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EXECUTIVE SUMMARY

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Tourism in the EAIO

In concise...

Despite the fact that the EAIO accounted for 17.8 % of tourist arrivals in sub-Saharan Africa between 2010 and 2019, the number of tourists in the region reached 9.9 M in 2019, up 55.2% since 2010. Over the same period, three quarters of foreign tourists headed to 5 countries (in percentage of arrivals): Kenya (18.4%), Rwanda (14.4%), Uganda (13.9%), Tanzania (13.5%) and Mauritius (12.5%). Prior to the health crisis, the countries with the highest growth in arrivals were Comoros (+194.8% in 10 years), Rwanda (+145.0%) and Seychelles (+124.1%). However, severe effects of the health crisis on tourism have been felt across the region, with the loss of 2.2 million jobs between 2019 and 2020, and a decline in the contribution to GDP of 53.7% on average. A select number of countries in the region stand out when it comes to domestic tourism, Kenya (68% of spending in 2019) and Tanzania (31%).

In detail ...

International arrivals: Positioning of the region in Africa.

The EAIO constitutes the 4th largest African destination over the 2010-2019 period (11.7% of international arrivals), right behind South Africa (19.0%), Morocco (14.9%) and Egypt (14.1%). At the country level, Kenya (8th), Rwanda (11th), Uganda (12th), Tanzania (14th) and Mauritius (15th) are among the top 15 tourist destinations on the continent. However, tourism is still affected by factors such as insecurity and poor infrastructure which plague the region.

Significant business tourism in the region

Business tourism accounted for 82% of tourism-related spending in Tanzania (2019), 59% in Burundi, and 49% in Rwanda, compared to only 13% in Uganda and 21% in Comoros. In terms of volume, the

following countries took the lead, Kenya (USD 2.2 billion), Ethiopia (USD 1.6 billion) and Tanzania (USD 1.4 billion) in the same year. Domestic tourism represents a significant share of revenue in some countries, in Burundi for example, it accounts for 96% of tourism spending, Kenya (68%), and Sudan (42%) in 2019. In terms of spending, Kenya (USD 3.9 billion), Ethiopia (USD 1.5 billion), and Tanzania (USD 1.2 billion) dominate the regional ranking.

The health crisis had a significant impact on the tourism sector

The tourism sector has been particularly affected by the health crisis, due to lockdown and travel restrictions imposed to curb the epidemic. As a result, **the contribution of the tourism sector to the GDP of all countries in the zone has fallen**, decreasing by half in most countries. Madagascar is the most affected country in the zone, with the share of tourism in its GDP dropping from 12.7% in 2019 (around USD 1.7 billion) to 4.4% (USD 590.3 billion) in 2020, a decrease of more than 7 percentage points. In contrast, Ethiopia experienced a relatively smaller decline from 6.8 to 4.3 percent of GDP (from USD 6.0 billion to USD 3.9 billion).

The impact of the health crisis on the labor market of EAIO countries was also significant, resulting in a drop in the rate of employment from 25 to 35 percent between 2019 and 2020. **The tourism sector's share of total employment fell** from 4.6% to 3.0% in Burundi, from 9.9% to 6.9% in Madagascar, from 6.2% to 4.5% in Tanzania and from 7.1% to 5.3% in Ethiopia.

Several countries have implemented strategies to promote recovery of tourism

The strategies can be viewed in 3 dimensions:-

- **Strengthening land and air infrastructure to access new markets.** Kenya, where the JKIA airport will be renovated, is targeting new markets such as France, Sweden and Poland, while Kenya Airways, despite its precarious financial situation, has announced the introduction of daily flights to India. In Rwanda, the new Kigali airport is to be built at Bugesera, and from 2025 onwards will increase the airport's capacity to 10 million passengers per year. In Tanzania, the strengthening of onshore infrastructure will open up the country even more, while USD 247 million has been allocated to Air Tanzania for the 2022/2023 fiscal year. Mauritius is also planning to increase the number of seats offered for sale through its airline Air Mauritius.
- **Diversifying the tourism offer and focusing on high-end tourism.** Madagascar plans to develop high-end tourism and beach tourism, while the Mauritian government plans to upgrade services in order to encourage an increase in tourist spending. In Rwanda, a strategy aimed at the Gulf States and the United States also aims to maintain and strengthen the high-end positioning that has been in place for several years.
- **Encouraging domestic tourism.** In Kenya, tourism recovery could be achieved by strengthening business tourism through the upgrading of its infrastructure for international conferences for instance. The Ugandan government is also seeking ways to promote domestic tourism.

Positioning of French companies: Mainly in the accommodation, transport & heritage protection sectors

French companies are positioned in several countries, despite a sector dominated by national, regional (especially South African), and Anglo-american (United Kingdom, United States) players. French groups are notably present in the **accommodation sector**, via the Accor group (Djibouti, Madagascar, Kenya, Seychelles, Mauritius, Rwanda, Tanzania...), Radisson (Madagascar), Club Med (Mauritius), Vatel (Mauritius, Rwanda), **air transport** (Air France serves several destinations in the AEIOI via direct flights),

or **safari transport** (e.motion in Tanzania). France is also involved in the safeguarding and **preservation of the cultural heritage** of several countries (Ethiopia, Tanzania...).

Factors that could affect tourism in the short and medium term

First and foremost, the conflict in Ukraine: with the rising fuel prices on the one hand, the cost of transport could increase therefore reducing travel. Also, the phenomenon could lead to a reduction in the number of tourists visiting the region from Russia and Ukraine. Russian tourists accounted for 17% of international tourists to the Seychelles in 2021, and 1% of total Mauritian tourists in 2019, who were concentrated in the lucrative yachting and long-stay sectors. The effects of the conflict are already visible in Zanzibar, where nearly 1,000 Ukrainians are stranded due to the closure of the airspace to civilian flights. **Climate change and its effects** are another challenge for the tourism sector in EAIO countries. Rising temperatures, rising sea levels, the effects of extreme weather conditions on coastal regions and the loss of biodiversity will have a negative impact on tourism. The development of sustainable tourism or eco-tourism shows that these issues are taken into account, from a sectoral stand point at least.

In sum...

Over the last decade, the EAIO has attracted a significant wave of tourists. Business tourism is significant in the region while domestic tourism is still growing. The Covid crisis had significant negative effects on the sector, in response to which several countries in the region implemented policies designed to alleviate these effects. However, tourism in the region still faces the menace of the Ukraine war and climate change. Despite domination of the sector by other actors, French players are present in key sectors such as transport and hospitality.

Figure 1: evolution of foreign tourists arrivals in EAIO compared to the rest of Africa (2000-2019)
– World Bank

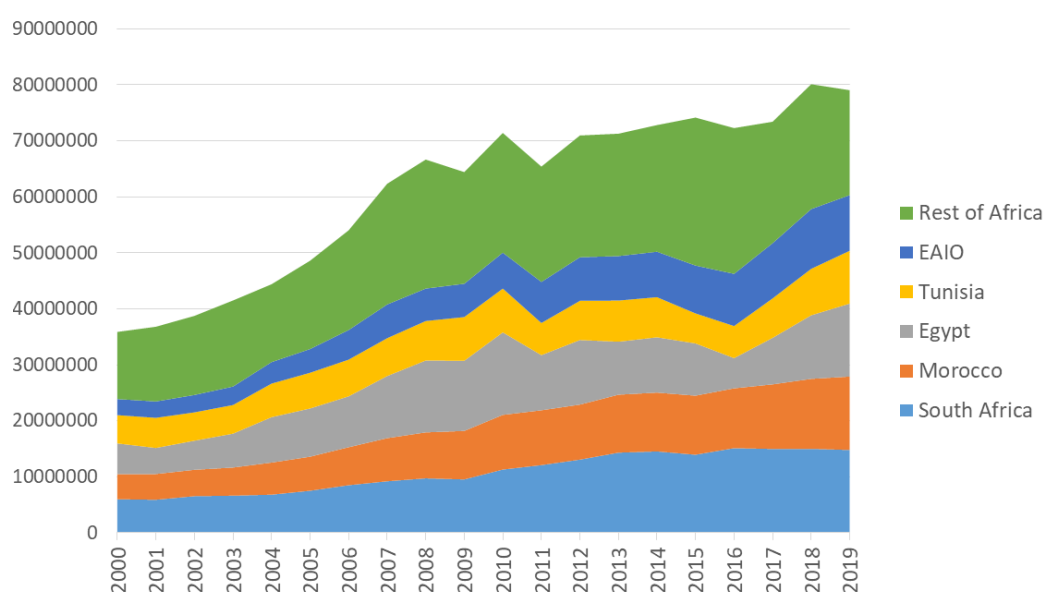
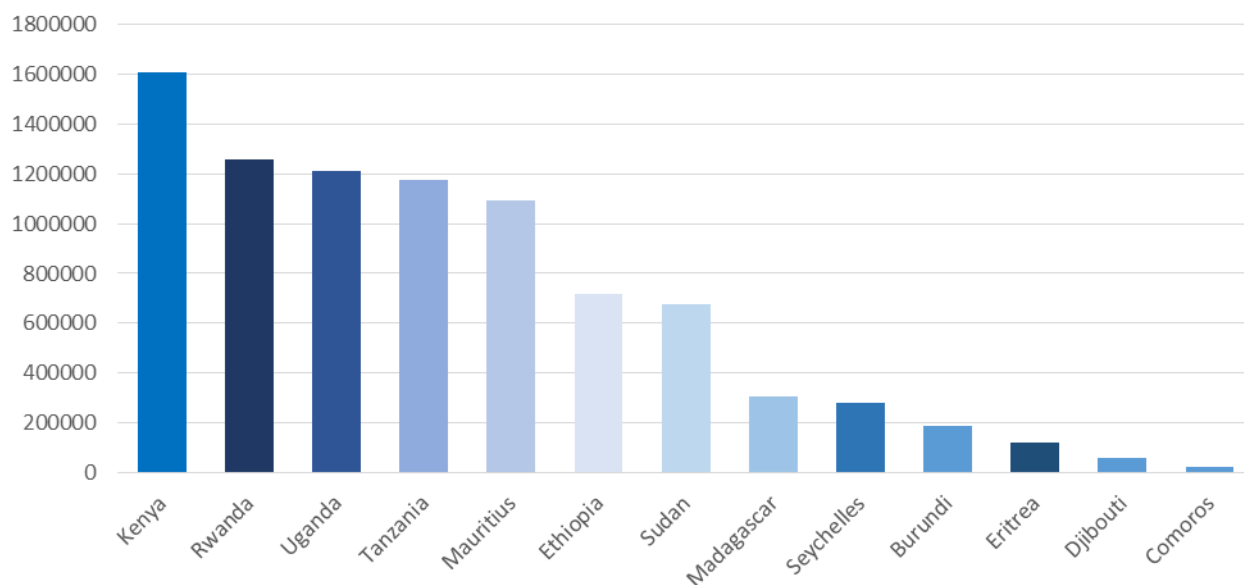
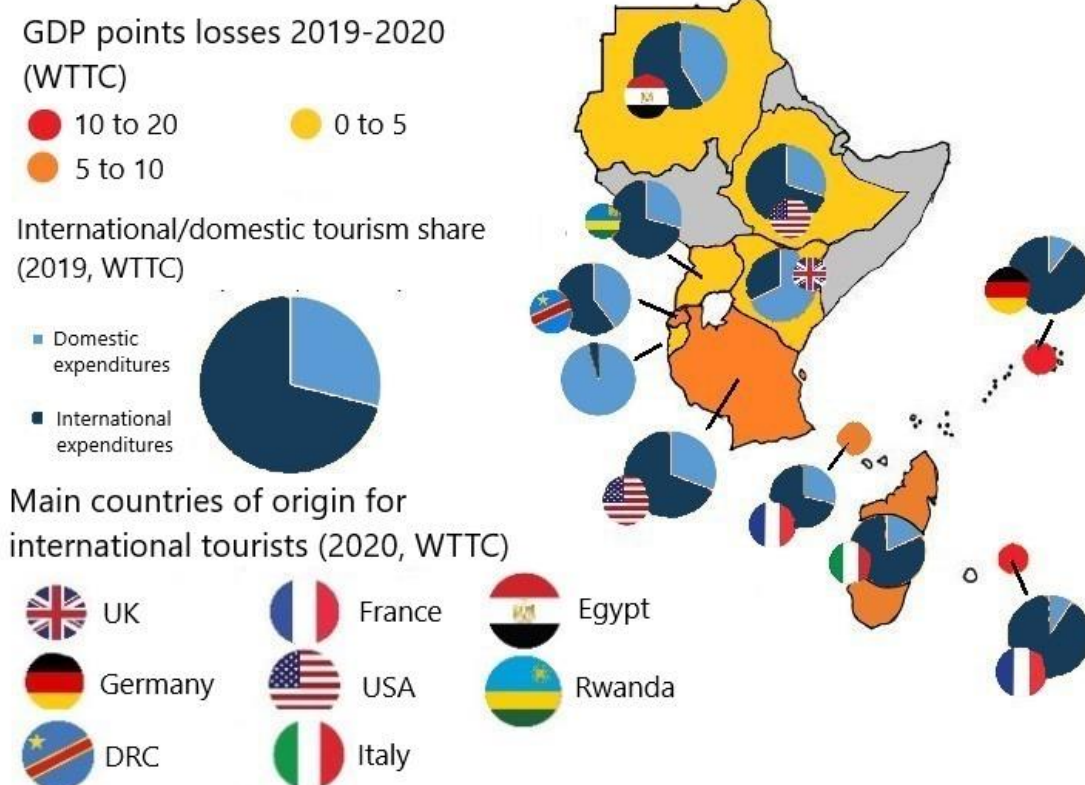


Figure 2: international tourists' main destinations in EAIO (number of tourists, 2010-2020 average)
– World Bank



Map 1: touristic arrivals in EAIO



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