages. Every issue of the Report has:

- Analysis of the trends in FDI during the previous year, with especial emphasis on the development implications.
- Ranking of the largest transnational corporations in the world.
- In-depth analysis of a selected topic related to FDI.
- Policy analysis and recommendations.
- Statistical annex with data on FDI flows and stocks at the country level.

More info:
http://unctad.org/en/Pages/DIAE/World%20Investment%20Report/World_Investment_Report.aspx

2. Situation and outlook of Foreign Direct Investment in Africa[6]

Despite the limited data available, Foreign direct investment (FDI) flows in 2018 registered an increase of 6 percent ending the decline of the last two years. In 2017 FDI reached 41.8 billion dollars with a sharp decline compared with 2016, that also registered a decline of 3.3 percent according to the previously referred Investment Trade Report published by the UNCTAD.

According to the report, FDI growth in 2018 was concentrated in few countries. The report highlights the trends in Egypt that registered an increase of 7 percent in 2018 compared with 2017 reaching 7.9 billion dollars, being the biggest recipient of FDI in Africa in 2018 with investments in different sectors such as real state, food processing, oil and gas and renewable energy.

Another country that stood out in 2018 was South Africa. The country has seen a decrease in FDI since 2014. In 2018 the country reverted the situation by accounting a FDI inflows of 7.1 billion dollars compared with the 1.3 billion dollars accounted in 2017. The sectors that most benefited from FDI in 2018 were mining, petroleum refining, food processing, ICT and renewable energy.

[6] World Investment Report UNCTAD, http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=1782

Both, Egypt and South Africa helped their respective regions to experience growth via FDI in 2018. North Africa reached 13.9 billion dollars in 2018, an increase from 13.4 billion dollars in 2017. In 2018 FDI in Southern Africa reached 4.5 billion dollars after registering -1 billion dollars in 2017.

In West Africa, Ghana (3.3 billion dollars) overtook Nigeria as the first recipient of the sub-region in 2018. In East Africa, Ethiopia maintained the first position although registered a decrease of 24 percent in 2018 compared with the previous year.

According to the 2019 FDI report conducted by the FDI Intelligence magazine, FDI projects into Africa experienced an increase of 12 percent to 667 projects in 2018 but a 9 percent decline in capital investment to 74.2 billion dollars. The report highlights that with a 3 percent increase resulting in 103 projects and a 33 percent increase in capital expenditure, South Africa ranked second for FDI among the Middle East and Africa combined Also, the number of FDI projects into Nigeria increased by 49 percent, with inward capital investment increasing by 58 percent.

In the southeast region, Kenya and Ethiopia both witnessed an increase in the number of FDI projects in 2018, by 14 percent and 21 percent, respectively. Finally, Morocco was the only location in the top 10 to witness a decrease in FDI projects into the country, with a decline of 21 percent. However, capital investment increased by 20 percent.

Case study 2: AU Member Countries Create History by massively signing the AfCFTA Agreement in Kigali. March 21st, 2018 (press note)

Close to Fifty (50) African Union Member States have signed the African Continental Free Trade Area (AfCFTA), the Kigali Declaration and the Free Movement Protocol by order of interest, during the official opening ceremony of the 10th Extraordinary Summit of the AU Assembly of Heads of State and Government held on 21 March 2018, in Kigali, Republic of Rwanda. A majority of the African countries signed all the three legal instruments while some signed two and the others signed one of the three instruments. Very few countries are yet to sign the AfCFTA Agreement. (See complete list of the countries and the Legal Instruments they signed during the Extraordinary Summit on the AfCFTA, posted on the AU Website: www.au.africa).

The Summit dedicated to the AfCFTA, was described by the African Union (AU) leaders and Decision makers, as a historic moment in the life of the continent. While the signing ceremony of the legal documents was a solemn event that marked a millstone in the realization of the “Africa We Want” … A dream come true. Another important page in the history of Africa was written with the massive turnout and efficient participation of the African countries who expressed the willingness of materializing the continental development agenda of the AfCFTA as enshrined in Agenda 2063.

According to the IMF this economic integration that intends to remove tariffs on at least 90 percent of the goods could benefit the continent attracting more cross-border investments and trade within Africa as well as increase FDI flows due to the that will surely reduce overall production costs and gain economies of scale.

More info: https://au.int/en/cfta https://www.imf.org/external/pubs/ft/fandd/2018/12/afcfta-economic-integration-in-africa-fofack.htm#author

3. Tourism sector investment trends

The World Travel & Tourism Council report on travel & tourism economic impact 2019 estimates that the travel and tourism sector attracted around 940.9 billion dollars in 2018 accounting an increase of 6.63 percent compared with the previous year (882.4 billion dollars)[7].

Project numbers increased by 120 percent from 234 projects in 2017 to 514 in 2018. The sector also saw an increase of 187 percent in capital investment. This upward trend was among the findings of the report[8] recapping global greenfield FDI data from last year.

Asia-Pacific attracted the most FDI in hotels and tourism in 2018, with 1,385 projects and 180 billion dollars in capital invested. This was more than twice what the second most attractive region, the Middle East, received for capital investment, with 70 billion dollars. The top recipient country was China, with 406 projects estimated at 62 billion dollars The UK (383 projects, 20 billion dollars), India (234 projects, 13.5 billion dollars) and the UAE (219, 27 billion dollars) were other popular investment destinations for the sector.

Regarding hotel transaction volumes, JLL predicts that in 2019 the volume will reach 67 billion dollars a flat growth compared with 2018. The report predicts robust levels of fundraising activity for hotel investments globally, whilst international capital forms a key part of the hotel investment market, and this is forecast to increase in 2019 as investors look beyond their home countries for diversification. More multi sector investors will target hotels given its attractive yield profile.

[7] Travel & Tourism Impact 2019 report: https://www.wttc.org/-/media/files/reports/economic-impact-research/regions-2019/world2019.pdf
[8]FDi Tourism report: https://www.fdiintelligence.com/index.php//Locations/Middle-East-Africa/UAE/Tourism-FDI-takes-off

Case study 3: The Travel & Tourism Competitiveness Report

The World Economic Forum has, for the past 11 years, engaged leaders in travel and tourism to carry out an in-depth analysis of the Travel and Tourism competitiveness of 136 economies across the world. The Travel and Tourism Competitiveness Index measures "the set of factors and policies that enable the sustainable development of the travel and tourism sector, which in turn, contributes to the development and competitiveness of a country". The Travel and Tourism Competitiveness Index enables all stakeholders to work together to improve the industry's competitiveness in their national economies. Four key findings emerge from the 2017 edition of the Travel & Tourism Competitiveness Report:

T&T competitiveness is improving.

- Especially in developing countries, and particularly in Asia-Pacific
- As the industry continues to grow, an increasing share of international visitors are coming from and travel to emerging and developing nations

Less restrictive visa policies

- In an increasingly protectionist context, that is hindering global trade, the T&T industry continues building bridges between people rather than walls as made apparent by increasing number people travelling across borders and global tendency to adopt less restrictive visa policies.

Connectivity

- In light of the Fourth Industrial Revolution, connectivity increasingly becomes a must-have for countries as they develop their digital strategy.

Sustainable developement is still a challenge

- despite the growing awareness of the importance of the environment, the T&T sector faces difficulties developing sustainably as natural degradation proceeds on a number of fronts

More info: http://www3.weforum.org/docs/WEF_TTCR_2017_web_0401.pdf

4. Investment environment

Public policy is needed to create the enabling environment at all levels necessary to encourage entrepreneurship and a dynamic domestic business sector. Various indicators measure selected aspects of the investment climate.

Research suggests, broadly speaking, that the regulatory framework does matter for economic outcomes, but it is inconclusive which regulations matter most, and how much they matter compared to other determinants. Business laws and regulations are intended to generate benefits to society at large, but they also inevitably impose costs on the individual firm. Some regulations on firms may deliver an important public good—for example, the prohibition of child labour.

Other factors such as requiring multiple official stamps on a document—deliver little or no public benefit. They simply provide officials with opportunities for rent-seeking. The policy maker's challenge is to find the level of regulation where the desired level of public good—say, tax revenues or worker safety—can be obtained with the minimum loss of efficiency to affected firms. Some countries may be overregulated; others may be under-regulated. The level of regulation in any country should reflect a country's preferred trade-off between public goods and private (firm) benefits. Substantial research literature has established an association between the characteristics of the business regulatory environment and the performance of firms, and thence to macroeconomic outcomes. But research overall is inconclusive about the direction of causation. While it is typically hypothesized that better regulations spur better economic results, causality may also run the opposite way, insofar as citizens in more advanced economies demand more efficient regulations.[9]

Investment climate can be defined as the existing investment vehicles in the market available for investor and the places for transactions with these investment vehicles. The economic and financial conditions in a country affect individuals and businesses that are willing to lend money and acquire a stake in any operating businesses. Investment climate depends on various factors, these include political and economic stability, legal system, labour productivity, level of corruption, natural resources for extractive industries, markets for market seekers, and the need to establish a presence for strategic purposes. Incentives and privatization were relatively unimportant. Also, the investor may study the following issues:[10]

- Outlook: The majority of economic outlook prospects may indicate the intention to expand or maintain investment, anticipating an increase in profits and turnover.

- Economy & finance: Strongest stimulants include economic stability, and markets. Inflation, tax and interest rates have negative effects.

- Politics & governance: Factors that have the most significant impact include political and social stability, and security and crime.

- Infrastructure: Investors will have to ensure minimal infrastructure requirements are met. For example, a lack of electricity supply is considered the most negative factor to attract investment. Other important aspects include a stable telecommunication service which could help positively to attract investment
- Labour: Productivity of management and skilled staff is positive. Views are mixed

[9] Doing Business: an Independent Evaluation: Taking the Measure of the World Bank-IFC Doing Business Indicators
[10] Development Finance International : https://www.development-finance.org/en/topics-of-work/foreign-private-capital/investment-climate.html

regarding productivity of unskilled staff, labour cost, and availability. Absenteeism, staff turnover, and recruiting ex-patriates cause problems.

- Health factors: A country with high rate of health diseases will have more difficulties to attract investment.
- Environment: Factors have detrimental effect on certain sectors. These may have a positive effect where degradations have been reversed.
- Information sources: Private sector associations and central bank yielded useful information.

Governments generally do have the means to make it easier for people to do business. Increasing the overall level of technology or spurring economic growth are complex and difficult matters, but changing laws regarding employment, simplifying permit and licensing procedures, developing a national land registry, or supporting infrastructure development are all things that governments can do. If governments wish to attract FDI, they have to engage in prudent policymaking. Weak regulatory regimes and/or poor institutional capacity leading to non-competitive market behaviour or uncollected taxes are bound to have a negative effect on FDI.[11]

On the other hand, the private sector has also some means to ease the risk due to the country instability as for example the Political Risk Insurance (PRI) that covers loss or damage to physical assets caused by social or political disruption. It enables businesses to operate in countries that are prone to political turmoil. It differs from other types of commercial insurance in numerous ways. For one thing, political risk policies are tailored to a specific project. The insurer will consider the scope of your activities, the country where you plan to operate, and the risks of doing business there.

It will then draft a policy to meet your needs. Secondly, political risk policies apply over a long term. A single policy may cover a 15-year period. Thirdly, policies may be non-cancellable, meaning they cannot be cancelled by the insurer. Finally, the price and availability of PRI can change very quickly in response to political events. If you are doing business in a developing country, you should purchase a PRI product before problems occur.

Political risk insurance is available from several large insurers, including AIG, ACE, Zurich, and Lloyd's of London that may be contracted with insurance agents or brokers. Also, there are public organizations, such as the Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank Group, and the Overseas Private Investment Corporation (OPIC), an agency of the US Government, who provide, for a fee, insurance against political or non-market risks for a wide variety of investment types in countries around the globe.

If we look at the investment climate in the tourism sector, the T&T report measures the competitiveness of the sector in each country and highlights the different factors that must be considered to analyse when making an investment:

[11] Best Practice guide for a positive business and Investment climate: https://www.osce.org/eea/19768?download=true

Figure 9. Travel & Tourism Competitiveness Index

Travel & Tourism Competitiveness Index			
Enabling Environment	**T&T Policy and Enabling Conditions**	**Infrastructure**	**Natual and Cultural Resources**
•Business environment •Safety and Security •Health and Hygiene •Human Resources and Labour Market •ICT Readiness	•Prioritization of Travel & Tourism •Visa Openness and Facilitation •Price competitiveness •Environmental Sustainability	•Air transport infrastructure •Ground and port infrastructure •Tourist service infrastructure	•Natural resources •Cultural and Business travel

- Strategies for attempting to overcome common barriers

Most of the time, the barriers above mentioned could overcome with approaches and negotiations between the investors and the project promoters (public sector). Both sides have to:

- Understand which are the main barriers the project will have to face (licenses, investment in infrastructures, social impact, etc.);
- Identify tools to mitigate those barriers, e.g., political risk insurance;
- Study with a realistic assessment whether the project has a reasonable chance of being implemented with the time and resources available or not;
- Negotiate to overcome specific barriers, e.g., the terms of a concession agreement or ownership requirements.

If we focus on what the public sector should do to attract foreign investment and specifically in the tourism sector, there are many steps to follow:

- Destination Planning and Development: this step which may take around 8-12 months is essential as the planning will provide a common vision, direction and commitment for tourism. It is necessary to assess possible impacts of tourism on the development of a country and the resource problems that may be encountered.
    - Fiscal and other government investment policies: Fiscal policy, carried out by governments, can stimulate economic growth through incentive measures such as cutting tax and increased spending. Tax, in most developing countries, is the main source of government income and in some way, could also encourage sustainable investment creating rules that foster green investment in the specific sector, in this case in the tourism sector.

In terms of other government investment policies, the public sector could use rules to define the use of protected areas, preserve the cultural assets, the management of resources such as energy and water, waste treatment policies, etc.

The public sector should promote specific training plans to transfer knowledge to the population to gain sufficient skills to access jobs in the tourism industry.

- Finance: governments should ease the access to finance and foster a sustainable investment with several approaches such as:

  - Promote PPP models: It means developing a project with a private entity with agreeable terms and conditions. It broadly refers to "an arrangement between the public and private sectors with clear agreement on shared objectives for the delivery of public infrastructure and public utilities". It may be used to engage the private sector to share the risks with the public sector in hard infrastructures. This model could play a vital role for the tourism industry development.

  - Access to external funding: public funding is crucial for the tourism development and it may be used to invest in the required infrastructures to develop the sector, to promote the country or region and to seed investment. Those public investments will help financial and private sector to invest in the country or region in feasible and sustainable tourism projects.

  - Transparency: clear rules, regulations, standards and certifications that provide certainty to investors.

- **Creating a tourism sector diagnostic tool**

There are many models to analyse the tourism sector of a country in order to determine the key factors and to implement solutions and aim a sustainable development of the tourism industry. According to the report "Diagnosis-Implementation-Monitor Methodology for the Development of Sustainable Competitiveness in Tourism Destinations" the diagnostic tool should be structured in two main phases, the first one will analyze the current situation of the touristic sector and the second phase will diagnose the competitiveness of the destination in order to identify the main competitive advantages:

Analysis of the current situation: the ones responsible for the strategy formulation and making the destination more dynamic provide an updated characterization of the destination

a. Investigate the spatial planning legislation and the regulation of tourism activity in the destination.
b. Establish the tourism potential of the destination.
c. Analyze the current product offer and its commercial distribution channels.
d. Characterize the current demand of the destination and its segments using different criteria.
e. Determine the competitors of the destination for different existing products and markets. This step is based on theory by Porter on competition (1980,1998).
f. Evaluate the Tourism Management Model used in the destination and the participation of the public and private stakeholders and representatives of the society.
g. Determine the funds and investments available for management and realization of future tourism activities.

Diagnose the competitiveness and sustainability of the destination. It means applying different analysis tools to evaluate the sources of competitive advantages and the economic, social and environmental sustainability of the destination

a. Elaborate a SWOT(**strengths, weaknesses, opportunities, and threats)** matrix of the destination and the environment
b. Perform the SWOT analysis evaluating the strategic options of the different combinations of Strengths and Opportunities to oppose to the Threats and Weaknesses.
c. Determine the added value that each element of the chain of value of the destination contributes to the competitive management.
d. Evaluate the impacts of the five forces of Porter's Model: Competitive Rivalry, Supplier Power, Buyer Power, Threat of Substitution, Threat of New Entry
e. Determine the stage in the Destination Life Cycle of each product/market.
f. Elaborate a competitive positioning map of the different products/markets of the destination.
g. Determine the sources of competitive advantages.
h. Diagnose the sustainability of tourism in the destination using qualitative and quantitative indicators, determining the carrying capacity, the environmental conservation and the economic and social impacts of tourism. For further reading The Guide for Sustainable Development published by the WTO (1999) is recommended.

The World Bank Group works in partnership with governments and the private sector to assist at critical stages along the tourism development process. They provide detailed industry through the "**Tourism Sector Diagnosis Tool"** to help countries develop integrated solutions that build competitiveness and provide financing and technical advice to implement those solutions. More info: https://www2.gwu.edu/~iits/unwto/TourismDiagnosticPresentation_JBartlett.pdf

Case study 4: JLL forecasts annual investment into Africa's hotel development of US$1.7bn. in 2019, published by Theodore Koumelis on October 4th (LINK)

High supply growth during the past five years has placed pressure on hotel performance in Sub-Saharan Africa, yet the outlook in the medium term is positive, with a more sustainable pipeline and stronger demand fundamentals. This is one of the interesting facts presented by Xander Nijnens, Executive Vice-President, Hotels & Hospitality Group, JLL Sub-Saharan Africa, at the forum attended by leading local and international hotel investors in Africa. Nijnens says that investors in the hotel sector in Sub-Saharan Africa are positive about the outlook for the sector, yet they also acknowledge that finding suitably yielding opportunities is more difficult today. Investors are increasingly looking at niche segments, new secondary markets and value-add acquisitions to reach their return targets.

JLL forecasts annual investment into hotel development of US$1.7 billion in 2019, with investment sales in 2018 of US$350 million and increasing to US$400 million in 2019. Nijnens adds “We expect liquidity and trading of hotel assets to continue and this will improve pricing transparency in the market and reduce ownership risk. Value add strategies will be the most successful approach to acquisitions as there is a lack of well-priced quality assets available for trade.” Development returns are highest when focused on disrupting the sector or when addressing emerging demand and differentiating projects. Brand conversions present strong revenue upside prospects and they are well supported by the international brands in the current climate.

The report also looks at lending on hotel developments in Sub-Saharan Africa, identifying that banks have continued to be prudent in their lending and conservative in their leveraging. “They are however becoming increasingly savvy, with more of a dedicated focus towards the asset class,” says Nijnens, “and are showing positive intent to get to grips with the sector. As lenders become increasingly knowledgeable, it will result in the most feasible projects receiving funding”. Another trend is the number of new lenders entering the sector through their existing relationships with diverse real estate players, which is deepening the lender pool. With a clear market opportunity, Nijnens says the next few years will be interesting to watch to see whether alternative and mezzanine lenders will enter the sector.

Regional markets are increasingly diverse and out of sync, and the prospects and risks across the region vary immensely. In 2018, hotel performance has been mixed across the region, largely due to the impact of new supply entering the markets, as well as external demand pressures. West Africa has seen the most improvement in performance with commodity pricing on the up and many economies thriving. East Africa has experienced good demand growth, yet occupancy has been under pressure due to recent supply growth. Performance in Southern Africa is stagnant as a result of the economic slowdown in South Africa, as well as the impact of the drought in Cape Town. Indian Ocean performance continues to be very strong with an excellent outlook. (...)

The outlook for hotel investment in Sub-Saharan Africa in the medium and long term is positive. Developing cities with high supply growth were always going to place pressure on performance and this is now being felt. Nijnens concludes that “this pressure is resulting in an evolution of investment strategies to the region, and those who read the markets well, create relevant product, and innovate in their approach to the sector will reap the reward.”

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Interview 2: Reto Stoeckenius, Head of Development of RIU Hotels & Resorts

Q: RIU is present in Africa in Morocco, Cape Verde and Mauritius, three countries very different from each other, and, is in the process of opening in the Maldives. Is RIU following the same strategy in terms of target audience in these African countries?

A: RIU Hotels has a philosophy of work and customer service standardized in all destinations. Our clients know and appreciate our hotels and our service standards and the composure that gives them knowing what they will find, no matter the destination. This means that there is a good part of our clients that chooses a destination because it is a new proposal of the brand, even if it had not been in their desired vacations before. But it is true that each destination has its idiosyncrasy, its traditional relations with different countries and its markets of greater demand defined and from RIU we adapt to them working with the most popular operators and channels in each country. For example, in Mauritius and Morocco we will find many more clients from France because of the language and the historical relationship. In the case of Cape Verde, since the opening of the first RIU hotel in 2005, a strong operation has been established from the main cities of Germany and the United Kingdom thanks to the close collaboration with the TUI tour operator; while we also receive customers from Portugal because of the close relationship with the country.

Q: What difficulties have been encountered in the investment process in these African countries? Is the investment process from one African country to another very different?

A: We have encountered some fiscal and legal insecurities, a fundamental issue that would be good to solve because it supposes a barrier for investments. Regarding the differences between countries, there are important differences in infrastructure.

Q: Could you highlight the key factors that RIU has considered for the choice of an African market to undertake each investment?

A: In order for RIU to decide to invest in a destination, not only in Africa but in any other continent, several important conditions and factors must be fulfilled. Among them: the country should have political and social stability, that the destination not only has necessary infrastructures (airports, roads, etc.) but of course has tourist attraction either for its natural beauty and landscape as for its culture. In the case of a beach hotel it is essential that the destination has good weather throughout the year; that its people are charismatic and welcoming, with the potential to adapt to the RIU philosophy, and regarding to public organizations there is a commitment to the sector.

Q: Is there sufficient skilled workforce in these countries?

A: It depends a lot on the destination. In general, in recent years, thanks to the importance of the tourism industry, there is more and more training focused on the services sector. But, whatever the destination, for RIU, internal training for local employees is always essential. For the chain, it is very important that employees adopt the RIU service philosophy and that they have the right character to offer good customer service. We need people who want to learn, with a vocation for service and with the potential to grow within the company. In many destinations, they do not have hotel experience of any kind and they do not speak languages either, therefore, RIU carries out a complete and exhaustive process of internal training in the hands of intermediate managers who travel to each destination to teach the hired employees all the details necessary to carry out your work. In the case of Cape Verde, for example, in 12 years we have managed to create a workforce of 2,200 people, all of them local, of whom 130 are currently department heads in the RIU hotels of Isla de Sal and Boa Vista.

3RD PHASE: Project Identification

At the end of this unit, readers will be able to:

1. Describe the project investment
2. Analyse the market

1. **Project description**

Project Identification is a repeatable process for documenting, validating, ranking and approving projects. Project identification approaches vary widely, depending upon objectives, size and type of project, country, overall business and financing environment, and other factors. But most importantly, it is to determine the market for the proposed project.

Resource 1: The first step is to describe in accurate terms the project answering the following questions:

Questions to help articulate the tourism investment opportunity:	Record your answers here:
Which of the following best describes the tourism opportunity being considered? Is it a hard or soft infrastructure? (e.g. Hard infrastructure: facilities; Soft infrastructure: skills development)	
How was this opportunity identified?	
Is this a natural tourism resource? If so, what type?	
Indicate the access to coastline in your country?	
Is the tourism resource identified a key tourism product in your country?	
Is it a supporting attraction?	
Is it a tourist serving facility?	
Is the project built around an established destination or is it built around a new prospect?	
Where will the project be located?	
What facilities, services and/or amenities for visitors will the attraction provide?	
Identify the likely characteristics of the market segment being targeted?	
What are other characteristics of this market segment being targeted?	
Who are the key public institutions involved and what are their specific roles?	
How accessible is the project to its target audience? (E.g. infrastructure: roads, ports, etc.)	

2. Market analysis

To determine the current market and its potential issues in terms of demand and offer of the tourism supply chain should be studied such as:

Figure 10. Market Analysis

Market analysis	Parameters to measure
Legislation	Analysis of the legislation related to the project and identification of the public administration agencies involved. Rules Certifications Licenses needed Organism involved
Travel time	Associated travel cost, accessibility, including discomfort, inconvenience, and security to reach final destination. Visa openness Time to travel to final destination Safety & security
Market trends	Interests, preferences, price sensitivity, and time constraints of the targeted market segments. Market segments by product Market trends & potential
Added value	The quality and uniqueness of the attraction and experience offered. Differentiation Added value
Total costs for the tourist	Cost of transport, accommodations (if an overnight stay is required), guide services, food and beverage, etc. Visitor spending Market potential
Potential Demand	Current client analysis: availability, client expenditure. Prescribers and the profile of the client, most simply, the perceived level of interest in the activity or experience, and the amount of time the client has available to participate in it Diagnosis of the current offer in terms of leisure and tourism services Socio-demographic profile Satisfaction and spending surveys Prescribers (tour-operators, travel agencies, etc.
Competitors	Availability of competitors Prices Added values of the competitors

I. Conclusions report: outputs

A report with the data collected above should be completed in order to have a preliminary diagnosis of the tourism sector and the project challenges that will face before a pre-feasibility study. The outputs of this report should include:

1. Macroeconomic overview

    a. Macroeconomic short analysis and trends
    b. Investment climate
    c. SWOT

2. Current situation of the tourism sector

    a. Diagnosis of the sector
    b. Public policies and national plans overview
    c. Openness of the sector: business climate
    d. Sustainability of the sector
    e. Offer and demand of the market
    f. Trends
    g. SWOT

3. Proposed project overview

    a. Description
    b. Added value of the project
    c. Market analysis
    d. SWOT

Interview 3: Mr. Mossadeck Bally, CEO of Azalaï Hotels Group (A.H.G.)

Q: Azalai group is originally from Mali. For some years, the country has been suffering from instability in terms of safety. How did it affect the tourism sector and more specifically Azalai group?

A: The leisure tourism (Timbuctu, Dogon country, Djene) has completely disappeared. Only business tourism, in the capital city, Bamako remains viable. Azalai hotels group has been affected but less than the leisure hoteliers.

Q: What are the factors that Azalai always analyzes to invest in other countries in West Africa?
Business travel arrivals, access to land, investment code incentives, access to finance.

Q: Recently the investment group AfricInvest announced that they will invest in the Azalai group. How was the approach and what are the objectives with this capital?

A: We had been engaged in talks with A.I for many years and we finally finalized a deal in 2016. They conducted a thorough due diligence process after agreeing with the valuation of the group we proposed.
The objectives are to help A.H.G grow faster.

Q: The target public is the same in all the countries of West Africa?

A: Yes. Mainly regional business travelers.

Q: Does the land management of West African governments countries help to contribute to develop the tourism sector? Does it need to change?

A: Not at all. Land is scarce, very expensive and not developed for hotel construction (no utilities, no roads).
It definitely has to change so as to attract more promoters (Morocco and Tunisia have done a great job in making developed land available for investors).

Q: Is there enough labour with the necessary skills to work in the tourism sector in West Africa?

A: Not at all. There is a big lack of trained HR. Hospitality schools are almost inexistent in the whole West Africa. We had to create our own school.

About Azalaï Hotels Group

With over 20 years of experience, the Mali-based company is focused on meeting the growing needs of its customers by endlessly enhancing its high-quality service, meticulously renovating its properties and soundly managing its quickly growing portfolio.

From Bamako to Ouagadougou, Cotonou, Bissau, Nouakchott and Abidjan the Azalaï Hotels Group has achieved its success by providing the pinnacle of hospitality in Africa, always excelling at making guests feel at home. The key to this high level of service is the company's staff. By using pioneering, forward-thinking human-resources management tools, and by placing an emphasis on gender-equality, AHG has created an exceedingly skilled African workforce. One of the leading private hotel groups in West Africa, the company has provided over 4000 direct and indirect employment opportunities for people across the region.

More info: http://www.azalaihotels.com

4TH PHASE: Project Feasibility

At the end of this unit, readers should be able to complete a:

1. Pre-feasibility study
2. Feasibility study

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1. **Pre-feasibility study**

A pre-feasibility study may be conducted first to help sort out relevant alternatives. Before proceeding with a full feasibility study, it is important to do some pre-feasibility analysis to avoid incurring high costs and time of a full feasibility study. The steps in completing a pre-feasibility study include:

Figure 11 Prefeasibility study

Issue	Description
Location/site	Location analysis determines how well the site or location will support the success of the intended tourism investment. The ideal locational attributes differ depending upon the type of tourism investment, but here are a few typical attributes: • size and shape of site is enough for the intended use; • enough site improvements such as access and, parking, landscaping, and other site amenities; • convenient access for the intended targeted visitors; • highway or main thoroughfare visibility; • transportation linkages, time and distance factors from the intended target market.
Market research	• Opportunities and risks of the project based on the market analysis previously done
Legislation	• Certainty and constraints regarding the legislation: • Constraints/obstacle • Potential impact • Action to be carried out • Desired outcome • Organization and people involved • Timing
Socio-environment impact	• Benefits and risks for the local community • Evaluation of the environmental impact
Development options	• Site selection • Concept design
Potential partners	• Type of investor desired • Type of investment
Pre-financial analysis	• Estimation of initial investment

Sources of information
• **National Tourism Authority:** Ministry of tourism, tourist board, etc. • **National Statistics Authorities:** Central bank, department of statistics, immigration department, etc. • **Regional Tourism Authorities:** Within a country **National or Regional Hotel and Tourism Associations Chambers of Commerce** • **Regional Tourism Organizations: African Travel and Tourism Association (** http://www.atta.travel/ **)** • **International Organizations:** UN World Tourism Organization- Africa Chapter: http://africa.unwto.org/es • **International Travel and Tourism Associations:** World Travel & Tourism Council (https://www.wttc.org/), International Air Transport Association (http://www.iata.org) • **Africa Visa Openness:** https://www.visaopenness.org/ • **World/European Travel Monitor**: www.ipkinternational.com • **Economist Intelligence Unit :** www.eiu.com/public • **Travel and Tourism Research Association:** www.ttra.com

However, if the findings lead you to proceed with the feasibility study, this work may have resolved some basic issues.

Figure 12. Site checklist

Subject Site Name/Location:					
Location attributes for this type of tourist investment	Description of Ideal	Importance	Description of Subject Site	Subject Site Rating	Actions that should be taken to improve location attributes
On-Site					
Size and shape of site					
Frontage					
Topography					
Load-bearing capacity of soil					
Geological features					
Ownership of property					
Zoning, Official Plan, or other legal constraints					
Environmental constraints					
Other important site attributes and amenities					
Access to the site					

LOCATION ATTRIBUTES (OFF-SITE)			
Issue	Location attributes for this type of tourist investment	Description of Subject Site	Actions that should be taken to improve location attributes
Visibility of the site from passerby traffic			
Traffic counts at the site			
Proximity to tourist and other economic generators and tourist serving services			
Location relationship of site to other competing sites/ attractions and the target area			
Availability of utilities to the site			
Surrounding land uses			

Interview 4: Pablo Landrau, Head of International Market Development at Binter Canarias

1. **Binter started operating in Africa from the Canary Islands in 2005, could you tell us why the company chose Africa as the first international destination? What is the balance after these 12 years?**

Binter wanted to focus its international project on the flight connections with the territories closest to the Canary Islands. It is a commitment to the future, and West Africa is certainly growing and is key to the development of the Canary Islands as a hub, and in which Binter wants to be a protagonist.

2. **Could you explain to us what factors made you choose Cabo Verde as your first experience in foreign investment?**

It all started in 2012 when Binter starts operating with Cape Verde by connecting the Canary Islands with the African country twice a week. In 2015 the company accomplished different steps to launch Binter Cabo Verde and the project became tangible in November 2016. The project represents a new opportunity for Binter, since Binter CV is a Cape Verdean company, which could allow us in a future, connect African countries with each other.

3. **Which is the target public on inter-island flights in Cape Verde? Does it differ from the target audience of passengers flying from Spain to Cape Verde?**

Of course, Binter CV is an airline that has been made to provide service to Cape Verdeans. The people that fly from Spain to Cape Verde are different, because it includes Spaniards and Cape Verdeans who fly between one country and another for different reasons, such as tourism, business trips or visits to their families by expatriates. The inter-island flights of Cape Verde, like those run by Binter in the Canary Islands, are a necessary connectivity service for the day-to-day life of residents in Cape Verde, again for many reasons, but all of them related to the need to internal connectivity of the country.

4. **Does the group plan to enter into new markets in by acquiring or merging with African local airlines?**

Binter is continuously searching for opportunities and routes. Our current priority is to consolidate the international project that we already developing, and this includes all the international destinations that we connect from the Canary Islands, as well as the consolidation of Binter CV.

II. Financial feasibility study

The primary aim of your financial analysis at the pre-feasibility stage is to determine whether:

- The revenue generated from the business will cover expenses;
- The rate of return on the funds invested in the business is equal to or better than established benchmarks.

At a minimum, it should include the following issues:

Estimate total development costs, including *soft costs* (e.g., design, architecture, engineering, environmental impact studies, and financing) and *hard costs* (construction, furniture, equipment, etc.).

Define project financial structure in terms of capital structure, debt equity ratio, debt service coverage ratio, and working capital requirements

Project cash flow, profitability (gross operating margins), and debt service

Do a sensitivity analysis, estimating cash flow and profitability under different scenarios (high or lower prices, high or lower utilization, or occupancy rates, etc.)

Estimate depreciation value, internal rate of return, and net present value

Revenue/profit potential

The first step is to determine the revenue potential of your proposed business. There is a standard way to determine revenue. Many newcomers to tourism significantly overestimate revenues. Once you have worked out the revenue capabilities of your business proposal, the next step is to look at the expected costs.

Profit projections is measured as: Revenue - Expenses

Many newcomers substantially underestimate costs. It is then possible to examine the liquidity side of your business, that is, cash flow.

To determinate the revenue it should be considered three factors to be calculated:

Capacity → Utilization → Price Capacity

Capacity

If we focus on capacity, is the basic number of saleable units of the product/service intended having on the market at any one time. For a hotel, it is rooms. For a coach, boat or aircraft it is seats. Many accommodation operators prefer to talk in terms of 'room nights'.
The formula used to calculate available room nights or hotel inventory is:

- *Available Room Nights = Rooms Available x Nights Open for Business.*

For example, if our project is to build a hotel of 200 rooms and we are open the whole year without missing any night, the total availability room nights are:

- *Available room nights: 200 (rooms available) x 365 nights = 73,000 room nights.*

Utilization

Unused units of capacity cannot be stored therefore it should be calculated the capacity utilization over any given period. Utilization refers to how much capacity could be sold or was sold. Rarely will total capacity be sold every day of the year.

Tourism operators refer to utilization in terms of 'occupancy rates' (accommodation) and 'load factors' (coaches, boats and aircraft).

The room occupancy rate for an accommodation establishment is given by the following:

Occupancy Rate (percent) = Rooms Occupied x 100 / Rooms Available

Hence, the occupancy rate of an accommodation establishment is a ratio of the number of rooms occupied to the total number available.

If we go back to our previous example of the hotel of 200 rooms, the occupancy rate could be projected by obtaining the statistics of the Tourism Board of the country or the National Statistical Institute.

In the specific area the hotels that will compete with the projected hotel are 50 percent, it means that every night on average the new hotel will have 100 clients per night as the total rooms are 200. That means that in one year on average the rooms night will be 50 percent of the total room nights of the hotel: 50 percent of 72.000: 36.500 room nights.

It should be noted from the above that while the occupancy rate provides a basic measure of market demand it does not tell exactly how many guests you can expect at a given occupancy.

Annual occupancy rates and load factors rarely reach 100 percent and must be built over time. Capacity utilization is usually lower in the early few years of a business than once it is established in the marketplace.

Price

It is considered one of the key factors that will impact directly the revenues. When working out the annual expected revenue flow you will be interested in the average price (or tariff). However, the average price does not necessarily mean the selling price at any given time, as hotels (for example) could increase or reduce prices or reach an agreement with travel agents and/or tour-operators based on the season

In the market research, the average price of the market should be studied, in order to combine it with the strategy to position the project; that means it should be decided if the prices of the units are above, average or below the current market prices.

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Annual Revenue

The three factors mentioned above (capacity, utilization and price) will determine the annual revenue:

Revenue = Capacity X Utilization X Price

Depending on the nature of the business, for example a coach tour or tourist attraction, there are some subtle differences in the method of calculation.

It is important to keep in mind at this early stage that the revenue generated by the business will not alone determine whether the investment is worthwhile.

If we settle in our example an average price of 100 euros per night the annual revenue will be as follows:

- Revenue: 200 rooms X 365 nights X 50 percent occupancy rate X 100 euros Total annual revenue: 3,650,000 euros

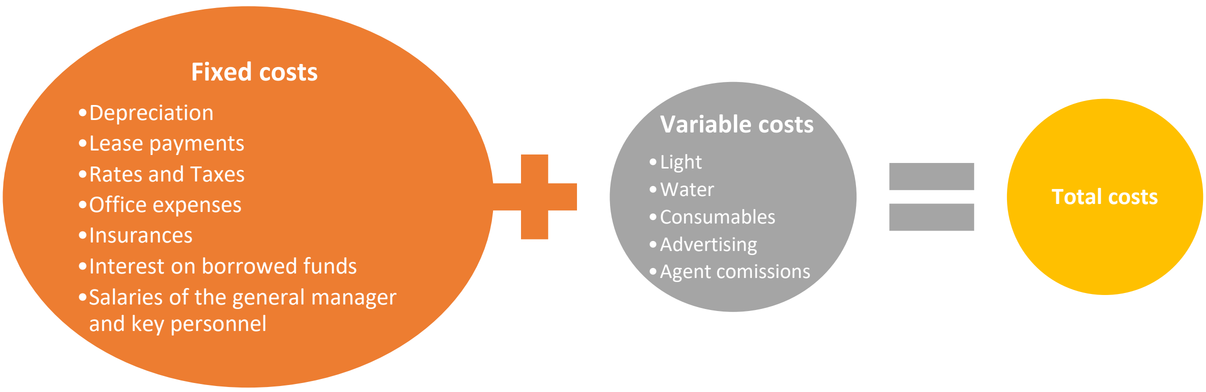
Initial costs

The term "project cost estimate", as used during the project development process, includes all capital outlay costs, including right-of-way, structures and landscaping, but does not normally include capital outlay support costs. Project cost estimates should never be artificially reduced to stay within the funding limits, nor should they be reduced to make more projects funding available. Likewise, project cost estimates should not be artificially raised beyond a certain percentage defined.

There are two categories of initial cost estimates: hard costs (infrastructure, equipment, land acquisition, etc.) and soft costs (architecture planning, taxes, project management fees, etc.).

Operating costs

Total operating costs are the recurring cost that any project has to face, and they can be divided into two groups: fixed costs and variable costs:



<u>Resource 3:</u> once the revenues and expenses are projected, it is necessary to calculate the breakeven point and calculate the cash flow requirements per month

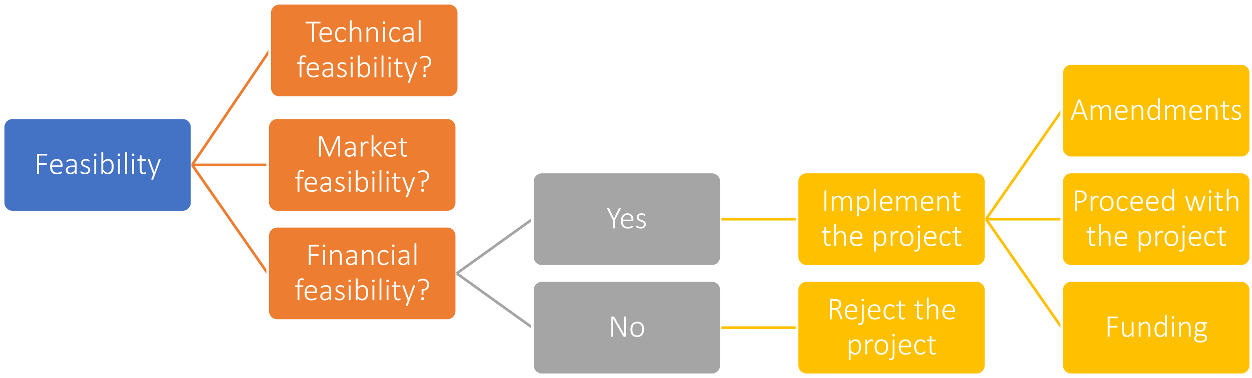
RESOURCE 9: initial cost checklist

11	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Revenue (Sales)												
Category 1												
Category 2												
Category 3												
Category 4												
Category 5												
Total Revenue (Sales)	0	0	0	0	0	0	0	0	0	0	0	0
Cost of Sales												
Category 1												
Category 2												
Category 3												
Category 4												
Category 5												
Total Cost of Sales	0	0	0	0	0	0	0	0	0	0	0	0
Gross profit	0	0	0	0	0	0	0	0	0	0	0	0
Expenses												
Salary expenses												
Payroll expenses												
Outside services												
Supplies (office and operating)												
Repairs and maintenance												
Advertising												
Car, delivery and travel												
Accounting and legal												
Rent & Related Costs												
Telephone												
Utilities												
Insurance												
Taxes (real estate, etc.)												
Interest												
Depreciation												
Other expenses (specify)												
Other expenses (specify)												

Other expenses (specify)												
Misc. (unspecified)												
Total Expenses	0	0	0	0	0	0	0	0	0	0	0	0
Gross Profit												
Net Profit Before Taxes												
Income Taxes												
Net Operating Income	0	0	0	0	0	0	0	0	0	0	0	0

Feasibility Conclusions and decisions

After the analysis mentioned above (pre-feasibility and financial feasibility studies) the full feasibility of the project and the investment promoters will have to make the decision with the information above as follows:



The following steps to be made if the decision is to proceed and implement the project are to make the necessary amendments and start searching for the funding by preparing a dossier explaining the relevant project details for the potential investors.

5TH PHASE: Project Promotion

At the end of this unit, readers should be able to:

a. Prepare an investment dossier
b. Establish a marketing and action plan to promote the project

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1. Approach

From the public administration’s point of view, investment promotion rests on good teamwork between the national Investment Promotion Agency (IPA) and the different public institutions involved in the investment project. The IPA is responsible to elaborate the action plan of the investment projects in order to attract the investment required. Poor coordination can lead to the failure to acquire investment projects. Drafting plans that specify responsibilities and actions with regards to individual companies can help avoid duplication between stakeholders with an interest in the same company.

From the private sector point of view, if the idea is to involve the public administration, a full dossier should be prepared with all the information that have been explained in this manual.

2. Preparing the information

Although it is necessary to provide some generic information about the host market, it will be necessary to produce as much information as needed on how the investors can approach the country and the project in order to arouse spark their interest. Therefore, for a solid strategy it is necessary to prepare a set of documents for the potential investor such as:

- Country or company profile: a short document describing the situation of the country or company should be given, as investors or the public sector needs comprehensive information about the country’s (political, legal, socioeconomic, etc.) or company situation (balance, clients, experience, etc.) before investing. If we are a public entity, a country profile may be produced. It shall include the following information:
    - Basic data: demography, location, currency, etc.
    - Social data
    - Economic and political information
    - Business climate
    - Sector information: tourism
- Executive summary: a brief document that highlights all components of the investment project may be produced by the promoter (public or private). It should include:

Description of the investment opportunity

Location

Tourism profile and trends

Market analysis

Constraints and risks

Financial feasibility

Promoter key contact

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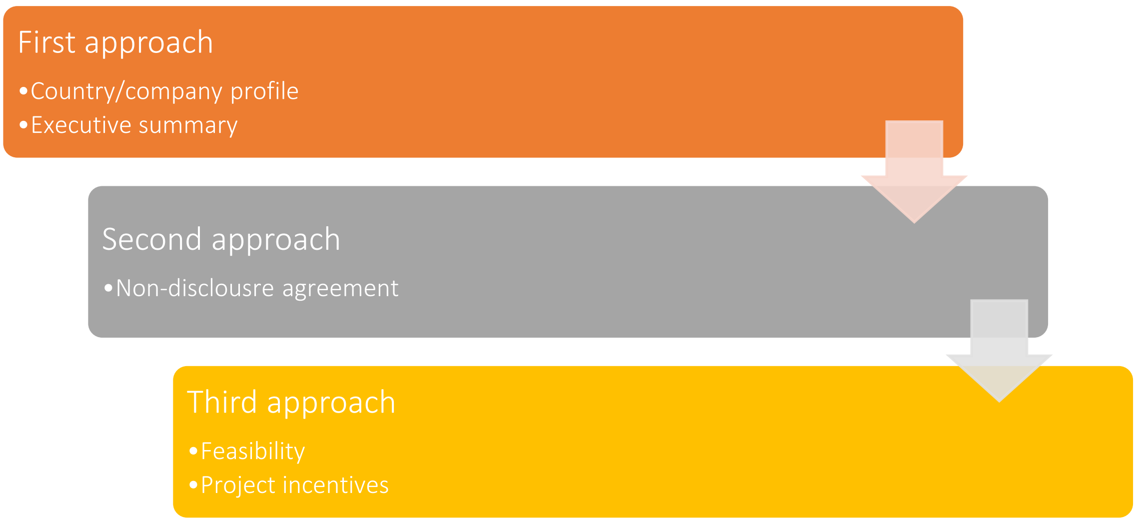
- **Non-disclosure agreement**: Both parties should sign a confidential agreement before exchanging any relevant document. The key elements of non-disclosure agreements:
    - Identification of the parties
    - Definition of what is deemed to be confidential
    - The scope of the confidentiality obligation by the receiving party
    - The exclusions from confidential treatment
    - The term of the agreement

- **Feasibility**: As stated in the previous section the investor needs to have the full feasibility of the project (technical, market and financial)

- **Project incentives**: In order to make the investment more appealing, the public administration may decide to grant incentives in terms of taxation, land property, etc. The private sector may state in writing what are the demands of incentives in order to make the project more feasible.

It should be noted that all the documents stated before shall be handed in different stages or approaches as the interest in implementing the project grows:



3. **Marketing and action plan to promote the project**

Almost all IPAs perform the typical IPA activities in order to attract foreign direct investment. These include pro-active marketing (focused on priority sectors), general marketing incl. promotion & acquisition via (own) events/workshops and via intermediates and the international network offices such as country embassies and trade offices around the world.

After having prepared the investment dossier, a marketing plan should be prepared as follows:

Investor targeting
- By country
- By sectorial experience
- By objectives

→

Action plan
- Timeline
- Communication & promotion

In order to target investors in the tourism development, they can be divided in two groups: public entities and private enterprises. Furthermore the investment can be of three types depending on the category of investors:

Public administration
- Multinational donors
- Bilateral cooperation
- National administration
- Regional administration
- Local administration

Private sector
- Corporations
- Private equity
- Venture capital

Public + Private Partnerships (PPP)

If we focus on targeting investors from the public administration point of view, the investor identification process can take a variety of forms and include several steps, depending upon the location, scale, scope, project financial requirements, investment environment, etc. When searching for investors, it is important to consider the following methods:

- Geographically: identification of international investors by country due to various factors such as:
    - The objective is to target tourists from any particular country
    - The foreign country has particular interest in your country
    - The diaspora of your country is willing to invest in the country
    - The foreign country has investors who are specialized in your tourism project

- Sectorial experience: identification of national or international investors that have invested in similar projects in your country or abroad.

- Objectives: investors that may have specific objectives such as:
    - Specific annual return of investment
    - Develop social benefits in a country

To identify the type of investor for the tourism project, a communication or promotion plan may include some of these actions in clear timeline:

Internal actions	
Investors database elaboration and emailing	The public administration may have or should produce a database stating a list of investors classified by specific parameters to prepare an emailing campaign.
Coordination with the international network	The promoters should inform and encourage the international network of the country (embassies and trade offices mainly) to search potential investors and promote the project.
External promotion	
Website and specialized social media	The basic information of the project should be included in the IPA of the country and should be promoted in specific social media networks.
Networking	Attend or organize conferences, meetings, etc. to increase the investor database.
Trade missions	Another action that could be fruitful is the organization of direct or indirect trade missions, presentations and meetings with potential investors.
Tourism trade fairs	Tourism trade fairs play an important role in the industry, facilitating contacts in terms of sale of the destination and an excellent opportunity to meet potential investors.

Case study 6: INVESTOUR 2019: TOURISM INVESTMENT & BUSINESS FORUM FOR AFRICA

INVESTOUR is the Investment and Tourism Business Forum for Africa, organized annually during FITUR, one of the most important tourism fairs in the world. It promotes sustainable tourism in Africa, offering high level meetings that facilitate dialogue about new business and cooperation opportunities for African stakeholders and potential international investors and collaborators.

INVESTOUR is an initiative promoted by Casa Africa, The World Tourism Organization (UNWTO) and FITUR. Since the first edition in 2009 it has brought together over 1,500 participants from 36 African countries and more than 900 projects have been presented. In 2019, INVESTOUR welcomed more than 250 participants, including 24 Ministers of Tourism and Heads of delegations. In addition, numerous Spanish companies have met with numerous African projects leaders.

The 10th edition of the Tourism Investment and Business Forum for Africa (INVESTOUR), organized jointly by the UNWTO, FITUR and Casa Africa took place on **24 January 2019** at the International Travel Trade Fair (FITUR).

The structure of this important event is organized in two sessions: One session is devoted to round tables and the other session consists of business-to-business (B2B) meetings. This constitutes a strategic platform that puts African tourism project leaders and potential international partners in direct contact with one another.
The projects will be focused on the following areas:

- Tourism project financing and investments
- The transfer of technology and know-how in the hotel business and tourism sector
- Ecotourism operations in national parks and protected areas.
- The promotion and representation of destinations in the international outbound market
- The creation and improvement of hotel establishments
- The promotion of cultural tourism
- Infrastructure and transport

More info: http://www.investour-africa.com/en/home/

Resource 4: INVESTOUR AFRICA 2019 - PROJECT DETAILS	
1. COMPANY INFORMATION	
Form of ownership	
Name of the Applicant Entity	
Public Company, Institution, Official Body	
Public-Private Partnership	Year of incorporation/ start-up
Listed in a stock market (Yes/No)	
Private Company	Joint venture with INTERNATIONAL partner (Yes/No)
Joint venture with NATIONAL partner (Yes/No)	
Single/family ownership (Yes/No)	
2. PROJECT INFORMATION	
Name of the project	
Summary of the project (max. 350 words)	
Duration of project and projected date of completion	
Estimated investment needed (in €)	
Geographic Scope (Local/ Regional/ National/ Other)	
Is your project endorsed by the High Authorities in your country? (If yes please specify)	
Do you already have an implementation strategy? If yes, specify: Short-term (1-3 years)/ Mid-term (3-5 years)/ Long-term (+5 years)	
Which indicators do you think will be the main representative of the success of your project? (Several answers possible. Other please specify)	
Number of jobs created	
Number of visitors	
Turnover	
Number of stakeholders	
National/international visibility	
Local community's involvement and development	
Feedback of consumers, stakeholders and overall satisfaction measurement	
Contribution to environment protection	
Others (please specify)	
Contribution to one or some of the 5 key objectives of Sustainable Tourism for Development of the United Nations (Reference: United Nations - International year of Sustainable Tourism for development)	
Inclusive and sustainable economic growth	
Social inclusiveness, employment and poverty reduction	
Mutual understanding, peace and security	
Cultural value, diversity and Heritage	
Resource efficiency, environmental production and climate change	
DESCRIPTION OF THE PROJECT	
Focus area. Specify to which tourism field your project belongs to.	
Strategic context (Max. 100 words). Present the information you think is relevant about the country context and sectorial / institutional framework of your project.	
Project objectives (Max. 200 words). Please apply SMART (Specific, Measurable, Attainable, Realistic, Time bound) criteria when defining the objectives.	
Experience/current activities (Max. 200 words). Present reference projects and/or recent major activities in the applied thematic area. Precise if your proposal is part of an ongoing project, or if it is a completely new project for your organization.	
Beneficiaries/Target group (Max 200 words). Describe the target groups and final beneficiaries.	

Relevance (Max 300 words). Clearly demonstrate how the project addresses the needs of the targeted groups, contributes to the development of sustainable tourism in your country/region. Present the added value of your project (compared to previous or existing similar initiatives), and specify if it is linked to innovation and/or new technologies.
Stakeholders / Partners (Max 150 words) List existing actors (e.g.: institutions, agencies, private sector, communities) already involved in the project and targeted partners, and their roles in the project.
Existing resources (Max 100 words). Describe (with figures) the existing resources of your organization that are/will be allowed to your project, whether financial, human (team) or material resources.
Risk management (Max 100 words). Explain what would be the main risks linked to the project, and your strategy to manage/mitigate them.
Visibility (Max 150 words). Explain how you will ensure the visibility of your project, presenting briefly the communication and media actions you plan.
Sustainability (Max 150 words). Explain how sustainability of the project will be secured once the external funding is terminated; the actions undertaken which would allow the results of the project to continue.
Monitoring and Evaluation - Key Performance Indicators (Max 150 words). List and describe the method and tools you will use to monitor your project's progress and evaluate its results and success, with clear indicators.
Expectations about INVESTOUR's B2B meetings (Max 200 words). Describe the nature and purpose of the collaborations you would like to set up during the B2B meetings of INVESTOUR: type of entities you would like to meet and their responsibilities in the project, form of collaborations, objectives and expected results of the meetings, etc.

ACTION PLAN								
Please, use the Gantt chart below to present your project's summarized Action Plan								
Key activities Main steps of the implementation process of your project.	**Main outputs/ deliverables** Outputs of the project development activities.	**Development indicators** Indicators measuring project development intermediate results.	**Estimated schedule**					**Estimated budget (€)**
Key Activities Main steps in the implementation of your project.	**Main outputs/ deliverables** Outputs of the project development activities.	***Development indicators.*** *Indicators measuring project development intermediate results.*	Year 1	Year 2	Year 3	Year 4	Year 5	

6TH PHASE: Identify and Access Funding

At the end of this unit, readers should be able to:

1. Understand the types of financing available
2. Understand how to select the best type of financing
3. Identify ways/techniques for accessing project financing

1. **Approach**

After the 2007-2008 global financial crisis that affected the sovereign debt and lead to the hardening of the capital requirements for the financial and insurance sector, the availability of public and private capital for investments have strongly reduced according to the OECD. This drastic reduction of availability of capital have affected many sectors but particularly the tourism sector as investments in this sector often require important investments in infrastructures, but easy to value and the investments tend to be made in by more establish entities, that are considered traditional investments.

Hotels are a good example of traditional investments. Having invested heavily in Africa, AccorHotels now has a presence of 27 hotels with 4780 rooms in 11 countries (AccorHotels Group 2018). The endeavour was capital intensive, it was possible to make an estimated of the value based on the facilities, staff and other tangible assets and AccorHotels has a proven track record with an established brand. The success of the investment in the case of AccorHotels has led to the hotel group partnering with public and private entities to develop several funds, including a 1 billion USD hospitality-focused investment fund in Sub-Saharan African countries and a community conservation fund called The Community Conservation Fund Africa. These investments not only benefit the tourism sector, it boosts the economy overall and provides job opportunities.

But in Africa as in other regions, the key players are entrepreneurs, venture capitalists and investment banks. Entrepreneurs need financing to develop their businesses, however they are generally too small to access public equity, so they first get money through family, friends, competitions and other smaller investment sources. This is where venture capitalists come into play. Venture capitalists are willing to invest in the idea of the entrepreneurs, from thousands to millions, with the aim of growing the small business into one big enough to exit, which means to sell the business to a corporation or to a public equity institution or investment bank (Harvard Business Review, 1998).

Africa's entrepreneurial landscape is proving to be quite interesting, with burgeoning ecosystems in all four corners of the region with a clear focus on technology. According to a study published by GSMA in 2018, the top tech cities in Africa have between 16 and 31 active tech hubs with the fastest growing local ecosystems growing at a rate of 200 percent

These are astounding numbers that demonstrate the entrepreneurial spirit that exists in Africa. While there is a strong drive from the entrepreneurs, there seems to be an investment gap caused by uncertainty from venture capital investors and angel investors because the ecosystems are quite new. So how can an investment culture be created and how can Africa attract investors?

Non-traditional investors recognize the opportunity in investing in innovation and entrepreneurship and recognize the difficulty in valuing a new business with new business models. Therefore, a general environment of stability is necessary to mediate uncertainty and boost investment in entrepreneurial endeavours. Governments and policy makers thus play a vital role in shaping the future of the innovation and entrepreneurship ecosystem for a generally more favourable business environment and entrepreneurship regime.

A favourable business environment is one that has strong infrastructure and institutions, an established legal system, stable politics, socially and environmentally conscious processes and is nowadays technologically advanced, which not only empowers existing stakeholders, but also attracts new stakeholders that will grow the economy and raise the level of competitiveness locally, regionally and globally.

There are, however, a large funding potential for projects in the tourism sector (traditional, i.e. banks and untraditional, i.e. other institutional investors) available for investments, especially for the medium and long-term. The options run from public financing or single investor who provide all required financing as equity, to thousands of investors and lenders each providing a small share of required capital through donations, interest-free loans, micro-investments, etc. and could be categorized by the source origin that mainly are public or private source:

Figure 13. Financing source

Public source		
Source	Description	Availability for tourism development in Africa (among others)
International financing institutions	International financial institutions finance the implementation of tourism projects with the aim of contributing to economic development in less developed countries, and in this way, achieving their goals of reducing poverty and improving the quality of life of their population.	• World Bank • IFC • AUDA-NEPAD • MIGA • ISDB • AFDB • EIB • BOAD • EUROPEAID
Bilateral Cooperation	Cooperation activities supported directly by one developed country in a developing country such as the case of the Portuguese aid to East Timor. The bilateral cooperation is connected to foreign policy of a country that uses cooperation to perpetuate its external influence in the recipient country.	• Germany-KFW • France- AFD • United States - MCC • Morocco • China • Korea
National Tourism plans	At the national level, most African countries have a national plan which outlines a strategy for the future and defines planned measures of the tourism sector. Several countries in Africa have specific investment funds for strategic projects with national budget or issuing bonds in the capital markets. The Travel & Tourism report of the World Economic Forum ranks the	• FONSIS Senegal • Ghana National Tourism Plan • Sublime Côte d'Ivoire 2017-2025

	prioritization of the tourism sector of each country.	
Sovereign Funds	Sovereign funds are state-owned investment funds that invest in real and financial assets such as stocks, bonds, real estate, precious metals, or in alternative investments such as private equity fund or hedge funds. Sovereign wealth funds can be characterized as maximizing long-term return, with foreign exchange reserves serving short-term "currency stabilization", and liquidity management. There are 24 principles to promote good governance, accountability, transparency and prudent investment practices whilst encouraging a more open dialogue and deeper understanding of SWF activities. The sovereign funds top 5 investment sectors in 2018 were Consumer (22 percent), e-commerce (16,4 percent), Chemicals (14,2 percent), Real Estate (8,4 percent) & Energy (7,8).	• The Fundo Soberano de Angola (FSDEA) has earmarked the tourism space as a particularly potent area, allocating 500 million dollars of equity capital to a Hotel Fund for Africa. LINK • RCIF (Russia-China Investment Fund) has participated in projects covering a range of industries including metals, infrastructure, tourism and agriculture. LINK

Private source		
Source	**Description**	**Examples in Africa (among others)**
Private corporations	Profit organizations, where funds come from non-governmental sources. The corporations purchase a capital asset that is expected to produce income, appreciate in value, or both generate income and appreciate in value. A **capital asset** is simply property that is not easily sold and is generally purchased to help an investor to generate a profit. Examples of capital assets include land, buildings, machinery, and equipment.	• ACCOR • MARRIOT • RIU • MELIÁ

Private equity	Private equity is capital that is not noted on a public exchange. Private equity is composed of funds and investors that directly invest in private companies, or that engage in buyouts of public companies (venture capital)	• UBUNTU • CAURIS MANAGEMENT
Bank financing	Financial institutions and banks provide capital to businesses or public institutions, in order to implement a tourism project, through credit or loans. The key question that we need to answer : What type of business financing are you interested in obtaining at this time? (loan, lease, mortgage..)	• African Export Import Bank • Attijariwafa Bank • Société Ivoirienne de Banque
Business angels	A business angel is an independent individual who provides capital for the development of a business. This private investor not only provides money, but also generally is interested in becoming involved in the project by acting as a guide or mentor. They invest their time as well as provide connections to their larger network in order to help guide the entrepreneur in the new business venture.	▪ African Business Angel Network (ABAN) ▪ European Business Angel Network ▪ Funding Savvy
Crowdfunding	Practice of funding a project or venture by raising money from a large number of people who each contribute a relatively small amount, typically via the Internet.	• Top 20 crowdfunding platforms

2. Public-Private partnership projects

Tourism will often require the involvement of governments as they have control over essential resources such as public lands (i.e., beaches, mountains, national parks, and lakes) and also the responsibility for activities such as regional economic development, planning, security of borders, and social and environmental protection. However, the government also needs the connection with the private sector due to their experience in the sector, capital availability, skills, management capacity, etc.

The Public-Private Partnership (PPP) model in tourism tries to align the synergies between the public and private sector to improve the attractiveness of a regional destination, its productivity, associated market efficiency, and the overall management of tourism. The reasons and goals for PPP model can be resumed as follows:

Reasons for PPP model

- budget funds for implementation of all projects and provision of the funds needed.
- Lack of infrastructural facilities.
- Higher environmental standards
- Higher population and consumer expectations.
- Know-how transfer from private to public sector.

Goals pursued with the PPP model

- Efficiency and increased service quality, traditionally ensured by the state.
- Investment enlargement into infrastructure.
- Efficiency transfer from public to private sector.
- Share of risk and efficiency between pubic and private sector.

There are different types of PPPs, these are the ones most frequently used in the tourism sector:

Operation & Maintenance Contract

- In this model the private partner uses the public owned asset for a specific period of time. After the time stipulated the asset should be handed over back to the government.

Design-Build

- In this model the private partner builds and designs infrastructure facilities to government. In this time the private partner assumes all risks. The model is a fixed price by the government

Build-Own-Operate

- In this model the private partner builds, finances the infrastructural facilities to the government. The public-sector partner's constraints are stated in the original agreement and through on-going regulatory authority

Buy-Build-Operate

- This model is a publicly-owned asset, legally transferred to a private-sector partner for a designated period of time

Operation License

- In this model the private-sector partner is granted a license or other expression of legal permission to operate a public service, usually for a specified period of term.

Design-Build-Finance-Operate

- In this model the private-sector partner designs, finances and constructs a new infrastructure component and operates and maintains it under a long-term lease. The private-sector partner transfers the infrastructure component to the public-sector partner when the lease is up.

Before a public entity enters into a joint venture it will need to check that it is empowered to do so under law. PPP arrangements or agreements are categorized into two types: a PPP of a purely contractual nature and a PPP of an institutional nature.

In a PPP of a purely contractual nature, the partnership between the public and the private sector is based solely on contractual links, whereas in a PPP of an institutional nature there is cooperation between the public and the private sectors within a distinct entity.

Both arrangements involve delegated management of the traditional public-sector activities to the private sector. In the first type of PPP, the rights and obligations are regulated by an administrative contract or series of contracts. In the second, they are guaranteed by the company's statutes and by the shareholder agreement between public and private parties by a joint-venture agreement. There should be a contractual regulation in both situations.

Case study 7: World Bank PUBLIC-PRIVATE-PARTNERSHIP IN INFRASTRUCTURE RESOURCE CENTER

The Public-Private Partnership in Infrastructure Resource Center for Contracts, Laws and Regulations (PPPIRC) provides easy access to an array of sample legal materials which can assist in the planning, design and legal structuring of any infrastructure project — especially a project which involves a public-private partnership (PPP). It is organized in two broad categories: (i) guidance on structuring a PPP project and its enabling environment and (ii) sector specific information.

Concessions, Build-Operate-Transfer (BOT) Projects, and Design-Build-Operate (DBO) Projects are types of public-private partnerships that are output focused. BOT and DBO projects typically involve significant design and construction as well as long term operations, for new build (greenfield) or projects involving significant refurbishment and extension (brownfield). See below for definitions of each type of agreement, as well as key features and examples of each. This page also includes links to checklists, toolkits, and sector-specific PPP information.

Joint ventures between the public and private sectors in PPP arise when:

- A contracting authority may require to have an equity stake ("shares") in the project company/ operator. This approach has advantages and disadvantages and this section highlights some of these.

- When an existing public utility or SOE sells a stake in the utility to a private company. In the water sector in civil law countries, a model for public-private infrastructure projects that has been used extensively is "empresas mixtas" (joint venture enterprises). This section also provides examples of empresas mixtas and includes sample legislative frameworks for such entities.

More information: http://ppp.worldbank.org/public-private-partnership/

<u>Interview 5: Nicolás Villalobos, CEO of BE CORDIAL HOTELS & RESORTS GROUP</u>

Introduction: BE CORDIAL HOTELS & RESORTS GROUP decided to enter in Gambia but with management formula instead of acquiring the hotel. In this interview the CEO answers why they decided this model.

Q: Reports in 2016 mentioned that the Be Cordial Group would manage the Hotel Fajara in Gambia, could you tell us why the group chose Africa and more specifically Gambia as the group's first international market?

A: BeCordial opted for West Africa for the following reasons:

• Its geographical proximity to the Canary Islands, where all our establishments are currently located. To this proximity must be added the good aerial connectivity for the bet made by BINTER airlines

• Corporate Social Responsibility: Be Cordial wishes to help the African continent development

Within West Africa we chose Gambia for the following reasons:

- Tourist attractions that have consolidated it for decades as a destination for the same issuing markets that visit the Canary Islands such as: beautiful beaches, wonderful weather in winter, friendly population, low crime rates, English-speaking country that facilitates the interaction of European tourists who generally dominate English (not French or Portuguese) with the local population

- Small country, easy to know
- Country oriented to facilitate the entry of foreign capital and with low public intervention in the development of the economy.

Q: Could you tell us why you chose the management formula instead of acquiring the hotel?

A: Being our first venture out of the Canaries, in order to be prudent, we have preferred to minimize the risk of this step by not compromising large investments. Our business model consists on working with agents and at the same know the destination in terms of its legal system, its singularities, its potential. Once we know better the business environment and if we confirm our good feelings, we will consider investments.

Q: What is the target audience for this hotel in Gambia?

A: The main markets for the Gambia are the United Kingdom (former metropolis), the Netherlands and the Nordic countries. It is a business very controlled by the traditional tour operators (mainly TUI and Thomas Cook) since the air connectivity depends on the charter operations.

Due to Gambia presents a country where, unfortunately, malaria has not yet been eradicated, it is not a destination for family members but for adult couples and individual travellers.

Q: Is the group planning to explore new markets in Africa?

A: Yes, in the medium term, once the Gambian project is consolidated, we also consider operating in Cape Verde, Senegal and Morocco

About Be Cordial Group

Be Cordial Group was founded in 2004 in the Canary Islands and it has consolidated its activity by managing hotels, bungalows and apartments in the island of Gran Canaria and since 2016 a hotel in Gambia. The effort and daily dedication of their team and their program of constant improvements in the facilities of the establishments have been rewarded in numerous occasions with multiple international awards and certificates of quality. More info: www.becordial.com

3. Innovation ecosystem in the tourism sector in Africa

An innovation and entrepreneurship ecosystem is a system that unifies and thrives with the participation of all key stakeholders, namely governments and public agencies, corporations, academia, investors, startups and micro, small and medium enterprises (MSMEs), and supporting business partners, which include incubators and accelerators. Notable is that in order to thrive, this ecosystem needs public and private sector actors to interact and actively collaborate:

- Governments & Public Entities: develop policies that foster innovation, trade and the adoption of technologies, and generally promote innovation and provide security to other stakeholders
- Academia: creates frameworks and models on sustainable innovation in tourism, smart destinations and contributes knowledge to other stakeholders
- Corporations: develop new technologies, raise awareness internally about innovation, and implement an organizational structure and vision for technology that fosters open innovation
- Start-ups & MSMEs (micro, small and medium enterprises): develop and implement disruptive technologies, satisfy and reflect the needs and demands of consumers, create innovative solutions that support the SDGs
- Investors: invest in sustainable projects related to tourism and technology, support the growth and internationalization of Corporations, Destinations and MSMEs and Startups
- Supporting Business Partners: support Startups and MSMEs

Africa has approximately 200 million people between the ages of 15 and 24. By 2040, the continent is expected to be home to the world's largest labor force, with an estimated working age population of 1 billion (The Africa-America Institute 2015). With much of this younger generation equipped with knowledge of technology and a more innovative mindset, it is a strong possibility that these advances come to influence other sectors of the African economy, such as tourism. If trends such as mobile marketing and mobile money transfers continue to gain ground, then this would open up many possibilities for facilitated travel (ease of payment through mobile apps—no need for currency exchange; applications meant to connect travelers to tour guides, hosts, etc.).

Given the rapid growth in Africa's innovation and entrepreneurship landscape, several innovation challenges, hackathons and summits have emerged that aim to connect the regional ecosystems. One such events is the Africa Early Stage Investor Summit, organized by Venture Capital for Africa (VC4A) and African Business Angel Network (ABAN), that counts on the participation of over 300 non-traditional investors such as Singularity Investments, Accion, Knife Capital, Ventures Platform, TLCom Capital, Blue Haven, 4Di Capital, Lagos Angel Network, SABAN, AngelHub Ventures, Teranga Capital, Outlierz, Algebra Ventures, Grey Elephant Ventures, Ringier, GSMA and Orange Digital Ventures (Venture Capital for Africa 2018).

Studies have been conducted in the United States to identify correlations between a strong Venture Capital culture and several variables. These variables include size and population of a city, share of adults with higher education, a high-skilled workforce, and presence of tech giants (City Lab 2018). Applying these results to the context of Africa, we see that the cities with the largest population coincide with the cities with the highest number of active tech hubs, with the exception of Cape Town (World Atlas 2017). This exception could be attributed to the fact that South Africa accounts for 7 out of 10 of the top universities in Africa (Top Universities 2018). These cities are also well positioned because tech giants such as Google, IBM, Microsoft, Facebook, Cisco, SAP and Intel are funding learning and acceleration programs, building

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datacenters and developing innovation centers and hubs (Disrupt Africa 2016). Notable is also the prominence of partnerships, whether public or private, among the tech hubs in Africa (GSMA 2018).

There is a great opportunity for non-traditional investments and to engage startups and non-traditional investors, such as Venture Capitalists and Angel Investors. Specifically, there is a growing opportunity to do so in the tourism sector that could also be used as a tool for promoting education and high-skilled jobs, social inclusion, tourism development and community building and youth and women empowerment.

7TH PHASE: Monitoring and evaluating sustainable tourism projects

At the end of this unit, readers should be able to:

1. Understand the importance of measuring and evaluating strategies
2. Understand how to measure investment impact

1. The importance of monitoring and evaluating tourism projects

Monitoring is the continuous, systematic collection of data on specified indicators to provide indications of progress toward the achievement of desired outcomes, objectives, intermediate and long-term results.

Evaluation is the systematic and objective assessment of an investment design, implementation and results.

Monitoring and evaluation (M&E) help those involved with any type of projects to assess if progress desired is being achieved.

2. Parameters in monitoring and evaluation

The definition for performance indicators commonly used internationally, states that performance indicators are measures of inputs, processes, outputs, outcomes, and impacts for development projects, programs, or strategies. A deep performance indicator evaluation with onsite data collection (surveys, interviews, etc.) accompanied with analysis and a report will help the decision-makers to follow the progress of any project, implement corrective measures to improve the performance of the project or simply use it to show results to the stakeholders of the project. Therefore, it is crucial to define the right indicators in order to evaluate accurately the global performance.

The first step is to decide which indicators will measure the success of the investment: outputs, outcomes and goals. There can be more than one indicator for each level, although the total number of indicators should be manageable. Each indicator should be:

- Directly related to the output, outcome or goal listed on the problem tree or logical frame.
- Something that can be measured accurately using qualitative or quantitative methods, and with the available resources.
- If possible, a standard indicator that is commonly used for this type of program. Using standard indicators can be better because they are already well defined, there are tools available to measure them, and you will be able to compare your results to other programs or national statistics.
- Something that will be useful for decision making to improve the program. There is no point measuring an indicator if the results won't make any difference to your decisions.

Investments in the tourism sector are normally measured by different indicators related mainly to three basic pillars:

- Social Impact: Measures and values the consequences of the investment on society such as health, education and community cohesion.

- Environmental Impact: Puts a value on the impact a business has on natural capital, e.g. Gas emissions to air, land and water, and the use of natural resources.

- Economic Impact: Measures the effect of business activity on the economy in a given area, by measuring changes in economic growth (output or value added) and associated changes in employment and in taxes.

Figure 14. Different types of impacts and possible measure indicators

Type of impact	Possible indicators to measure
Socio-cultural impacts	Access to new public basic services (health, education, sanitation) Cultural heritage preservation Improvement of the quality of life Improvement of security and life Participation of the local community in the project
Environmental impacts	Natural habitat situation Waste management impact Transport impact Legislation compliance Consumption of energy Usage of renewable energy GHG emissions, carbon off-set/credits, revenues from carbon credits Energy and water consumption and efficiency use of hazardous materials Usage of renewable energies
Economic impacts	Investment process status (percentage of investment completed) Direct and indirect employment generated Revenues generated Taxes generated Increase of visitors generated Development of local resources Technology transfer (measured by the job skill levels and capital intensity) New business generated for suppliers Efficiency

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Resource 5: Evaluation and monitoring template

Goals & Objectives	Success Indicator	Targets per Indicator	Data Source to Assess Performance	Collection Methods	Frequency	Responsibility

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CONCLUSIONS

Any project needs to be well-structured with clear information in order to reduce risks and show certainty in order to engage the required funding for the project. Projects that are well structured and follow all the phases described in this publication may help the private and public sector to foster a sustainable tourism development with multiple benefits.

This manual is designed as a guideline for any entrepreneur that needs to define any idea into a project definition. Once the project is defined the entrepreneur will find in this guide how to study the global or specific economic situation, the sector status, the market segment and what it should be included in the technical and financial feasibility studies. Those steps will determinate if the idea is feasible, the need of capital and resources with the intention to minimize risks in a global environment that is in constant change.

The access to financial resources has always been a challenge for the private sector and after the financial crisis in 2007 was further accentuated, therefore the report follows a logical sequence describing the steps to follow to attract external capital and different ways of involving the public sector for the implementation of the project.

The manual may also be useful for the public sector in many aspects. First, the manual may help the public sector to diagnose the tourism sector that may lead to implement actions to be considered as a potential destination to develop business. Second, the diagnose will provide to the public sector information about the competitive advantages among other tourist destinations that may compete in the same market segment.

By gathering all the information will allow any government to plan, design and implement strategies in terms of promotion and attraction of projects, capital and resource as public sector also has limited access to capital and needs the private sector to develop a sustainable tourism sector.

The manual ends highlighting the importance for both private and public sector to monitor and evaluate periodically every project by defining the right economic, social and environment parameters in order to implement measures if required.

Statistics in the tourism sector show strong momentum in Africa and the projections are of clear growth in terms of tourist arrivals and receipts that should help the continent to diversify the economies as much of African countries depend on commodities.

The population in Africa counts 1.4 billion people, and half of that figure is under 25 years old which, according to the United Nations will be double these figures by 2050 and will enter the workforce. The tourism sector could be a driver for job creation in the continent as it is extremely labour intensive and could benefit the short, medium and long term and reduce poverty.

From a gender a perspective, tourism employs more women than any other sector and has almost twice as many female employers than other sectors according to WTTC. In Africa 50 percent of the population of Africa are women and is the region with the greater gender gap according to the World Economic Forum report on gender, subsequently tourism could also help to reduce the gender gap in Africa.

The reduction of poverty and the gender gap are goals pursued in the Agenda 2030 of the United Nations and in the 2063 Agenda of the African Union.

The good practises for the design and implementation of sustainable tourism investments projects in Africa publication brings knowledge, tools and examples to contribute positively to the Sustainable Development Tourism in the continent.

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