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TOURISM
COUNCIL

BOTSWANA

THE IMPACT OF TRAVEL & TOURISM
ON JOBS AND THE ECONOMY



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WORLD TRAVEL & TOURISM COUNCIL

THE WORLD TRAVEL & TOURISM COUNCIL (WTTC) IS THE BUSINESS LEADERS' FORUM FOR TRAVEL & TOURISM, REPRESENTING THE CHIEF EXECUTIVES OF THE WORLD'S FOREMOST 100 TRAVEL & TOURISM COMPANIES. WTTC WORKS WITH GOVERNMENTS TO RAISE AWARENESS OF THE IMPORTANCE OF THE LARGEST GENERATOR OF WEALTH AND EMPLOYMENT WORLDWIDE.

WTTC is delighted to present the findings of the first simulated Tourism Satellite Account (TSA) for Botswana and thanks the Botswana Tourism Board for all its collaborative efforts and support.

This report comprises four parts: a simulated Tourism Satellite Account; an Overview of current trends and developments affecting Travel & Tourism Demand for Botswana; a recommended Policy Framework for the responsible and sustainable development of the industry; and an Executive Summary, highlighting the key findings of the research by WTTC and its partner Oxford Economics.

The simulated TSA quantifies all aspects of Travel & Tourism Demand, from personal consumption to business purchases, capital investment, government spending and exports. It then translates this information into economic concepts of production, such as gross domestic product (GDP) and employment, which can be compared with other industries and the economy as a whole to provide credible statistical information that will assist in policy-making and business decisions.

According to the forecasts detailed in this report, Travel & Tourism already contributes over 10% of total employment and some 16% of non-mining GDP. In 2007, Travel & Tourism is set to grow by more than 7% and, over the next ten years, total Travel & Tourism Demand

is forecast to average 5% growth per annum, comfortably exceeding that for Sub-Saharan Africa overall and the global average.

As underlined in the Policy Framework set out in this report, Travel & Tourism growth cannot be taken for granted. International competition, evolving consumer and industry trends, as well as the protection of the country's natural and cultural resources, are critical to the sustainable development of the industry.

Travel & Tourism needs to be developed as a partnership between public and private sector decision-makers, delivering consistent results that match the needs of Botswana's national economy, government authorities and local communities with those of business. A shared pursuit of long-term growth and prosperity will enhance Botswana's unique standing as an unspoilt destination, meeting the ongoing challenge of social and economic development.

WTTC stands ready to support Botswana's efforts to adopt and implement the policies set out in this report



Jean-Claude Baumgarten
President, World Travel & Tourism Council



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EXECUTIVE SUMMARY

ALTHOUGH BOTSWANA'S TRAVEL & TOURISM HAS SHOWN GOOD GROWTH OVER THE PAST DECADE, AND THE COUNTRY IS ONE OF AFRICA'S MOST EXCITING TRAVEL DESTINATIONS, IT REMAINS RELATIVELY UNKNOWN, AND IS HEAVILY DEPENDENT ON INTRAREGIONAL TOURISTS. INDEED, AS FAR AS LONG-HAUL MARKETS ARE CONCERNED, IT IS PROBABLY AFRICA'S BEST-KEPT TOURISM SECRET. BOTSWANA HAS NOT TRADITIONALLY FEATURED IN MANY MAJOR TOUR OPERATORS' BROCHURES, INSTEAD CATERING TO SMALL, SELECT GROUPS OF HIGH-YIELD TRAVELLERS ON LUXURY WILDLIFE SAFARIS.

Yet these forecasts from WTTC – developed with its research partner, Oxford Economics – clearly show that, with the right policy framework, Botswana has the potential not only to expand rapidly, but also to significantly broaden its tourism product base, appealing to a much wider range of tourist tastes and budgets.

Financed primarily by the income of some of the world's largest diamond mines, the Botswana Government has set many examples in terms of how to run a country, and how to preserve its environment, culture and heritage. Its invaluable resources – which represent Botswana's main tourism attractions – are the envy of many other countries in Sub-Saharan Africa, as well as destinations even further afield. Moreover, as a result of focusing on high-yield, minimal impact tourism, a share of the income earned has been ploughed back into poorer communities.

Nevertheless, maintaining an exclusive image for Botswana's Travel & Tourism no longer makes sense. Existing diamond deposits are not infinite and economic diversification is critical to ensuring sustained growth – as the Botswana Government clearly recognizes. Travel & Tourism, which already accounts for over 10% of total employment and just under 16% of non-mining GDP, offers an obvious solution to the problem, as long as import leakages are minimized.

Government's recognition of Travel & Tourism's potential as a strategic economic development tool is evident from different decisions already taken to prioritize the industry's development and to factor

Travel & Tourism into mainstream policy- and decision-making. The creation of the Botswana Tourism Board (BTB) is an important example, which has raised expectations for progress across the industry.

But much more still needs to be done if Botswana is to achieve its full Travel & Tourism potential, not least to give BTB the resources it needs to drive the industry forward, acting as the coordinator between the public and private sectors. Government also needs to show leadership in ensuring the necessary infrastructure to attract private sector capital investment, as well as working with educators and the private sector to develop a trained and adequately qualified workforce. And, most importantly, sufficient funding needs to be assured for marketing and promotions in key potential growth markets.

Of just under 2 million international tourist arrivals in 2005, more than 88% were from other parts of Africa – mainly Southern Africa, with Zimbabwe and South Africa accounting for the dominant shares. Average length of stay was just 5.6 nights, with some 56% of arrivals involving short breaks of just one to three nights – reflecting the high share of visits to friends and relations (VFR travel). It is therefore not surprising that the growth in visitor spending has not

THE BASELINE FORECASTS – A REALITY CHECK

Despite some areas of concern, the baseline forecasts for Botswana's Travel & Tourism, developed by WTTC and Oxford Economics, are very positive.

In 2007, Botswana's Travel & Tourism is expected to grow by 7.3% and, over the next ten years, Travel & Tourism Demand is forecast to average 5.0% growth per annum. This would exceed expected worldwide growth of 4.4% per annum, as well as the 4.5% annual average forecast for Sub-Saharan Africa.

Botswana's Travel & Tourism Economy is projected to achieve annualized real growth of 5.8%, in terms of GDP, compared with 4.4% for Sub-Saharan Africa overall, taking the share of Travel & Tourism GDP in the country to 11.6% in 2017. This means that Botswana should outperform almost all its regional competitors.

The prognosis for employment is, however, less bullish. While employment in Botswana's wider Travel & Tourism Economy should rise by 10.6% in 2007 – ie including jobs not directly involved in the tourism industry, but which have an impact on, or are impacted by Travel & Tourism – the longer-term forecast is for only 3.0% growth per annum. This level of growth would appear to be too low to assure the number of jobs required to meet the needs of the industry, given WTTC/Oxford Economics' annual growth forecasts for total Travel & Tourism Demand and Visitor Exports.

After recording a five-fold increase over the past decade, Botswana's Visitor Exports (international tourism receipts, including spending on transport) are forecast to increase by 5.7% a year over the next ten years – comfortably above the expectations for Sub-Saharan Africa – and rising to 14.1% of total exports by 2017, as against a 'mere' 7.1% for the rest of the region.

Nevertheless, in order to ensure that the forecast growth in visitor exports and GDP is achieved – or even exceeded – as well as stimulating Travel & Tourism employment growth, the Botswana Government will need to adequately service the needs of the industry. And this may well depend on government expenditures on Travel & Tourism rising more rapidly than the currently projected 4.3% per annum.

Moreover, if forecasts for Travel & Tourism Capital Investment prove accurate – with 8.6% growth expected in 2007 and 5.2% per annum over the next ten years – it is even more critical for government to allocate sufficient funding for support services to developers, travel companies, visitors and the public at large.

Capital investment could also rise at a much faster rate than forecast since major airport upgrades planned prior to the 2010 FIFA World Football Cup in South Africa should boost short-term investment performance. And the longer-term outlook could significantly improve if the Botswana Government commits to a long-term strategy to diversify the national economy.

kept pace at all with that in numbers of tourist arrivals, up more than 14% since 1994.

Although the ten-year forecasts from WTTC/Oxford Economics are already very positive, there is a danger that the benefits of the expected growth will not be spread equitably across the country and through all levels of the population. This makes it even more important for the Botswana Government to create a business environment in which Travel & Tourism can thrive and which is conducive to attracting capital investment. This in turn would open up substantial opportunities for the private sector in Botswana, with both local and foreign-owned businesses reaping considerable benefits

The additional measures recommended in this report are intended to set the stage to help ensure the larger rewards that Travel & Tourism can bring to Botswana over the medium to longer term. The following highlights the main areas for attention.

MAKING TOURISM A PRIORITY

Tourism needs to be championed at the highest level if its potential is to be fully realized, with the country's leaders taking every opportunity to highlight its importance. This should be part of a conscious campaign to publicize the strategic role and benefits of tourism – not just to influence decision-makers within government, but also to stimulate a more positive perception across the wider public.

Tourism activities, which are largely private sector based, are affected by many government policies – on such issues as infrastructure, land allocation, immigration and education. Publication and promotion of this TSA should raise awareness of how widespread the tentacles of the Travel & Tourism industry really are. Any anti-

tourism bias would be significantly lessened through such a campaign, enhancing the prospects for the industry and its linkages to the wider community. Without such prioritization, on the other hand, the risk is that the implementation of progressive efforts by, for example, BTB, will fall short of expectations despite widespread recognition across government and within the community of tourism's potential.

POLICY COORDINATION & IMPLEMENTATION

While the Travel & Tourism policy environment in Botswana is in many ways extremely favourable, it sometimes falls down in two crucial respects: in terms of coordination and implementation. Nevertheless, there is clearly a willingness within the government to address the issue of inadequate coordination, and the 2003 Botswana Tourism Board Act sets BTB the task of taking a lead role in this respect.

The annual update of this TSA provides an obvious opportunity to bring all stakeholders together in a stakeholders' forum to review progress across the industry and to consider the challenges and constraints which have arisen. However, it is generally felt that implementation – especially when this requires efforts across ministries and departments – is often insufficiently targeted and slow at best. It is therefore recommended that BTB also draw up and regularly review an action plan for the tourism sector. It is clearly within its mandate to plan, formulate and implement such strategies in collaboration with the private sector, as well as to advise government on any necessary policy changes. The action plan would be the embodiment of those objectives. Since the actions will require the participation of employees from many different ministries and private sector bodies, it is essential for the process to have sufficient political backing. Once again, the championing of tourism at the highest level will be critical to spur swift actions rather than promises, delays and missed opportunities

MONITORING TOURISM TRENDS

Since tourism cuts across the internationally agreed classifications of sectors of activity – with tourism activity having links to agriculture, hotels and restaurants,

transport and communications, and numerous other sectors – its measurement is always difficult. Even traditional statistics on tourist arrivals and overnights, or visitor spending, are often incomplete, inconsistent and unavailable on a timely basis.

This is why WTTC – which represents the major global private sector Travel & Tourism players – and the intergovernmental body, the World Tourism Organization, both strongly recommend and support the construction of TSAs. But, in addition to an annual TSA, regular monitoring of industry performance and market trends is critical to understanding the industry and changes in marketplace demand, as well as to identify the specific needs and direction of tourism developments in the country. Without such information, it is difficult to see how BTB can monitor the industry's progress, develop proactive marketing strategies, or recognize at an early stage the challenges facing the industry

THE INSTITUTIONAL STRUCTURE

Botswana's Travel & Tourism institutional structure is currently too complex and bureaucratic. WTTC/Oxford Economics recommend that BTB become a 'one-stop shop' for tourism investors – a similar role to the one undertaken by the Botswana Export Development and Investment Authority (BEDIA) for other industries.

Up to 15 different government authorizations can be requested at the present time to initiate and operate a campsite or lodge, and this process needs to be simplified, especially if smaller, local investors are to be encouraged. Having one point of contact – with experience in supporting the establishment of new businesses in a particular area – is widely regarded as the most efficient way of smoothing the path for investors, both domestic and foreign. It would also allow BTB to have an input into proposed developments at the earliest possible stage and give BTB first-hand experience of the challenges such businesses face – for feeding back to government in its policy advice. Smooth access to land would also be beneficial to all parties and to the Botswana economy, given the low level of response to public tenders in new tourism areas such as the Kgalagadi TransFrontier Park.

AIR TRANSPORT & INTERNATIONAL ACCESS

The current inadequacy of international airline services into Botswana is having a severe impact on the country's Travel & Tourism earning potential, since many have to drive very long distances due to the lack of regular, reliable flights. While a large number of regional tourists – those coming from other countries in Southern Africa – would probably always choose road transport due to cost considerations. But this is not the case with long-haul markets.

The bulk of these typically high-spending visitors also arrive in Botswana from neighbouring African countries by road. They are usually on packages covering more than one country, and the start and end points of these tours are in large part determined by the availability of suitable airline services, in particular the direct intercontinental flights that Botswana so glaringly lacks. Without direct long-haul flights, the Botswana portion of such packages tends to get squeezed, with the country missing initial guest spending (when visitors stock up with items they now realize would be useful or items they have forgotten) and end-of-trip spending (eg on souvenirs, to use up local currency, etc). Overnight stays in Botswana by such guests are also curtailed as convenient flights ensure that other holiday bases are chosen. If Botswana's Travel & Tourism is to make any real progress towards realizing its full potential, generating increased economic benefits for the country, air transport needs to be expanded and improved as a matter of urgency, with strong efforts made to attract direct flights in the short term from at least one major long-haul carrier.

DIVERSIFYING THE TOURISM PRODUCT

Until now, tourism in Botswana has largely been concentrated in the north of the country. Its wildlife-based product has been centred on the Chobe National Park and the Okavango Delta, which together accounted for 95% of all national park entries and 91% of all park revenues in 2006. The focus on 'low-volume, high-value' markets has fostered an image of exclusivity, even raising the spectre of apartheid-style segregation of facilities at its most extreme.

Although there is some higher-volume, lower-value tourism – eg South African visitors arriving by road and camping in Botswana rather than staying in the more expensive hotels and lodges – tourism remains primarily wildlife based and restricted geographically to the north of the country. The development of a more diversified portfolio of products is therefore strongly recommended. This should include different types of leisure tourism, including adventure, cultural and educational tours, plus meetings, incentives, conferences and exhibition (MICE) tourism. Care also needs to be taken to ensure that new products are backed by sound business plans – incorporating research into the potential market for the new product or region.

COMMUNITY-BASED INITIATIVES

In line with the recommended expansion of cultural and heritage tourism, efforts should be made to support community-based initiatives, so that the local communities become more involved in the Travel & Tourism industry. The supply of traditional crafts, dance and cuisine could all boost the tourism economy, since international visitors are increasingly keen on contact with locals in their tourism destinations.

Interest in traditional dance and culture is also re-emerging among the urban population. Organized village visits, including hands-on experience of livestock and other traditional agricultural skills, should be backed as a way of changing the image of exclusivity that surrounds Botswana's traditional tourism product. Ideally, the link between tourist activities and the local communities should be as visible as possible, so that the benefits can be fully appreciated by Botswana. Most importantly, the payment of fees and royalties for concessions by the Travel & Tourism industry to local councils should not disappear into their general budget funds – nor be siphoned off by central government – but, where possible, should finance schemes such as standpipes, boreholes, toilets and other visible community facilities.

LINKS WITH OTHER ECONOMIC SECTORS

Travel & Tourism in Botswana already accounts for one in every ten jobs and almost 10% of GDP. And if the mining sector is excluded, its share of the economy

has been rising sharply, reaching 16% in 2006. Thus, Travel & Tourism is leading the way in diversifying the economy in line with the government's National Development Plan goals.

Foreign visitor spending of P5.2 billion in 2006 and residents' spending (both individuals and businesses) of P2.3 billion have helped generate significant employment opportunities through existing linkages with other sectors of the economy, even when allowance is made for leakages through imported goods and services. Numerous stakeholders are involved in this process of activity and employment generation for the benefit of all the citizens of Botswana. Local businesses, both small and large, need to be encouraged to take advantage of opportunities in all areas of Travel & Tourism, having been made aware of the size of the sector and the potential markets it provides through its network of linkages. In order to facilitate this, it is recommended that the government promote an explicit linkage strategy to all stakeholders, making them aware of the different opportunities generated by tourism spending, as well as the possibilities of reducing leakages through imported goods and services.

LAND ALLOCATION FOR TOURISM

Access to appropriate sites is critical to the establishment of new private sector tourism enterprises. Yet, with 84% of Botswana's land-locked surface area covered by the Kalahari Desert, 17% by national parks and game reserves, and an additional 22% designated as wildlife management areas, land that is ripe for tourism development is at a premium, especially near the prime tourist magnets of Chobe and the Delta.

Both state and tribal land in the protected areas are being leased to tourism organizations and individuals for 15 years, subject to reviews of the land's use every five years, with the option of renewing the lease at the end of the 15-year period. The Ministry of Lands and Housing zones sites suitable for tourism and other purposes, then the Department of Wildlife and National Parks advertises and conducts a tender for them, and then accepts the best – not necessarily the highest – bidder for the 15-year lease. In other sectors, some land is directly allocated, eg for large-scale BEDIA projects. However, the whole process of land allocation is generally considered to be long-winded

and complex. In order to streamline the process, as well as to speed up tourism product diversification and to prevent the loss of such investors in the future, the Ministry of Lands and Housing and BTB need to work together more closely in future. As an example, the Ministry could lease at a peppercorn rent land identified for tourism development, which has been to public tender but failed to receive any suitable bid. Such land could then be placed in a 'land bank' for onward leasing to investors who approach BTB, or investors whom BTB itself proactively identifies during its investment marketing campaigns.

CONSERVATION & ENVIRONMENTAL EFFORTS

Even if tourism is diversified through the promotion of new products, the majority of visitors will still be primarily attracted to Botswana by its unspoilt environment and abundant wildlife. It is therefore vital that these irreplaceable assets continue to be protected if Travel & Tourism is to be sustained.

Botswana's conservation and environmental policies have generally been successful. But the government cannot afford to be complacent, and it is clear that all policy steps to promote tourism should consider any conservation and environmental issues that may be raised. Environmental and archaeological impact assessments are required for new developments and this requirement should continue, although as part of the 'one-stop' approach for new investments projects, official help and guidance should be made available to meet these requirements. Consequently, the Department of Wildlife and National Parks needs to be properly resourced in order to pursue its primary objective of conservation and management of the environment so that wildlife can thrive.

WATER & ENERGY CONSTRAINTS

In addition to wildlife conservation and environmental constraints, the expansion of tourism also faces constraints in terms of competing for scarce water and energy resources. The situation is currently being reviewed, but the constraints clearly need to be eased as quickly as possible.

The water and sewage requirements of new tourism

projects also need to be carefully considered by the Ministry of Minerals, Energy and Water Resources. Even more problematic is the potential for electricity shortages, as the Southern African region has in recent years has moved from a situation of surplus generating capacity to one of shortage. Supplies are currently reliable, with generators used in remote areas where many tourism establishments are located. Botswana is dependent on electricity generated from its sole coal-fired power station, providing around 30% of total demand, and 70% of imported power from Eskom, South Africa's generating company, and a small portion from Zambia.

HUMAN RESOURCE DEVELOPMENT

The success of Travel & Tourism, like most service-based activities, depends heavily on its labour force. High standards of customer service are essential for a memorable and satisfactory visit – whether for business or pleasure – and the attraction for less-developed countries such as Botswana of diversifying into tourism is that it is highly labour intensive.

Indeed, the TSA analysis reveals that, in 2007, 23,000 jobs will be directly related to the Travel & Tourism industry. If jobs in all related sectors are included – such as construction, or the retail sector – total employment stemming from all Travel & Tourism activity in the country will be 59,000 jobs, or 10.6% of total employment. In order to maximize the employment gains for Botswana from tourism, the government and private sector stakeholders need to invest in appropriate training for local people considering a career in tourism. There have been a number of welcome initiatives. However, stakeholders continue to highlight a lack of appropriately trained residents as a constraint on their businesses, obliging them to employ foreign nationals, particularly in key positions. There is also a belief that graduates fail to consider a career in tourism because of the image of exclusivity that the traditional wildlife product exudes.

TECHNOLOGICAL INNOVATION

The Travel & Tourism sector globally is undergoing a period of rapid technological innovation as the full implications of the information technology revolution are taken on board.

This revolution is not only affecting general marketing and promotion, but also the nature of the product, distribution and telecommunication facilities in accommodation establishments. Although these trends are less evident in Botswana and neighbouring countries, the Travel & Tourism industry in Sub-Saharan Africa need to prepare for these trends to develop and position themselves to take advantage of the fresh opportunities opened up by these trends. Indeed, technological innovation opens up the way for new destinations and indigenous tour operators and establishments to compete with the well-established tour operators. The use of modern information technology will be central to its future development.

EASING TRAVEL RESTRICTIONS

Nationals of many countries currently do not require visas to enter Botswana, and those restrictions that remain are not set in stone, according to the Ministry of Foreign Affairs and International Cooperation. Indeed, the requirements for Russian and Japanese nationals have recently been removed.

Of course, national security considerations require some specific controls but, wherever feasible, travel to Botswana should be made as easy as possible so that the Travel & Tourism industry can reach its maximum potential. In particular, consideration should be given to lifting, or at least easing, restrictions on Asians – one of the fastest growing tourism markets globally, with Chinese and Indian outbound travel, in particular, forecast to expand very rapidly over the coming decade. Credit card and/or foreign currency payments should also be permitted for the purchase of visas by tourists entering the country, in order to avoid unnecessary delays and visitor complaints. Finally, the longstanding proposal of a regional visa with common entry requirements should be pursued without delay, since the lack of such arrangements would inevitably limit the spin-off benefits that Botswana could receive from regional events such as the 2010 FIFA World Football Cup.

ECONOMIC IMPACT

IN 2007, BOTSWANA'S TRAVEL & TOURISM IS EXPECTED TO GENERATE P9,973 MN (US\$1,620 MN) OF ECONOMIC ACTIVITY (TOTAL DEMAND). THE INDUSTRY'S DIRECT IMPACT INCLUDES:

23,226

jobs representing 4.2% of total
EMPLOYMENT.

P 2,995 mn

(US\$486 mn) of
GROSS DOMESTIC PRODUCT (GDP)
equivalent to 4.3% of total GDP.

HOWEVER, SINCE TRAVEL & TOURISM TOUCHES ALL SECTORS OF THE ECONOMY, ITS REAL IMPACT IS EVEN GREATER. BOTSWANA'S TRAVEL & TOURISM ECONOMY DIRECTLY AND INDIRECTLY ACCOUNTS FOR:

58,783

jobs representing 10.6%
of total EMPLOYMENT.

P 6,787 mn

(US\$1,102 mn) of
GDP equivalent to 9.7% of total GDP.

P 6,041 mn

(US\$981 mn) of
EXPORTS, SERVICES & MERCHANDISE
or 13.5% of total Exports.

P 596 mn

(US\$97 mn) of
CAPITAL INVESTMENT
or 5.4% of total investment.

P 792 mn

(US\$129 mn) of
GOVERNMENT EXPENDITURES
or a 6.1% share.

GROWTH

IN 2007, TRAVEL & TOURISM IN BOTSWANA IS FORECAST TO SEE REAL GROWTH OF:

5.3%

in TRAVEL & TOURISM INDUSTRY GDP to P2,995 mn (US\$486 mn) for the industry directly and 7.4% to P6,787 mn (US\$1,102 mn) for the Travel & Tourism Economy overall (direct and indirect expenditures).

3.8%

in TRAVEL & TOURISM INDUSTRY EMPLOYMENT (direct impact only), to 23,226 jobs, and 2.9% to 58,783 jobs in the Travel & Tourism Economy overall (direct and indirect).

OVER THE NEXT TEN YEARS, BOTSWANA'S TRAVEL & TOURISM IS EXPECTED TO ACHIEVE ANNUALIZED REAL GROWTH OF:

5.0%

in total TRAVEL & TOURISM DEMAND, to P25,544 bn (US\$3,078 mn) in 2017.

6.4%

in total TRAVEL & TOURISM GDP, to P8,749 mn (US\$1,054 mn) in 2017 for the industry directly and to P18,819 mn (US\$2,267 mn) for the Travel & Tourism Economy overall.

2.9%

in TRAVEL & TOURISM EMPLOYMENT, to 30,825 jobs directly in the industry, and 3.0% to 78,538 jobs in the Travel & Tourism Economy overall in 2017.

5.7%

in VISITOR EXPORTS, rising to P16,094 mn (US\$1,939 mn) by 2017.

5.2%

in terms of CAPITAL INVESTMENT, increasing to P1,559 mn (US\$188 mn) in 2017.

4.3%

in terms of GOVERNMENT EXPENDITURES to P1,899 mn (US\$229 mn) in 2017.



BOTSWANA'S TRAVEL & TOURISM

OVERVIEW OF RECENT TRENDS AND DEVELOPMENTS



ONE OF AFRICA'S SUCCESS STORIES Tourism's increasing importance

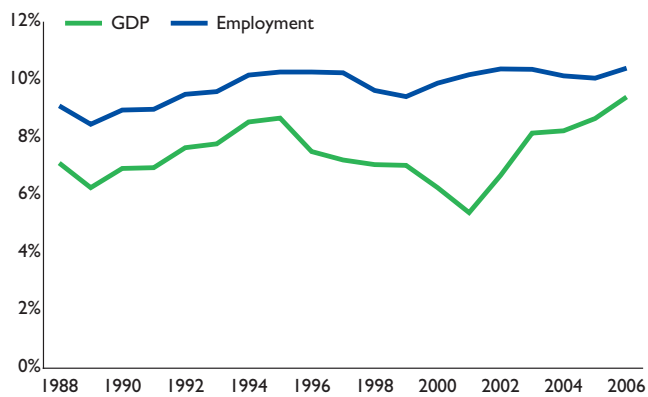
After 80 years as a British protectorate, Bechuanaland attained self-government in 1965, becoming the independent Republic of Botswana on 30 September 1966. Although it was one of the world's most impoverished nations at the time of its independence, the discovery of commercially exploitable diamonds in 1967 paved the way for economic prosperity, with Botswana since becoming a shining example of an African success story.

Botswana is unique among African nations – geographically, politically and culturally. In its four decades of independence, it has proved to be an impressive model of good government, generally

maintaining political stability and harmony within the country, as well as taking an active role in the preservation of its natural environment.

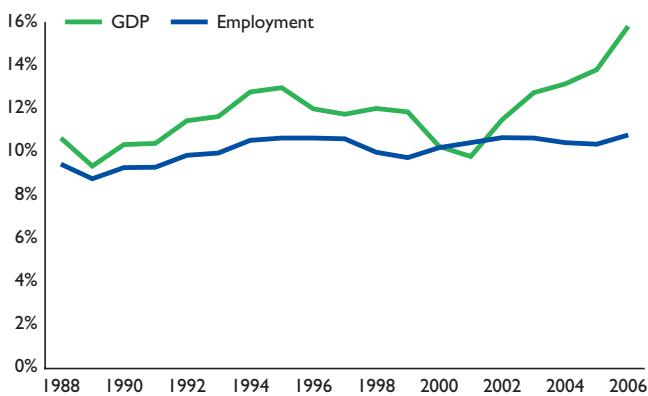
Although mining is Botswana's most important industry, Travel & Tourism has made a fairly significant contribution to the national economy in the 40 years since independence – both in terms of GDP and employment growth. Moreover, after declining through the second half of the 1990s and early 2000s, Travel & Tourism's contribution to GDP has risen sharply over the past five years or so – to around 9.5% of overall GDP and just under 16% of non-mining GDP. The contribution of Travel & Tourism to job creation has been more stable, albeit rising slowly, since 1988 – to over 10% of total employment.

Contribution of Travel & Tourism to Botswana's GDP and employment, 1988-2006



Source: Oxford Economics

Contribution of Travel & Tourism to Botswana's non-mining GDP and employment, 1988-2006



Source: Oxford Economics

A rich diversity of attractions

A land-locked country, Botswana is bordered by Zambia and Zimbabwe to the northeast, Namibia to the north and west, and South Africa to the south and southeast. At Kazungula, four countries – Botswana, Zimbabwe, Zambia and Namibia – meet at a single point mid-stream in the Zambezi River. The distance between the extreme north and the extreme south of Botswana is about 1,110 km and it is 960 km across at its widest. The total area of Botswana is approximately 581,730 km² and is about the size of France or Kenya. It is approximately 500 km from the nearest coastline, to the southwest.

As reported by the Botswana Tourism Board (BTB) on its website, most of the population live around the central watershed region, where the climate is highly suitable for rearing cattle. Towards the southwest, the harsh conditions of the Kalahari dominate nearly two-thirds of the country. Traditionally, this land has been home to the San-speaking people, sometimes inaccurately referred to as the Bushmen. Culturally, almost 90% of the population understand Setswana, a Bantu language. This has helped Botswana avoid a lot of the ethnic strife that has scarred so much of African post-independence politics.

Botswana's politically stable and economically successful environment has, not surprisingly, attracted a steady stream of business travellers, although – as detailed in the Policy Recommendations of this

report – the meetings, incentives, conferences and exhibitions (MICE) sector is still in its infancy and foreign direct investment remains very modest. The most important market segment – both among foreign and domestic tourists – is visits to friends and relations (VFR travel).

The country's main draw for leisure tourists is its spectacular wildlife and scenery, which make it one of Africa's most exciting holiday destinations. The rich diversity of landscape across the country – from the desolate expanses of the arid Kalahari Desert to the lush wetlands of the Okavango Delta including well-watered forest glades – ensures tremendous variety. The Okavango Delta has been likened to paradise on earth: its lily-filled waterways are best explored in a dugout canoe, or *mokoro*. In the northeast, Chobe National Park is home to some of the largest herds of elephants in Africa. The vast Kalahari Desert offers visitors a chance to experience this seemingly infinite expanse as well as the opportunity to meet the people who have made this harsh land their home for millennia.

In addition to elephants, Botswana also boasts a number of other species of seriously big game – vast herds of giraffes, gemsbok and zebras that feast on nature's bounty and, in turn, attract cheetahs and lions. It also has one of the best populations in the whole of Africa of wild dogs, the highly endangered predators. And yet, to cite the respected *Bradt Safari Guide* to Botswana, it is often the country's smaller wildlife residents that fascinate visitors – from tiny painted reed frogs and barking geckos, to troops of entertaining meerkats.

Apart from its stunning and, in many cases, unparalleled wildlife, an underlying reason why Botswana is an increasing draw for experienced, demanding tourists is the feeling that one is travelling within an endless pristine wilderness, almost devoid of human imprint. For city-dwellers, such space is of course the ultimate luxury.

Finally – and missed by many visitors – is Botswana's rich and colourful history. Archaeological remains suggest that hunter-gatherers lived in the area for tens of thousands of years. Remains dating back to 350 AD have been discovered. In many parts of the country, notably the Tsodilo Hills, ancient rock paintings have been discovered, illustrating shamanic states and hunting scenes. There is evidence that an Iron Age culture from the northwest moved into the region and Stone Age arrowheads have been found on the Makgadikgadi Pans.

A paradise for active holidaymakers...

Most of the areas visited by tourists are in the north of Botswana, around the Chobe River, and the myriad wetlands of the Okavango Delta – a land of spectacular biodiversity, where hundreds of species of flora and fauna flourish. This is one of the world's largest inland deltas, trapping the overflow of the Okavango River that rises in Angola. The dry season, from April to October, sees the delta at its most verdant and luxurious, swollen with the river's floodwaters from the preceding rainy season. The waters peter out in the Kalahari Desert sands.

Throughout these months, wildlife gathers around the water sources, and game viewing is at its best. Cold nights and early mornings are balanced by pleasantly warm days. As the dry season progresses, the temperatures rise, and more and more animals gather around the decreasing water holes. The rains begin again in November, bringing

a luminous verdancy to the parched world. As the rains progress, the grass grows, limiting game viewing, but creating its own magical atmosphere. From November to mid-March, both temperature and humidity are high. April and May are fine months to visit – warm, dry, and fresh, albeit with long grasses abounding. Many visitors feel that May to mid-August is the ideal time for a holiday in Botswana, with moderate temperature and almost no rain.

Long-haul tourists, in particular, typically combine a holiday trip to Botswana with a visit to Victoria Falls, just across the Zimbabwe border, or may even stay in Namibia and/or South Africa. Twin-centre holiday packages with the island of Mauritius are also popular. Most tourists on safari in Botswana enter the country in Maun, flying direct from Johannesburg, although there are also flights from Windhoek. Nevertheless, these routes use small planes that are often fully booked months in advance.

...but one geared almost exclusively to the more affluent

Since Botswana is perceived as an upmarket destination – at least to long-haul markets – those on safari in the country usually fly between a series of remote safari camps, staying in luxury lodges. Not surprisingly, this makes the average lead-in price for a holiday in Botswana relatively expensive. More attractively priced mobile and self-drive safaris are increasingly popular, but remain a niche segment.

As reported in more detail in the Policy Recommendations, one of Botswana’s weaknesses as a tourism destination is its exclusive image, and this needs to be addressed urgently to open up the country to a broader range of visitors, in terms of both budgets and tastes.

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Diversification offers good growth potential

Recognizing Travel & Tourism’s important contribution to economic growth and job creation, the Botswana Government has earmarked the sector as a development priority in successive national plans and, since the 1990 Tourism Policy Paper, has undertaken a number of supportive policy initiatives for tourism. Most recently, it established BTB to market and promote the country’s attractions and to encourage and facilitate travel to those destinations.

However, alternatives to the traditional wildlife-based product are so far in their infancy, as highlighted by this report. Botswana could offer a wide range of cultural and other experiences as well as diversifying game viewing away from Chobe and the Delta. The

potential for such product diversification is significant, and this in turn would lead to greater market diversification, including giving a boost to domestic tourism demand.

But, for the time being, diversification remains one of the major challenges facing the industry while budgets are a serious constraint. BTB needs to be funded to be able to extend its services in diversifying the country’s tourism product as well as researching new global markets and extending its marketing coverage, where necessary.

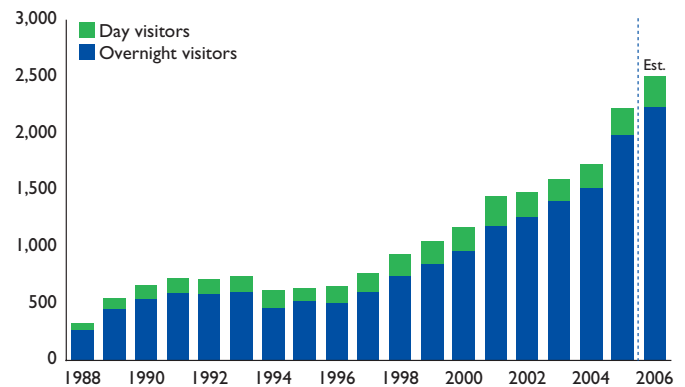
RECENT TOURISM PERFORMANCE

International arrivals

International visitor arrivals into Botswana have been rising strongly since the mid-1990s, reaching 2.2 million in 2005. Of these, just under 2.0 million were tourists (visitors staying in the country a minimum of one night) with the remainder (about 239,000) being same-day visitors.

Tourist arrivals have been growing more rapidly – at an average annual rate of 14.2% from 1994 to 2005 – while same-day arrivals increased by just 3.9% a year over the same period. Details of arrivals for 2006 are not yet available but visits to Botswana’s major attractions, its national parks, point to further growth of just under 13% last year, thereby confirming a continuation of the healthy growth trend.

International visitor arrivals in Botswana, 1998-2006
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Sources: Departments of Tourism and Wildlife; World Tourism Organization (UNWTO)

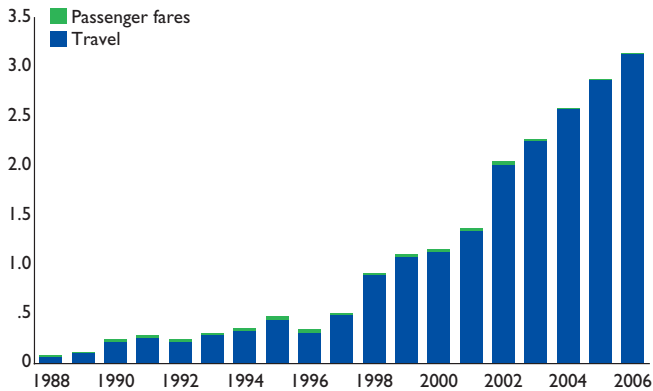
Visitor spending

Visitor spending has also risen rapidly since the mid-1990s, in line with the arrivals growth trend, although the abolition of exchange controls in 1999 has made the collation of such information more difficult. According to the Bank of Botswana’s balance of payments figures, international tourism receipts totalled P3.1 billion in 2006, almost all of it non-transport spending. Receipts from airline passenger transport accruing to local companies, which have always been quite low, have shrunk to less than P10 million in each of the last four years.

The rise in overall spending is partly due to general price rises and the pula’s 7.5% devaluation in February 2004. However, it should be noted that the national accounts data from the Central Statistics Office

(CSO) indicate an even larger increase in total service exports than that recorded in the detailed balance of payments figures – and a rise which is more in line with the revised surge in visitor arrivals of over 30% in 2005 and the 45% increase in national park entries that year.

Export earnings from foreign visitors, 1988-2006 (P bn)



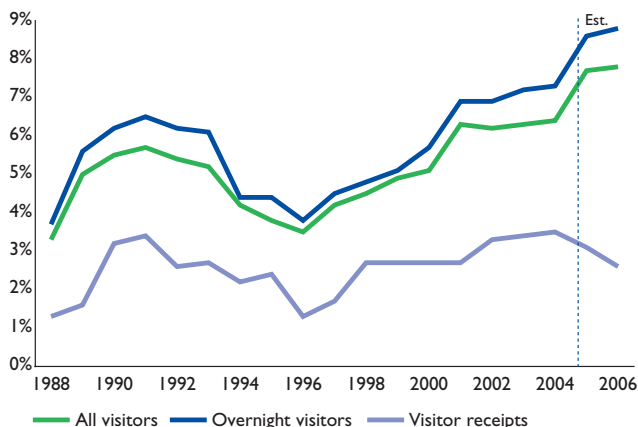
Sources: International Monetary Fund (IMF); Bank of Botswana

A growing share of Sub-Saharan African tourism

The rapid growth in visitor numbers has boosted Botswana's share of international tourist arrivals in Sub-Saharan Africa. Indeed, the share has doubled since 1995 – to an estimated 8% of all international visitors in 2006 and 9% of all tourist arrivals. However, political problems and civil unrest in neighbouring Zimbabwe have led to a surge in recorded arrivals from that country into Botswana, not to mention illegal flows of immigrants across the border.

Since visitors from Zimbabwe spend far less per trip and per day than the average tourist, Botswana's share of Sub-Saharan Africa's receipts from foreign tourism has not kept pace with its gains in terms of numbers alone. Indeed, it is estimated from the balance of payments data that, having peaked at 3.5% of total Sub-Saharan receipts in 2004, Botswana's market share of receipts had fallen back to around 2.5% by 2006.

Botswana's share of the Sub-Saharan market, 1988-2006

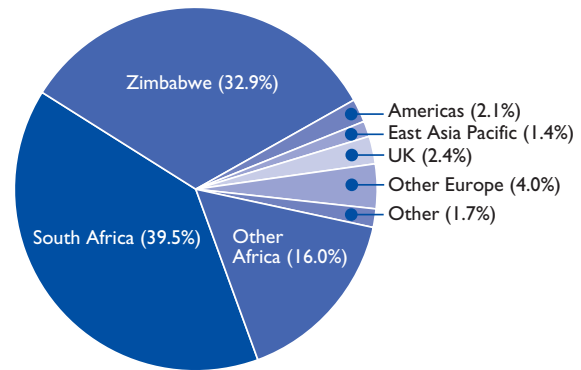


Sources: Department of Tourism; Bank of Botswana; IMF; UNWTO

Regional tourists dominate strongly...

Even if same-day visitors are excluded, the vast majority of Botswana's arrivals (88% in 2005) are from other African countries, with South Africans (39.5%) and Zimbabweans (32.9%) generating the highest counts. Europe, the Americas and Asia Pacific accounted for just 10% between them, with the UK, the USA and Germany being the most important long-haul sources.

International tourist arrivals by market, 2005



Source: Department of Tourism

The vast majority of Botswana's arrivals (88% in 2005) are from other African countries, with South Africans (39.5%) and Zimbabweans (32.9%) generating the highest counts.

...although long-haul markets are growing slightly faster

According to revised data for 2005 provided by the CSO, international tourist arrivals increased sharply in 2005, by 30.5%, and the growth was fairly evenly spread across leading source regions and individual markets. Although earlier years' figures may still be revised, this puts the average annual growth in foreign arrivals at more than 14% in the ten years from 1995-2005 and to more than 15% from 1999. These annual growth rates compare extremely favourably with growth trends in arrivals in South Africa (of 5% and 4% over the two respective periods) and for Sub-Saharan Africa overall (7% and 5%).

Among long-haul markets, the Americas has shown the best annual growth in the last six years (23%), compared with 19% for Europe and Asia Pacific. In terms of individual markets, Japan recorded the highest annual increase between 1999 and 2005, of 30%, ahead of Italy (24%), the USA (23%), Canada (22%) and the UK (21%).

The UK is a good example of a strong growth market for Botswana. Since 1999, the UK's yearly increase has been more than twice the rate of growth per annum of all UK visits to Sub-Saharan Africa.

International tourist arrivals in Botswana, 1995, 1999 and 2005

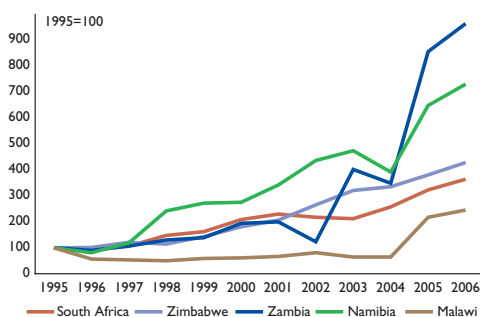
Market ^a	Arrivals			% annual growth	
	1995	1999	2005	1995-2005	1999-2005
South Africa	242,600	393,528	785,197	12.5	12.2
Zimbabwe	171,671	245,630	654,115	14.3	17.7
Other Africa	48,300	81,152	318,973	20.8	25.6
Total Africa	462,571	720,310	1,758,285	14.3	16.0
USA	5,493	9,871	34,422	20.1	23.1
Canada	1,021	1,573	5,226	17.7	22.2
Other Americas	239	626	1,681	21.5	17.9
Total Americas	6,753	12,070	41,329	19.9	22.8
Australia	4,003	5,577	10,218	9.8	10.6
Japan	847	1,483	7,159	23.8	30.0
Other Asia Pacific	2,130	2,801	10,334	17.1	24.3
Total Asia Pacific	6,980	9,861	27,711	14.8	18.8
UK	10,231	15,519	48,701	16.9	21.0
Germany	7,237	8,209	21,627	11.6	17.5
Netherlands	2,010	4,460	12,240	19.8	18.3
France	2,081	3,219	8,677	15.3	18.0
Italy	1,220	1,651	6,011	17.3	24.0
Other Europe	5,873	10,966	30,383	17.9	18.5
Total Europe	28,652	44,024	127,639	16.1	19.4
Other	16,065	57,049	33,063	7.5	-8.7
Total	521,021	843,314	1,988,027	14.3	15.4

^a Arrivals count by residence

Sources: Department of Tourism; Central Statistics Office (CSO); UNWTO

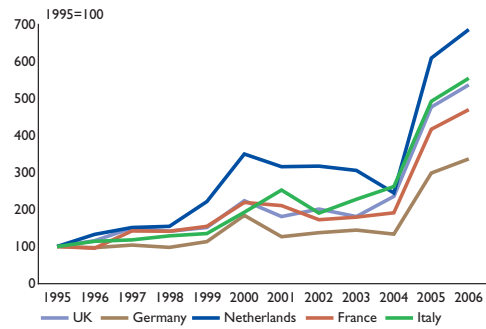
The following three graphs compare and contrast long-term growth trends in international tourist arrivals from different source regions. Arrivals in all cases are indexed to 1995=100. African arrivals showed rapid growth throughout the 1995-2005 period and growth in arrivals from the UK, Italy, the USA, Canada and Japan was significant. However, the pattern of tourist arrivals from Germany, the Netherlands, France and Australia was flatter over the five years from 2000 to 2005, although their gains recorded in 2005 alone made up much of the lost ground.

International tourist arrivals from Africa, 1995-2005



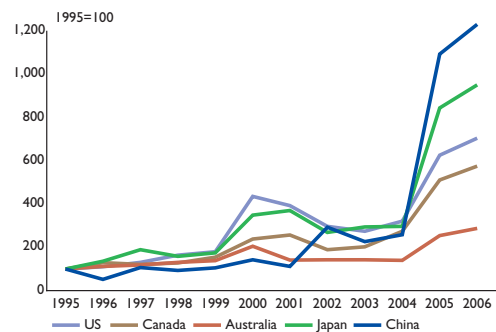
Sources: Department of Tourism; CSO; UNWTO

International tourist arrivals from Europe, 1995-2005



Sources: Department of Tourism; CSO; UNWTO

International tourist arrivals from Asia & the Americas, 1995-2005



Sources: Department of Tourism; CSO; UNWTO

European and American spends the most

According to Botswana's annual visitor survey, average spending per foreign tourist was P908 in 2005 (US\$178) with spending per day averaging P274 (US\$54). Business visitors spend most (P429/US\$84 per day) and VFR travellers spend the least (P170/US\$33), while leisure tourists average P375 a day (US\$73).

This average clearly masks wide variations from one market to another. Not surprisingly, European and American tourists spend most, followed by Australians, but spending by some African markets, notably Namibians and South Africans, is fairly significant. In particular, while there is a widespread perception that South Africans on self-drive and camping tours do not make much contribution to the local economy, the results of the visitor survey reveal that, on average, they spend as much as P856 per trip (US\$168) and P325 per day (US\$64). Multiplying this average trip spend by the number of arrivals shows that, in 2005, South African visitors alone generated receipts of some P650 million, or 1.3% of GDP.

It is worth noting that the devaluation of the pula in 2004 and a parallel appreciation of the South African rand contributed to boosting South African spending in Botswana over the following year or more.

Average spending per foreign tourist was P908 in 2005 (US\$178) with spending per day averaging P274 (US\$54).

Average spending per trip and per day by selected markets, 2005

Market	Mean spend (US\$)	
	Per trip	Per day
Canada	1,036.0	110.0
USA	783.8	132.9
UK	660.9	123.7
France	643.6	117.8
Germany	615.3	90.4
Australia	457.9	67.7
Namibia	293.5	66.3
South Africa	167.5	63.6
Zambia	153.6	45.2
Zimbabwe	73.2	37.2
Overall	177.7	53.6

Source: Visitor Survey, Department of Tourism

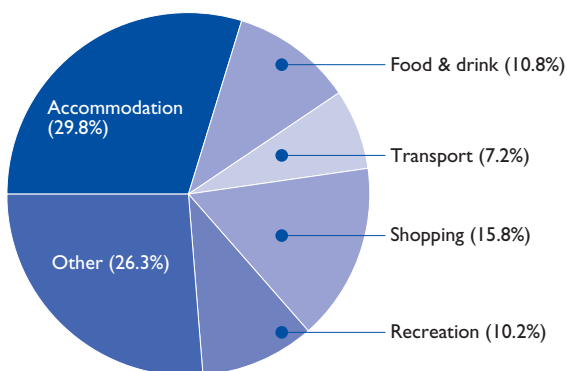
Accommodation accounts for the highest share of spending

On average, almost 30% of spending by foreign tourists in Botswana was on accommodation in 2005. Food & drink accounted for just over 10%, as did recreation, while shopping generated a fairly surprising 16%.

The share of spending on transport was relatively low, at just 7%, reflecting the limited use of local transport and the short distances probably covered after arrival at the two main attractions in Botswana. However, it should be pointed out that tourists on inclusive package tours are probably not able to provide accurate details of individual expenditure items.

‘Other’ spending – generally allocated to services such as tours, guides, etc – accounted for the balance of 26%. A breakdown of this significant share would be very useful for further analysis of expenditure trends.

Breakdown of spending by item of expenditure, 2005



Source: Department of Tourism

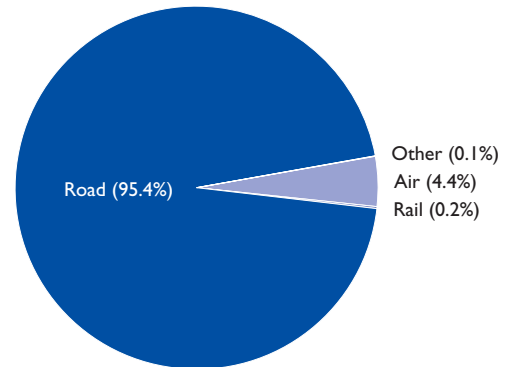
A breakdown of the significant ‘other’ share of spending would be very useful for further analysis of expenditure trends

INTERNATIONAL ACCESS AND TRANSPORT

Air travel into the country appears to be negligible...

The majority of tourists visiting Botswana arrive by road, underlining the importance of a broad and well-maintained road network and efficient land border-crossing points to Botswana’s Travel & Tourism industry. In 2005, more than 95% of total arrivals were by road, with less than 4.5% of tourists (88,000) flying into the country. Arrivals by rail were negligible.

International tourist arrivals by mode of transport, 2005



Source: Department of Tourism

Of the total tourists arriving by air, 59% (including a significant share of business travellers) entered through the capital Gaborone, while 32% flew to Maun – mainly from Johannesburg, but also from Windhoek. Detailed airport traffic trends for Maun are not available, but passenger throughput statistics for Gaborone from Airports Council International highlight sharp variations in passenger numbers from one year to another since 2001.

International passenger throughput at Gaborone Airport, 2001-05

Year	Passengers	% annual change
2001	225,392	na
2002	473,794	110.2
2003	279,715	-41.0
2004	285,708	2.1
2005	303,851	6.4

Source: Airports Council International

Almost all Botswana’s leisure tourists entering the Okavango do so through Maun, situated at the gateway to the Delta and the Moremi Game Reserve. Maun is the tourism capital of Botswana and the administrative centre of Ngamiland. It is also the headquarters of countless safari and air charter operations, whose signs and offices dot almost every intersection, particularly towards the airport.

Since the town’s establishment in 1915 as the tribal capital of the Batawana people, Maun has had a rough and ready reputation as a hard-living ‘Wild West’ town servicing the local cattle ranching and hunting operations. But with the growth of the tourism industry and

the completion of the tar road from Nata in the early 1990s, Maun has developed rapidly, losing much of its old frontier town character. It is now home to over 30,000 people.

...but domestic air transport is relatively important...

Maun Airport, which was officially opened in 1996 after extensive renovations, is reportedly one of the busiest airports in Southern Africa, if one includes the light aircraft charters to the various Delta camps.

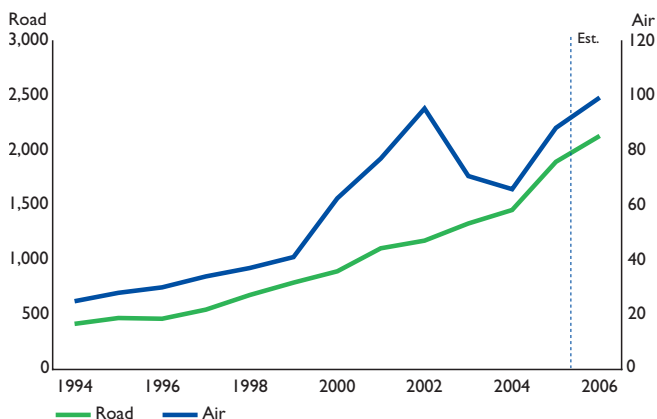
The role of international air transport is also more important than the available data would suggest. Some 30% of all arrivals from the Americas are by air, while the respective shares are 18% for arrivals from Europe and Australia/New Zealand. Since nationals of these countries tend to spend significantly more on average than those from other African countries, adequate and efficient air transport is clearly critical to the future development of Botswana's Travel & Tourism industry.

...and direct long-haul access would significantly boost demand

As discussed in detail in the Policy Recommendations section of this report, the absence of adequate air links in recent years – especially direct airline services from long-haul source markets – is one of the key reasons for the slow growth of airline-based tourism in recent years, which in turn has undermined the potential of the industry. It has also been a contributing factor to Botswana's decline in share of Sub-Saharan's international tourism receipts in favour of South Africa and other regional destinations.

The following chart highlights the faster, as well as much steadier, growth in international tourist arrivals by road from 1994 to 2005 – averaging 15% per annum as against 12% for air arrivals. The 9/11 terrorist attacks in the USA and subsequent sustained threats of terrorism around the world were a contributing factor to the annual declines in air arrivals in the early 2000s. The earlier suspension of direct airline services by Air France and British Airways had already had a big impact. Nevertheless, over the last couple of years, airline arrivals have once again started to gain greater momentum.

International tourist arrivals by mode of transport, 1994-2006



Sources: Department of Tourism; UNWTO

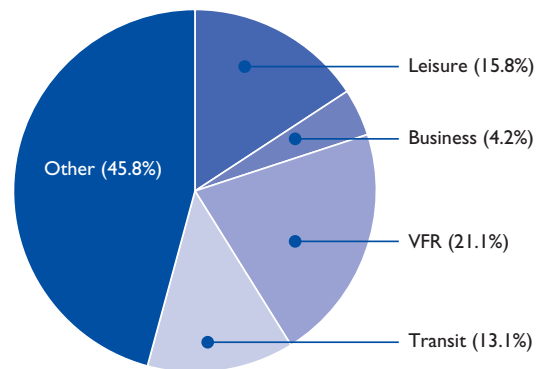
PURPOSE OF VISIT

VFR is the major motive for visiting Botswana...

As already indicated, visiting friends and relations is a major motivator of travel to Botswana. In 2005, 21% of all arrivals (just over 420,000) cited VFR as their declared purpose of visit, while 16% said they were on holiday (just under 315,000). A further 4% of all trips (84,000) were motivated primarily by business reasons.

The 'other' category shown in the following chart also includes returning and prospective residents, as well as those seeking employment. But of the 46% share, more than half are tourists who have not given a specific purpose of visit. This share has been growing in recent years, hampering detailed analysis.

International tourist arrivals by purpose of visit, 2005

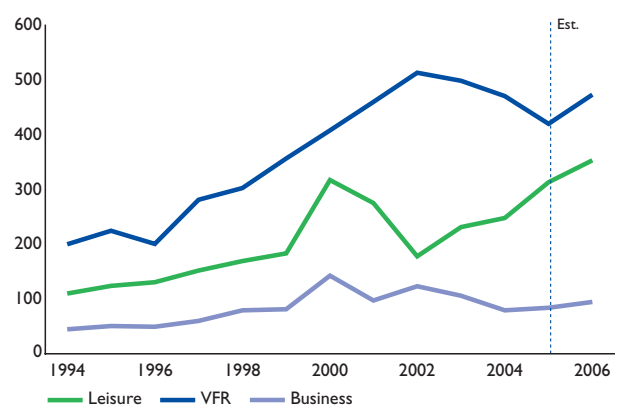


Source: Department of Tourism

...but holiday/leisure arrivals have risen most rapidly

Although VFR constitutes the biggest category of arrivals, holiday/leisure visits have risen more strongly since 1994 – by 10% per annum between 1994 and 2005, as against 7% for VFR visitors and 6% for business travellers. Nevertheless, the data on visits by purpose needs to be treated with considerable caution, as the residual 'other' category has expanded considerably over the past eleven years (from just under a quarter of all international tourist arrivals in 1995 to almost 46% in 2005).

International tourist arrivals by purpose of visit, 1994-2006



Sources: Department of Tourism; UNWTO

As already stated, this residual includes visitors in transit, returning and prospective residents and those seeking employment. Yet, even when these identified purposes are excluded, the remaining 'other' and 'not stated' categories have become worryingly large. Although the growth in Zimbabwean visitors fleeing political instability probably explains part of this expansion, it may also indicate that the arrival /departure cards are not being adequately scrutinized at entry/exit points, implying that the quality of basic inputs into the statistical system is deteriorating even before they are sampled and processed by the CSO.

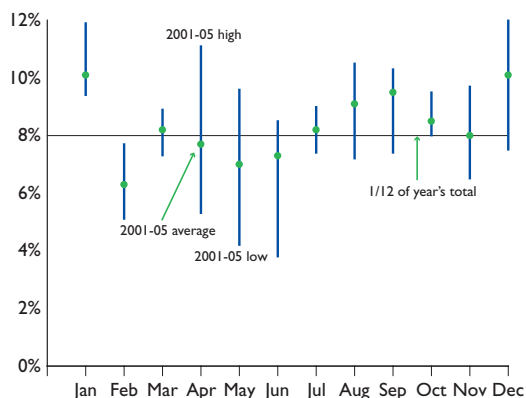
SEASONALITY AND LENGTH OF STAY

Seasonal peaks in December/January and August/September

The seasonal pattern for foreign tourist arrivals in Botswana is quite variable, with the timing of Easter shifting visits between March and April, for example. But the peak months for inbound travel are the Christmas and New Year holiday period and the (late) European summer holiday months of August and September.

December accounts for 10% of all arrivals (with a maximum of 12% in 2001 and a minimum of 7.5% in 2004), while January also attracts a 10% share, August 9% and September 9.5%. In contrast, February, May, June and November are relatively slack months for tourism, and so the potential exists for increasing arrivals through marketing and promotion during these less popular months.

International tourist arrivals by month, 2001-05



Sources: Department of Tourism; Oxford Economics

Visits tend to be short

Although the length of stay tends to vary quite considerably by market, the annual visitor survey shows that most stays are quite short. As an example, analysis of the 2001 to 2005 period shows that nearly 9% of respondents did not intend to spend a night in Botswana, while 53% only stayed 1-3 nights, and a further 21% were in Botswana for 4-7 nights, leaving a mere 17% who stayed for more than a week.

Given the size of the country, such short trips are surprising, but they confirm that most visitors are either on short VFR trips or are just spending a few days at one or both of the two best-known attractions, Chobe and Okavango. Very few stay long enough to visit

the UNESCO World Heritage Site of the Tsodilo Hills and the game parks in the south of the country. However, the long tail of people staying more than three nights means that the mean stay over the 2001 to 2005 period was 5.6 nights.

Length of stay by source market and purpose, 2005

	% share of visitor nights sampled staying:					Sample size
	0	1-3	4-7	8-28	29+	
By purpose:						
Business	12.5	65.7	14.6	4.8	2.4	1,164
Holiday/leisure	3.4	44.7	32.6	18.0	1.3	970
VFR	3.4	56.8	18.1	16.5	5.2	2,377
By market:						
South Africa	8.8	63.1	19.9	7.2	1.0	1,35
Zimbabwe	7.6	58.5	15.0	14.2	4.7	2,471
Namibia	12.9	50.5	22.6	12.9	1.1	93
Zambia	11.1	63.8	16.7	2.8	5.6	36
UK	0.0	37.3	40.1	20.4	2.2	137
Germany	0.0	26.9	41.0	30.8	1.3	78
France	0.0	60.0	20.0	13.3	6.7	15
USA	0.0	31.5	34.8	28.3	5.4	92
Canada	0.0	20.0	26.7	33.3	20.0	15
Australia	0.0	14.3	55.4	23.2	7.1	56
All visitors	7.0	56.2	19.8	13.5	3.5	4,634

Source: Visitor Survey, Department of Tourism

THE MAIN TOURIST ATTRACTIONS

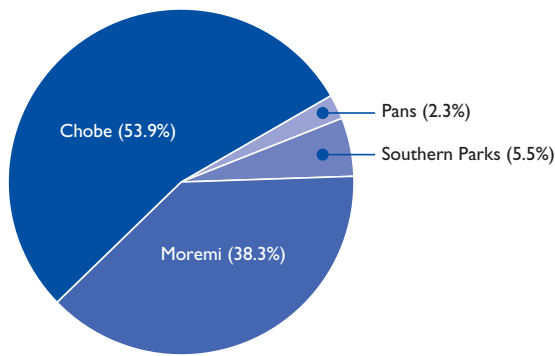
With a large proportion of VFR visitors, the impact of tourism in Botswana is more regionally dispersed than is commonly perceived. According to the Botswana visitor survey – and contrary to common opinion within the tourism industry – the main population centres of Gaborone and Francistown are typically the main places visited by 70-75% of all visitors, with their share of total arrivals averaging 73% over the 2001-05 period.

Chobe National Park, including the town of Kasane, attracted a 7% share of arrivals over the five-year period, while Maun accounted for just under 7% and the Okavango Delta for a further 4.5%. Few visitors cited either the Central Kalahari (less than 1%) or the Kgalagadi Transfrontier Park (a mere 0.2%) as their principal destinations.

However, the concentration of high-spending visitors in the two main northern game parks – Chobe and the Delta (Moremi) – is evident from the data on park arrivals and park revenues reported by the Department of Wildlife, which is available through 2006. In revenue terms, Chobe National Park yielded P15.5 million in 2006, or more than 60% of total park revenues, while Moremi generated a further 27%. If the Makgadikgadi Pans Parks are included, the northern parks combined accounted for 91% of the total park revenues of P25.7 million. However, the revenue share of the southern parks is increasing year by year, rising from 7% of all revenues in 2005 to more than 9% in 2006.

In terms of visitor numbers, which rose overall by nearly 13% from 2005 to 2006, entries into Chobe were up by 13%, while those to Moremi increased by an estimated 7%. The Pans and southern parks recorded visitor growth of 27% and 52% respectively – albeit from much lower bases.

National park arrivals, 2006



Source: Department of Wildlife

In the three years since 2003, day visitors to all national parks have increased annually by 6%, while overnight visits have surged by 33% – more than doubling the overall overnight count over the period. As a result, total visits to the national parks have increased at an annual average rate of 24% over the last three years, with 2005 recording a 46% rise.

A detailed analysis of entries and revenues for Chobe National Park confirms the high level of increased usage, and this has led to congestion at peak times by the riverfront. In the past three years:

- Visitors have increased by more than 17% per annum, with overnight visitors up 26%;
- Overnight visitors have doubled, led by the clients of fixed lodges and camps whose numbers have grown annually by an average of 28%;
- The growth in earnings has more than kept pace with the increase in visitors, although the revenue collected by the Wildlife Department from each visitor was still only P108 in 2006.

Entries and revenues for Chobe National Park, 2003-06

	2003	2004	2005	2006	% AAG ^a 2003-05
Visitors					
Private visitors	17,629	16,156	23,780	25,955	13.8
Day	11,621	9,561	14,077	15,182	9.3
Overnight	6,008	6,595	9,703	10,773	21.5
Clients of mobile tours	36,270	38,936	39,083	43,771	6.5
Day	31,756	33,541	33,619	38,004	6.2
Overnight	4,514	5,395	5,464	5,767	8.5
Clients of fixed camps & lodges	35,201	55,615	64,420	74,270	28.3
Total visitors	89,100	110,707	127,283	143,996	17.4
Day	43,377	43,102	47,696	53,186	7.0
Overnight	45,723	67,605	79,587	90,810	25.7
Revenues (P '000)	9,020	11,213	13,331	15,533	19.9

^a Average annual growth

Source: Department of Wildlife

ACCOMMODATION

Given the growth in tourist numbers in recent years, it is not surprising that there has been a significant increase in both the use of commercial accommodation and room and bed capacity. The Department of Tourism estimates that, in 2005, registered accommodation establishments accounted for 4,050 rooms and 7,800 beds – approximately double the

available capacity in 1999. (UNWTO figures suggest that there were 2,100 rooms and 3,720 beds in that year.) Moreover, since 2001, the number of rooms occupied has more than doubled – from 266,356 to 613,069 roomnights in 2005 – while the number of bednights increased at an average annual rate of 27% over the four years, exceeding one million for the first time ever in 2005. Such rapid growth has sharply increased average occupancy rates, from 25% in 2001 to 42% in 2005 for rooms, and from 19% to 36% for beds.

Although occupancy levels have risen, the averages remain quite low by international standards, suggesting that there is still some scope for expansion within the existing room/bed stock. Peak months are now seeing room occupancy of over 50%, but this is far from economically viable on a long-term basis.

It should also be noted that more than half of all visitors do not stay in commercial accommodation. According to the annual visitor survey, over the 2001-05 period an average of 51% of tourists stayed at the homes of friends and relatives. Hotel stays accounted for 21% of all tourist roomnights, with safari camps and lodges attracting a further 8.5%. Fewer than 5% of tourists, including backpackers, stayed in private campsites and just over 3% opted for rented apartments.

LOOKING FORWARD

Although detailed assessment of Botswana's tourism performance is hampered by a shortage of timely data, current trends are generally encouraging, confirming the potential for Travel & Tourism growth and diversification. Among the industry's recent achievements:

- International visitor arrivals exceeded 2 million in 2005 for the first time ever and preliminary estimates point to further double-digit growth in 2006;
- Tourist arrivals alone rose by over 30% in 2005, with national park entries up 46%;
- Park entries rose by a further 13% in 2006, although the spectacular rise in entries and revenues over the past couple of years has contributed to congestion at the most popular attractions, notably the riverfront at Chobe, during peak periods;
- The growth in arrivals has come from all key markets – not just neighbouring African countries;
- Receipts from international tourism have also increased sharply, especially in terms of the national income account;
- European and American visitors spend most on a per trip and per day basis in Botswana, but the contribution from spending by South African tourists should not be underestimated;
- Many tourists are visiting friends and relations, and staying at their homes rather than in commercial accommodation, but commercial accommodation capacity has risen considerably in recent years in line with increased demand.

As a result of these positive trends, the contribution of Travel & Tourism to Botswana's economy has increased sharply in recent years, although there is still a long way to go to achieve the country's full tourism potential – as highlighted in the Policy Recommendations of this report.

TRAVEL & TOURISM SATELLITE ACCOUNT

TOURISM SATELLITE ACCOUNTING

THIS REPORT FOLLOWS THE CONCEPT OF SATELLITE ACCOUNTING DEFINED IN THE *TOURISM SATELLITE ACCOUNT: RECOMMENDED METHODOLOGICAL FRAMEWORK* (TSA:RMF), AND DEVELOPED UNDER THE AUSPICES OF THE WORLD TOURISM ORGANIZATION.

Over the last three decades, countries have estimated the economic impact of Travel & Tourism through a range of measures using a variety of definitions and methodologies. Such approaches have prevented meaningful comparisons among nations. Even for the same nation over different periods of time, they have frustrated business and government attempts to draw valid conclusions about the nature and course of Travel & Tourism demand in national economies. This regime has obscured the substantial, positive role the industry plays in national economies and has thwarted business and government attempts to optimize economic programmes and policies.

The World Travel & Tourism Council (WTTC) recognized the dearth of crucial Travel & Tourism intelligence from the time of its establishment in 1990 and it published the first detailed estimates of world tourism's economic impact that same year.

Since then WTTC has worked to improve its methodologies and to encourage individual countries to enhance their measurement and understanding of tourism's impact on their national economies. Furthermore, in the spirit of joining forces to enhance world comprehension of the role of Travel & Tourism in national economies, WTTC has strongly supported the programmes of the World Tourism Organization (UNWTO) to improve tourism statistics worldwide.

WTTC'S RESEARCH

WTTC and its economic/research partners – Oxford Economics, since 1999, and Global Insight (previously known as DRI•WEFA), from 1990-1999 – have developed and published research on the economic contribution of Travel & Tourism to the world, regional and national economies.

Starting in 1990, WTTC's research team has been working to develop practical, real-world models to illustrate Travel & Tourism's economic contribution based on the needs of private sector leaders, public sector policy-makers and industry researchers, and on the interpretation of the system of national accounts. The research is now firmly anchored in the international standard for tourism satellite accounting that was developed by UNWTO, OECD and Eurostat, and approved by the United Nations Statistical Commission in 2000. It was launched at the TSA Conference held in Vancouver in May 2001 and published as the *Tourism Satellite Account: Recommended Methodological Framework* (TSA:RMF) in 2001.

Since 1999, WTTC's research has assumed the conceptual framework of the UN-approved standard with a number of discretionary extensions, and it combines the most sophisticated economic modelling and forecasts available with the most up-to-date, publicly available data to generate a comprehensive implementation of Travel & Tourism satellite accounting.

This special simulated TSA for Botswana is the product of work commissioned by the Botswana Tourism Board (BTB). In carrying out the work, Oxford Economics has drawn extensively on the methodology drawn up over the years by WTTC to develop TSAs as operational tools, and has worked closely with BTB, the Departments of Tourism and Wildlife, the Central Statistics Office and the Bank of Botswana to review the assumptions, models and results produced by this exercise.

WTTC'S APPROACH TO TOURISM SATELLITE ACCOUNTING

WTTC has endeavoured to implement and produce the most comprehensive TSA provided for within the TSA:RMF – by developing the narrow concept of the 'Travel & Tourism Industry' in addition to the broader concept of the 'Travel & Tourism Economy'. WTTC advocates full implementation of the TSA as defined in the TSA:RMF in order to achieve the highest level of benefits for industry and governments. These include:

- A wealth of customer and consumer information on tourism-related purchases (before, during and after trips – whether domestic or international, imported or exported – as well as services, durables and non-durables) that has never been identified until now;
- Comprehensive documentation and analysis of the full tourism-product service chain and government's ability to deliver quality and timely service to visitors;
- Linkages between Travel & Tourism and other sectors of the economy such as agriculture and manufacturing to illustrate the flow-through of spending;
- Complete outlook for public works that benefit visitors and Travel & Tourism companies in order to leverage public sector plans and priorities for growth;
- Focused opportunities for domestic production, as

well as incentives from the public sector, to aid in the growth of businesses that help alleviate trade balance issues;

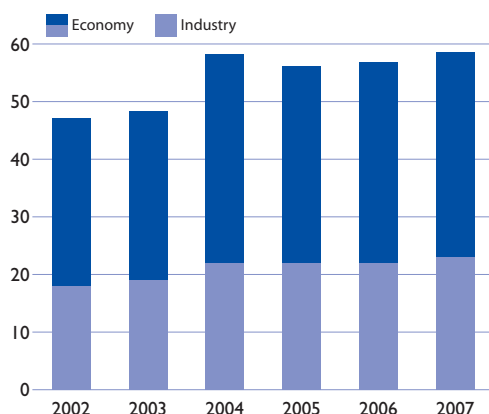
- Demand- and supply-side information on employment that allows for human resource planning and development.

WTTC has worked towards developing a comprehensive TSA – not because it is eager to exaggerate the size of Travel & Tourism's impact, but because the information that can be garnered from the exercise by governments and industry is crucial for making intelligent and informed policy and business decisions. WTTC believes that history will document its pioneering implementation of the simulated TSA as one of the most important turning points for Travel & Tourism's long overdue economic recognition.

In the WTTC research, no country receives special treatment or favours. WTTC uses internationally available data sources and the same scope of tourism satellite accounting for all countries, as well as the same basic assumptions through the same system of models. WTTC's TSA research utilizes a universal and internally consistent modelling framework and generates harmonized results and forecasts for 176 countries around the world. Details of the methodology used by WTTC/Oxford Economics in its TSA research are available on WTTC's website (www.wttc.travel).

BOTSWANA

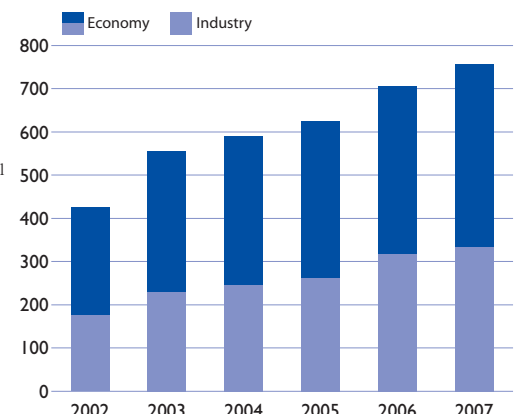
**Travel & Tourism Employment
('000 Jobs)**



T&T ECONOMY
Direct and indirect impact of visitor activities, capital investment, exports and government services

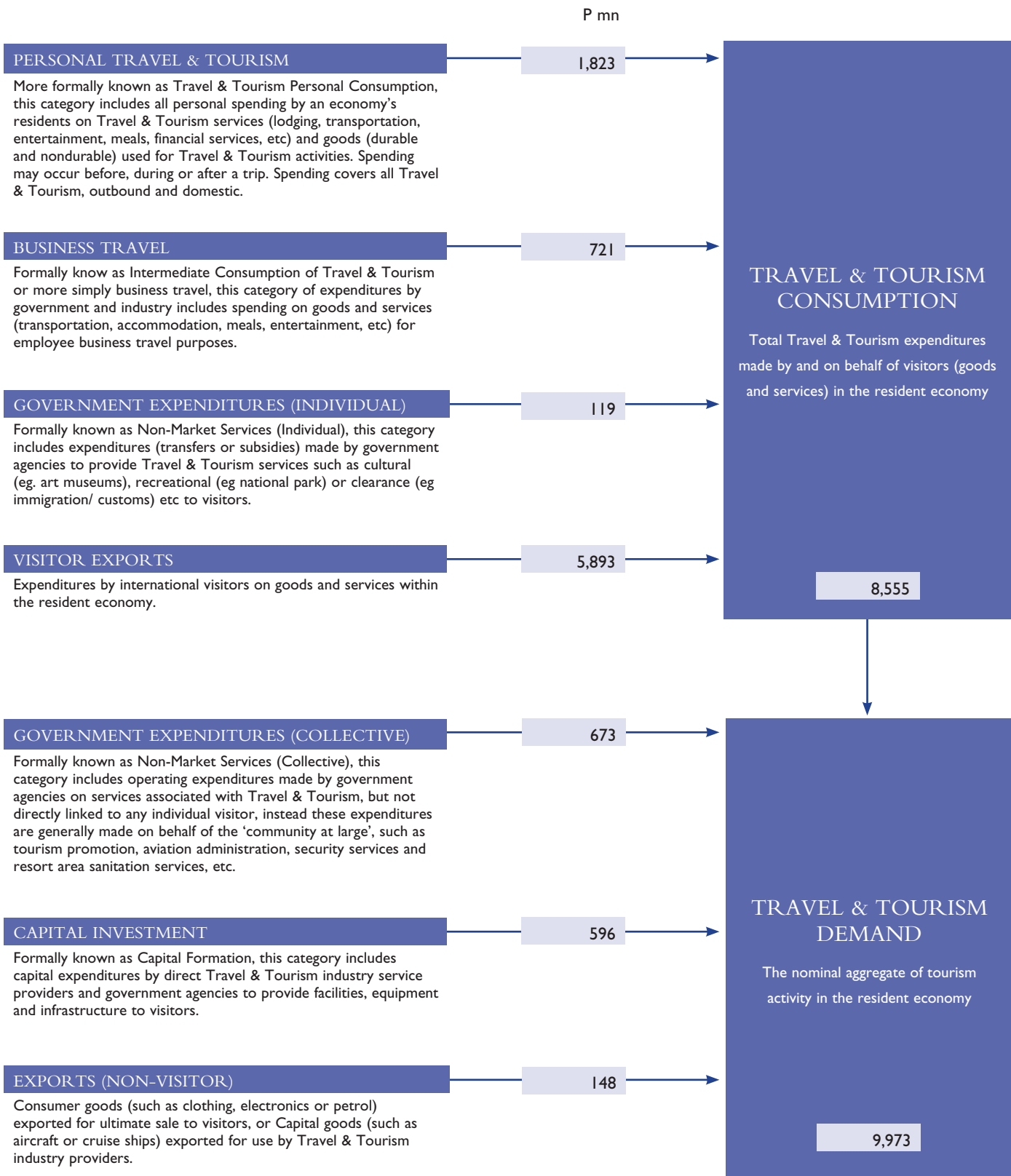
T&T INDUSTRY
Direct impact of visitor activity (transportation, accommodation, food and beverage, recreation, entertainment and travel services)

**Travel & Tourism Gross Domestic Product
(2000 Constant US\$ bn)**



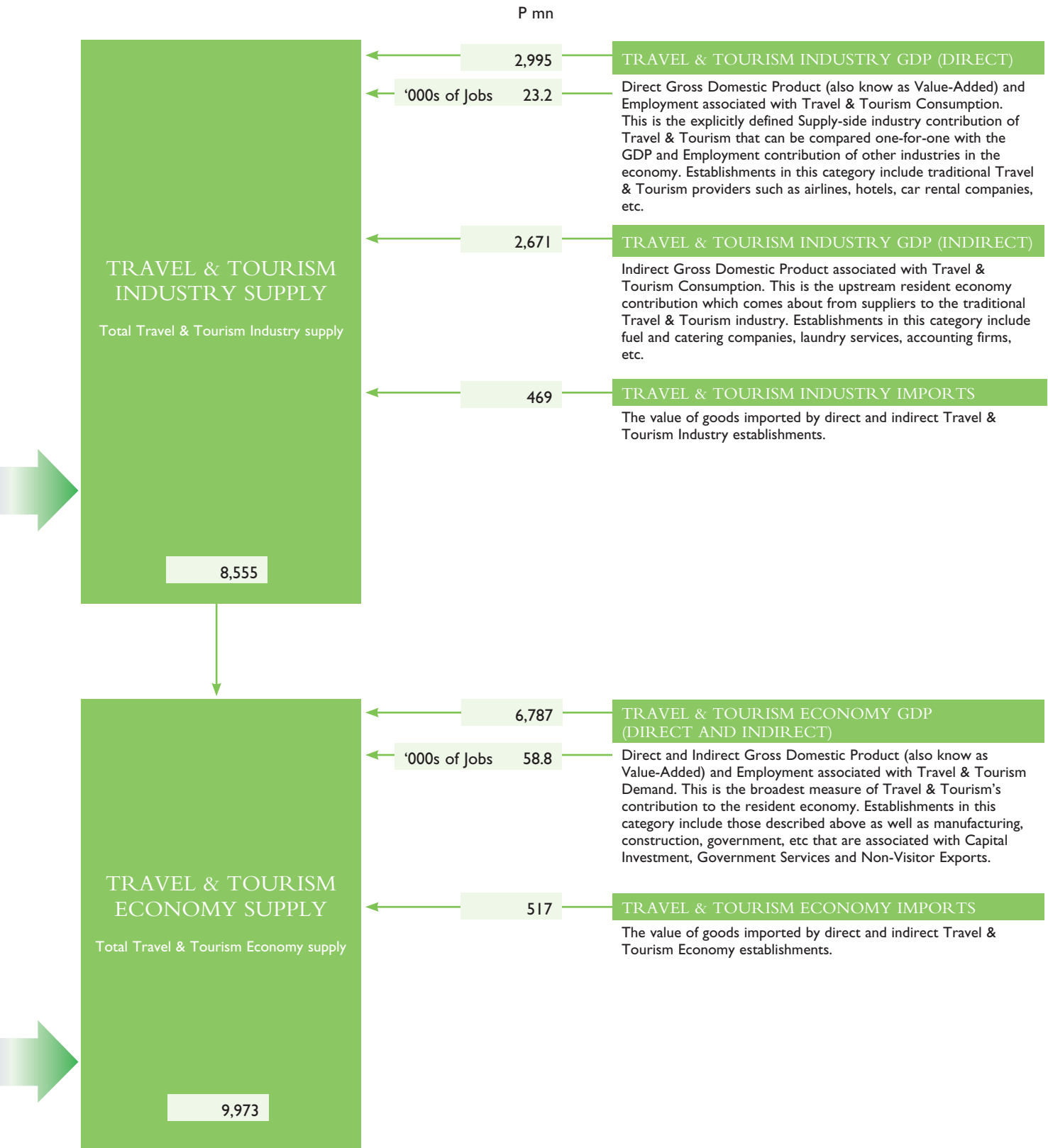
TSA CONCEPTS & STRUCTURE

Demand Side Accounts



The Travel & Tourism Satellite Account is based on a 'demand-side' concept of economic activity, because the industry does not produce or supply a homogeneous product or service like traditional industries (agriculture, electronics, steel, etc). Instead, Travel & Tourism is an industrial activity defined by the diverse collection of products (durables and non-durables) and services (transportation, accommodation, food and beverage, entertainment, government services, etc) that are delivered to visitors. There are two basic aggregates of demand (Travel & Tourism Consumption and Total Demand) and by employing input/output modelling separately (blue/green arrows) to these two aggregates the Satellite Account is able to produce two different and complementary aggregates of Travel & Tourism Supply: the Travel & Tourism Industry and the Travel & Tourism Economy. The former captures the explicitly defined production-side 'industry' contribution (ie direct impact only), for comparison with all other industries, while the latter captures the broader 'economy-wide' impact, direct and indirect, of Travel & Tourism.

Supply Side Accounts



TRAVEL & TOURISM'S ECONOMIC IMPACT

TRAVEL & TOURISM – ENCOMPASSING TRANSPORT, ACCOMMODATION, CATERING, RECREATION AND SERVICES FOR VISITORS – IS ONE OF THE WORLD'S HIGHEST PRIORITY INDUSTRIES AND EMPLOYERS.

DEMAND

Worldwide in 2007, Travel & Tourism is expected to post US\$7,060 bn of economic activity (Total Demand) and this is forecast to grow to US\$13,232 bn by 2017.

Travel & Tourism Demand in Sub-Saharan Africa is expected to reach US\$90,114 mn in 2007, growing to US\$187,462 mn in 2017.

In Botswana, in 2007, Travel & Tourism is expected to post P9,973 mn (US\$1,620 mn) of economic activity (Total Demand), growing to P25,544 mn (US\$3,078 mn) by 2017.

GDP

In 2007, the Travel & Tourism Industry should contribute 3.6% to worldwide GDP. The broader Travel & Tourism Economy should contribute 10.4% to world GDP in 2007.

In Sub-Saharan Africa, the Travel & Tourism Industry is expected to post a GDP contribution of 2.6% in 2007, while the Travel & Tourism Economy contribution will be 8.1%.

Botswana's Travel & Tourism Industry is expected to contribute 4.3% to GDP in 2007 (P2,995 mn or US\$486 mn), rising in nominal terms to P8,749 mn or US\$1,054 mn (5.4% of total GDP) by 2017. The Travel & Tourism Economy contribution (% of total) should rise from 9.7% (P6,787 mn or US\$1,102 mn) to 11.6% (P18,819 mn or US\$2,267 mn) over this same period.

GROWTH

Travel & Tourism is a high-growth activity, which is forecast to increase its total economic activity by 4.4% per annum worldwide in real terms over the next ten years.

In Sub-Saharan Africa, Travel & Tourism is expected to post average annualized gains of 4.5% between 2008 and 2017.

For Botswana, Travel & Tourism activity is projected to grow by 5.0% per annum in real terms between 2008 and 2017.

EMPLOYMENT

Travel & Tourism is human resource intensive, creating quality jobs across the full employment spectrum. In 2007, 1 in 12 jobs will be generated by the Travel & Tourism Economy. The Travel & Tourism Economy accounts for 8.3% of global employment. Today there are 76.1 mn Travel & Tourism Industry jobs and 231.2 mn jobs in the Travel & Tourism Economy, and these will rise to 86.6 mn Travel & Tourism Industry jobs and 262.6 mn Travel & Tourism Economy jobs by 2017.

The Sub-Saharan Africa Travel & Tourism Industry is expected to generate 3.5 mn jobs in 2007 (2.0% of total employment), while the broader Travel & Tourism Economy will account for 10.3 mn jobs (5.9% of total employment).

Botswana's Travel & Tourism Economy employment is estimated at 58,780 jobs in 2007, or 10.6% of total employment – 1 in every 9.4 jobs. By 2017, this should rise to 78,540 jobs, 13.1% of total employment or 1 in every 7.6 jobs. The 23,230 Travel & Tourism Industry jobs account for 4.2% of total employment in 2007 and are forecast to rise to 30,830 jobs or 5.1% of total employment by 2017.

VISITOR EXPORTS

Travel & Tourism is a major exporter, with inbound visitors injecting foreign exchange directly into the economy. World Travel & Tourism Exports is forecast to total US\$1,848 bn in 2007.

Travel & Tourism Exports in Sub-Saharan Africa are expected to represent 12.2% of total exports in 2007, totalling US\$36.9 bn.

In Botswana, exports make up a very important share of Travel & Tourism's contribution to GDP. Of total Botswana exports, Travel & Tourism is expected to generate 13.5% (P6,041.0 mn or US\$981.1 mn) in 2007, increasing to P16,392.7 mn, or US\$1,975.1 mn (14.4% of total exports), by 2017.

CAPITAL INVESTMENT

Travel & Tourism is a catalyst for construction and manufacturing. In 2007, the public and private sectors combined are expected to spend US\$1,156 bn on new Travel & Tourism Capital Investment worldwide – 9.5% of total investment – rising to US\$2,393 bn, or 9.9% of the total, in 2017.

In Sub-Saharan Africa, Travel & Tourism Capital Investment is expected to total US\$16,427 mn in 2007, or 10.4% of total regional capital investment.

Botswana's Travel & Tourism Capital Investment is estimated at P596 mn (US\$97 mn), or 5.4% of total investment in 2007. By 2017, this should reach P1,559 mn (US\$188 mn) or 6.5% of total capital investment.

GOVERNMENT

Travel & Tourism is both a generator and receiver of government funds. Globally, in 2007, Travel & Tourism is expected to garner US\$334 bn of government expenditures, or a 3.8% share of total expenditures. By 2017, government spending on Travel & Tourism should increase to US\$546 bn – a 3.9% share of the total.

Government Travel & Tourism operating expenditures in Botswana in 2007 are expected to total P792 mn (US\$129 mn) or 6.1% of total government spending. In 2017, this is forecast to rise to P1,899 mn (US\$229 mn), or a 6.3% share.

BOTSWANA ESTIMATES AND FORECASTS

	2007			2017		
	P mn	% of Tot	Growth ¹	P mn	% of Tot	Growth ²
Personal Travel & Tourism	1,823	10.7	5.4	4,126	10.9	3.7
Business Travel	721	---	8.3	1,566	---	3.3
Government Expenditures	792	6.1	5.1	1,899	6.3	4.3
Capital Investment	596	5.4	8.6	1,559	6.5	5.2
Visitor Exports	5,893	13.1	8.1	16,094	14.1	5.7
Other Exports	148	0.3	6.3	299	0.3	2.6
Travel & Tourism Demand	9,973	---	7.3	25,544	---	5.0
T&T Industry GDP	2,995	4.3	5.3	8,749	5.4	6.4
T&T Economy GDP	6,787	9.7	7.4	18,819	11.6	5.8
T&T Industry Employment	23	4.2	3.8	31	5.1	2.9
T&T Economy Employment	59	10.6	2.9	79	13.1	3.0

¹2007 Real Growth Adjusted for Inflation (%); ²2007-2017 Annualized Real Growth Adjusted for Inflation (%); '000 of Jobs

SUB-SAHARAN AFRICA ESTIMATES AND FORECASTS

	2007			2017		
	US\$ mn	% of Total	Growth ¹	US\$ mn	% of Total	Growth ²
Personal Travel & Tourism	23,734	4.7	3.7	51,777	4.5	4.9
Business Travel	11,142	---	8.5	22,766	---	4.4
Government Expenditures	1,938	1.7	3.5	6,087	1.9	4.6
Capital Investment	16,427	10.4	5.4	39,258	9.8	5.1
Visitor Exports	20,338	6.7	0.2	40,374	7.1	4.6
Other Exports	16,535	5.5	6.7	27,199	4.8	2.8
Travel & Tourism Demand	90,114	---	4.2	187,462	---	4.5
T&T Industry GDP	19,672	2.6	3.8	42,698	2.3	4.6
T&T Economy GDP	60,866	8.1	4.9	129,733	7.0	4.4
T&T Industry Employment	3,512	2.0	2.4	4,425	2.0	2.3
T&T Economy Employment	10,354	5.9	1.1	12,014	5.4	1.5

¹2007 Real Growth Adjusted for Inflation (%); ²2007-2017 Annualized Real Growth Adjusted for Inflation (%); '000 of Jobs

WORLD ESTIMATES AND FORECASTS

	2007			2017		
	US\$ mn	% of Total	Growth ¹	US\$ mn	% of Total	Growth ²
Personal Travel & Tourism	2,976,555	9.7	3.4	5,169,167	9.8	3.6
Business Travel	743,430	---	5.3	1,314,497	---	3.7
Government Expenditures	334,244	3.8	2.5	545,849	3.9	3.0
Capital Investment	1,155,570	9.5	5.1	2,392,958	9.9	5.0
Visitor Exports	968,164	6.4	3.8	1,805,132	5.1	4.6
Other Exports	879,618	5.8	3.6	2,001,284	5.6	6.8
Travel & Tourism Demand	7,060,470	---	3.9	13,231,780	---	4.4
T&T Industry GDP	1,851,250	3.6	4.3	3,121,768	3.4	3.3
T&T Economy GDP	5,391,023	10.4	4.5	9,781,501	10.7	3.9
T&T Industry Employment	76,082	2.7	2.1	86,635	2.8	1.3
T&T Economy Employment	231,225	8.3	2.8	262,634	8.3	1.3

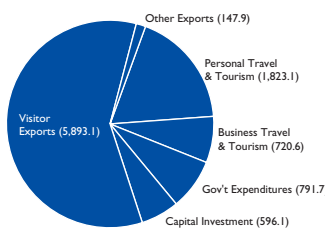
¹2007 Real Growth Adjusted for Inflation (%); ²2007-2017 Annualized Real Growth Adjusted for Inflation (%); '000 of Jobs

TOTAL DEMAND

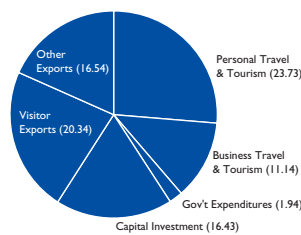
TRAVEL & TOURISM IN BOTSWANA IS EXPECTED TO GENERATE P10.0 BN (US\$1.6 BN) OF TOTAL DEMAND IN 2007, INCLUDING:

- P1.8 bn (US\$296.1 mn) of Personal Travel & Tourism consumption by residents of Botswana (10.7% of total personal consumption);
- P720.6 mn (US\$117.0 mn) of Business and Government Travel by resident companies and government employees;
- P791.7 mn (US\$128.6 mn) of Government Expenditures, or 6.1% of total government spending in Botswana, to provide individual and collective services to the country's Travel & Tourism Industry and its visitors;
- P596.1 mn (US\$96.8 mn) of Capital Investment, or 5.4% of total capital investment in Botswana, in personal, commercial and public Travel & Tourism facilities, equipment and infrastructure by residents, Travel & Tourism companies and government agencies;
- P5.9 bn (US\$957.1 mn) of Visitor Exports generated from international visitor markets, or 13.1% of Botswana's total exports; and
- P147.9 mn (US\$24.0 mn) of Merchandise Trade Exports, or 0.3% of total exports.

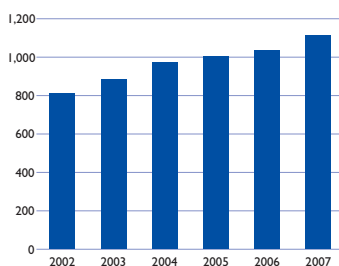
BOTSWANA
Travel & Tourism Total Demand
(2007 Est. P mn)



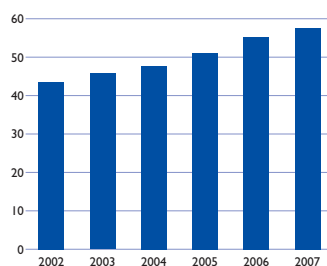
SUB-SAHARAN AFRICA
Travel & Tourism Total Demand
(2007 Est. US\$ bn)



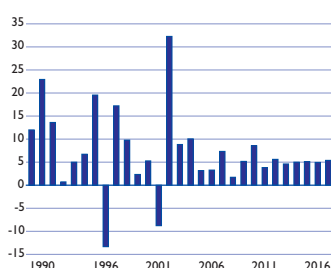
BOTSWANA
Travel & Tourism Total Demand
(2000 Constant US\$ mn)



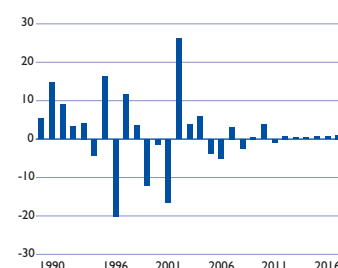
SUB-SAHARAN AFRICA
Travel & Tourism Total Demand
(2000 Constant US\$ bn)



BOTSWANA
Travel & Tourism Total Demand
(Real Growth, %)



SUB-SAHARAN AFRICA
Travel & Tourism Total Demand
(Real Growth, %)



This breakdown of demand shows that Visitor Exports accounts for as much as 59% of the nation's Travel & Tourism Economy. Given how important Travel & Tourism is already, international visitors must be accorded the highest priority by government so as to ensure sustainable growth in the future for the sector.

Since the late 1980s, Botswana's Travel & Tourism activity has seen significant and healthy gains with only two years recording a decline in real Travel and Tourism Demand. Moreover, the sector bounced back sharply after these declines, the latest of which was in 2001. Growth in demand has generally exceeded that of the Sub-Saharan region overall. Botswana now looks poised for a period of healthy growth in terms of Travel & Tourism Demand if the policy recommendations outlined in this report are implemented, in particular the diversification of tourism products.

In 2007, Botswana's Travel & Tourism is expected to grow by 7.3% overall. In the longer term – ie to 2017 – Travel & Tourism Demand in Botswana is forecast to average 5.0% per annum. This would comfortably exceed expected worldwide growth of 4.4% per annum, as well as the 4.5% annual average growth forecast for Sub-Saharan Africa.

EMPLOYMENT

THE TRAVEL & TOURISM INDUSTRY IN BOTSWANA IS EXPECTED TO GENERATE DIRECTLY 23,226 JOBS IN 2007.

A total of 58,783 jobs (direct and indirect) are expected to be generated across the broader spectrum of the Travel & Tourism Economy, encompassing:

- travel company employment,
- government agency employment, and
- supplier company employment.

The first category represents Travel & Tourism Industry jobs, while all three categories together represent Travel & Tourism Economy jobs.

Travel & Tourism Industry jobs in Botswana, which are expected to total 23,226 in 2007, represent 4.2% of the country's workforce. By 2017, Travel & Tourism Industry employment is forecast to increase by 7,599 jobs to 5.1% of total employment in Botswana.

The 58,783 Travel & Tourism Economy jobs in Botswana in 2007 represent 10.6% of the total workforce. By 2017, Travel & Tourism Economy employment is expected to increase by 19,755 jobs in Botswana to 13.1% of total employment.

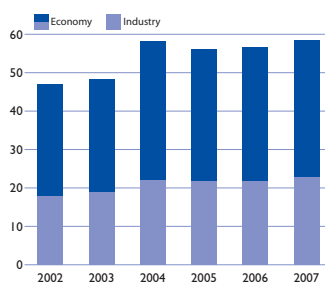
From under 30,000 jobs in 1990, Travel & Tourism Economy employment in Botswana has surged, increasing at an annual average rate of almost 4.5%. In 2007, due to the expected strong growth in Travel & Tourism demand, the employment outlook for Travel & Tourism is very positive, with employment gains expected to total 1,645 jobs.

Assuming that growth in the economy remains positive and the tourism product is diversified, there is strong potential over the next decade to create around 2,000 new jobs a year. This would mean that the total number of jobs in Travel & Tourism would increase by 3.0% per annum between 2008 and 2017.

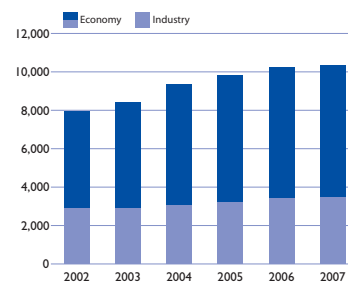
The charts on the right highlight a few points of interest. First, Botswana's Travel and Tourism employment prospects look bright, especially given some major developmental and marketing activities initiated by BTB, such as the filming of the Alexander McCall Smith books and strategies for deriving benefits from the 2010 FIFA World Football Cup being held in South Africa.

Second, if Travel & Tourism Employment in Botswana as a percentage of total employment is compared with the respective shares of neighbouring and competing destinations, Botswana only lags behind Namibia, even though its global ranking is a middle-of-the road 80th place. However, more encouraging is the fact that it ranks much better – in 41st position – among the list of 176 countries whose future growth performances are assessed by WTTC/Oxford Economics.

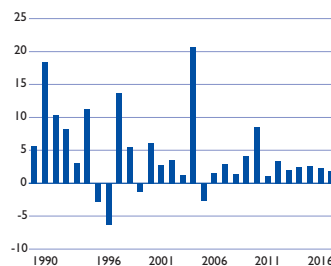
BOTSWANA
Travel & Tourism Employment
('000 Jobs)



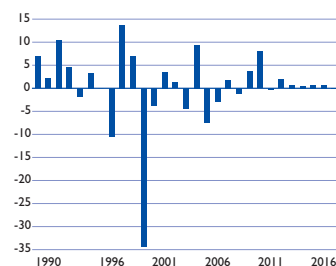
SUB-SAHARAN AFRICA
Travel & Tourism Employment
('000 Jobs)



BOTSWANA
Travel & Tourism Economy Employment
(Real Growth, %)



BOTSWANA VS SUB-SAHARAN AFRICA
Travel & Tourism Economy Employment
(Real Growth Variance, %)



WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Economy Employment
(2007, % of Total Employment)

36	Namibia.....	17.7
80	Botswana	10.6
84	Angola.....	10.2
89	Kenya.....	9.4
115	South Africa.....	7.5
117	Tanzania.....	7.4
154	Madagascar.....	5.1
163	Zimbabwe.....	4.2
164	Malawi.....	4.1
169	Zambia.....	3.3

WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Economy Employment
(10-Year Real Growth, Annualized, %)

8	Namibia.....	4.5
26	South Africa.....	3.5
33	Zambia.....	3.2
35	Malawi.....	3.1
41	Botswana	3.0
89	Kenya.....	2.1
95	Tanzania.....	2.0
128	Angola.....	1.2
133	Madagascar.....	1.1
175	Zimbabwe.....	-2.0

GROSS DOMESTIC PRODUCT

THE TRAVEL & TOURISM INDUSTRY IN BOTSWANA IS EXPECTED TO PRODUCE DIRECTLY P3.0 BN (US\$486.5 MN), OR 4.3% OF TOTAL GDP, IN 2007.

The broader Travel & Tourism Economy (direct and indirect) is forecast to contribute P6.8 bn (US\$1.1 bn), or 9.7%, to total GDP. The long-term expectations for Travel & Tourism Economy GDP growth are positive, resulting in 5.8% annualized real growth to 2017. Over the same period, Travel & Tourism Industry GDP is forecast to gain around one percentage point to reach a 5.4% share of total GDP, or P8.7 bn (US\$1.1 bn).

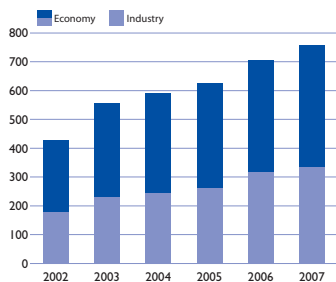
The Travel & Tourism results and forecasts illustrate the significant and sometimes substantial economic stimulus of Travel & Tourism, especially for a developing country. The first set of charts (stacked bar) for Botswana illustrates how the tourism industry acts as a leading economic catalyst as its contribution permeates through Botswana's Travel & Tourism Economy.

For Sub-Saharan Africa, there is also significant leverage between both parts of the value added and they tend to move in step. In general, these charts illustrate how small yet positive changes in the Travel & Tourism Industry, especially visible in the Botswana charts, result in a much greater impact on the broader Travel & Tourism Economy.

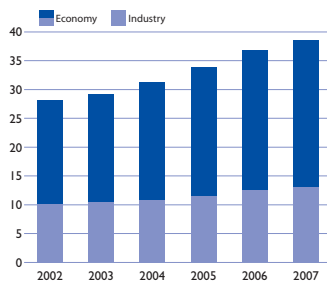
In the second set of charts (which show real growth), Botswana's Travel & Tourism Economy shows healthy, positive growth following the negative results posted in 2000 and 2001 when the global economy last weakened. Also evident is the strongly positive outlook for growth over the next ten years. Generally, growth is much stronger than for Sub-Saharan Africa overall, and Botswana is expected to continue to outperform the rest of the region through the forecast period.

The third set of charts (left) compares the WTTC/Oxford Economics estimates for Botswana and its neighbouring and competing destinations, showing respective Travel & Tourism Economy GDP as a percentage of total GDP. Ranked in 96th place among 176 countries, Botswana currently only lags behind Kenya and Namibia among the high-tier, tourism-intensive countries of the region. Moreover, the second league table extract illustrates how Botswana's prospects for GDP growth are also significantly better than for most of its neighbours and competitors within the regional and world rankings – in 23rd place for annualized growth over the next ten years of 5.8%.

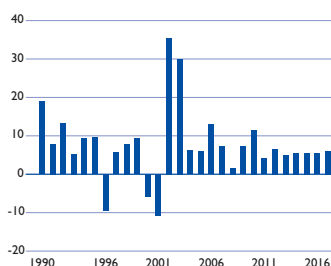
BOTSWANA
Travel & Tourism GDP
(2000 Constant US\$ mn)



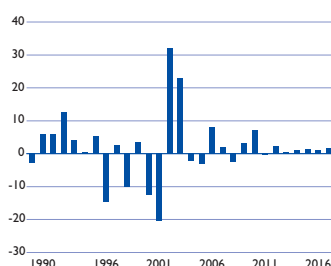
SUB-SAHARAN AFRICA
Travel & Tourism GDP
(2000 Constant US\$ bn)



BOTSWANA
Travel & Tourism Economy GDP
(Real Growth, %)



BOTSWANA VS SUB-SAHARAN AFRICA
Travel & Tourism Economy GDP
(Real Growth Variance, %)



WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Economy GDP
(2007, % of Total GDP)

45	Namibia	16.3
66	Angola	12.5
73	Kenya	11.6
96	Botswana	9.7
100	Tanzania	9.4
112	South Africa	8.3
147	Madagascar	6.3
159	Malawi	5.2
164	Zimbabwe	4.8
169	Zambia	4.0

WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Economy GDP
(10-Year Real Growth, Annualized, %)

3	Namibia	8.1
5	Zambia	7.4
23	Botswana	5.8
24	Angola	5.8
47	Malawi	5.1
57	South Africa	4.8
65	Tanzania	4.6
144	Kenya	3.1
162	Madagascar	2.4
175	Zimbabwe	0.2

CAPITAL INVESTMENT

IN 2007, TRAVEL & TOURISM CAPITAL INVESTMENT IN BOTSWANA IS EXPECTED TO TOTAL P596.1 MN (US\$96.8 MN), OR 5.4% OF TOTAL INVESTMENT.

The largest component of capital investment originates from the private sector in new plant, equipment and accommodation facilities, while the public sector invests in new Travel & Tourism infrastructure such as roads and airports.

The investment record in Botswana's Travel & Tourism economy since independence has been patchy, with several years since the late 1980s showing real declines in investment spending. Over the next ten years (2008-17), the contribution of Travel & Tourism to Botswana's capital investment account is expected to increase (at an average rate of 5.2% per annum in real terms) as the strategy to diversify the economy stimulates a catch-up process for Travel and Tourism investment. Specifically, the major upgrades planned for four airports prior to the 2010 FIFA World Cup will boost short-term investment performance.

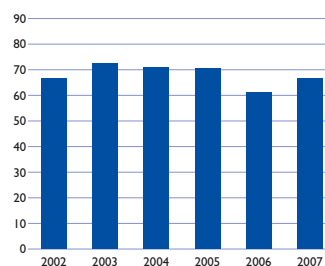
Examination of Travel & Tourism Capital Investment results and forecasts lends greater insight into the market forces at work in a given economy and the expectations by the public and private sectors to meet the challenges and opportunities in the years ahead. For the most part, Travel & Tourism Capital Investment tends to be cyclical, with strong links to major public policy initiatives, the business/market cycle, major events (such as natural disasters) and significant socio-political changes.

Worldwide, Travel & Tourism Capital Investment is expected to generate 9.5% of total investment in 2007. The expectation for global growth from 2008-17 is 5.0% per annum (in constant US dollars). In Sub-Saharan Africa, the respective figures are 10.4% of total capital investment in 2007 and 5.1% real growth over the coming decade.

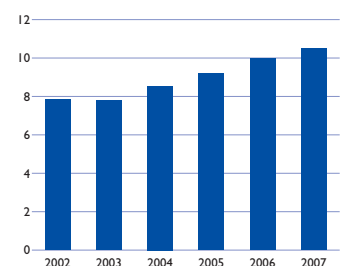
The charts on the right illustrate several interesting points. First, Botswana's Travel & Tourism Capital Investment is expected to show significant short-term growth as its economy builds tourism capacity ahead of important regional events. Second, when compared with neighbouring and competing countries, Botswana's ranking is low at present. With Travel & Tourism estimated at 5.4% of total investment, It ranks 164th in the world listing, behind all its competitors.

However, Botswana's Travel & Tourism Capital Investment growth prospects for 2008-17 place it much higher in the WTTC league tables – in 48th position. This sends a positive message to Travel & Tourism operators at home and abroad that Botswana expects to attract significant new business ventures over the coming decade, with its airport upgrades expected to act as a catalyst.

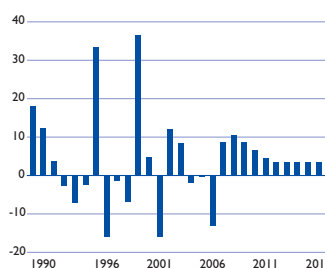
BOTSWANA
Travel & Tourism Capital Investment
(2000 Constant US\$ mn)



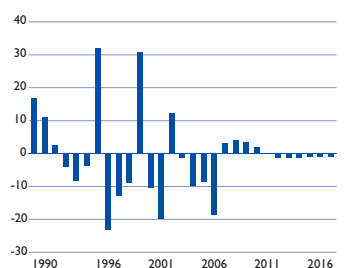
SUB-SAHARAN AFRICA
Travel & Tourism Capital Investment
(2000 Constant US\$ bn)



BOTSWANA
Travel & Tourism Capital Investment
(Real Growth, %)



BOTSWANA VS SUB-SAHARAN AFRICA
Travel & Tourism Capital Investment
(Real Growth Variance, %)



WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Capital Investment
(2007, % of Total)

40	Kenya.....	16.8
54	South Africa	14.2
66	Tanzania.....	12.9
75	Namibia.....	12.4
85	Madagascar	11.4
91	Zambia.....	11.0
113	Zimbabwe.....	8.7
124	Angola.....	8.2
163	Malawi.....	5.5
164	Botswana	5.4

WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Capital Investment
(10-Year Real Growth, Annualized, %)

4	Angola.....	9.0
21	Zambia.....	6.7
45	Malawi.....	5.3
48	Botswana	5.2
55	South Africa	4.9
65	Tanzania	4.6
70	Namibia.....	4.5
118	Kenya.....	3.6
136	Zimbabwe.....	2.9
173	Madagascar	0.1

PERSONAL & BUSINESS

IN 2007, BOTSWANA IS EXPECTED TO GENERATE P1.8 BN (US\$296.1 MN) OF PERSONAL TRAVEL & TOURISM CONSUMPTION BY RESIDENTS, OR 10.7% OF TOTAL PERSONAL CONSUMPTION.

In Botswana, business travel turnover in 2007 is expected to total P720.6 mn, or US\$117.0 mn (split 49.4% corporate to 50.6% government).

Unlike visitor exports, which depend on international markets for consumers, the business generated in these two categories depends on Botswana's economy itself. As the national economy grows, Botswana's consumer and business travel tends to follow suit. During the period 2002-05 Botswana's Personal Travel & Tourism (adjusted by inflation) recorded continuous growth. This upward trend came to a halt in 2006, with a 9% decline. However, Personal Travel & Tourism is expected to recover this year, by some 5%. Meanwhile, Business travel has grown in line with personal consumption. Over the next decade (2008-17), Personal Travel & Tourism in Botswana is expected to grow at an annual rate of 3.7%, while business/government travel is forecast to grow by 3.3% a year.

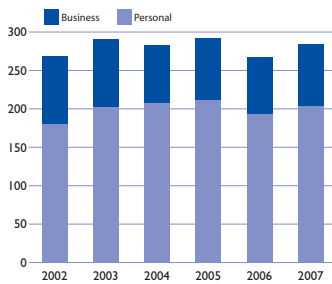
Although most of this Travel & Tourism occurs domestically within Botswana, a part of it takes place outside the country. When the spending does take place abroad, the satellite account generates a corresponding 'import credit', providing for an accurate assessment of Travel & Tourism 'produced' in Botswana and Travel & Tourism 'produced' by the rest of the world.

Analysis of Botswana's results highlights a few interesting points. First, Botswana's residents have recently been allocating about 10.7% of their personal expenditures on Travel & Tourism. This percentage is nicely above the world average of 9.7% and significantly higher than the Sub-Saharan Africa average of only 4.7%. Generally, the level of personal Travel & Tourism spending is directly linked to the development of the resident economy. As per capita income increases, so does Travel & Tourism spending.

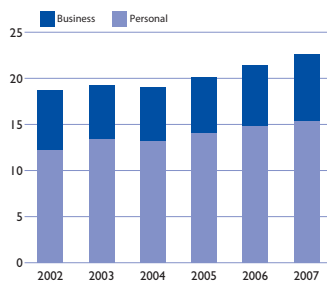
Botswana's sustained economic growth during the last ten years has supported a positive trend of Botswanan residents' spending on Travel & Tourism, as illustrated by the stacked bar and real growth charts on the left.

Finally, the league table extracts also suggest that, while Botswana ranks in the higher tier of countries (43rd position in the ranking) in terms of current Travel & Tourism spending on a relative basis, it ranks less favourably in the worldwide listing (113th) in respect of future forecast growth of personal Travel & Tourism. This suggests there is significant need to focus attention on developing domestic travel opportunities and services in Botswana for Botswana in the years to come.

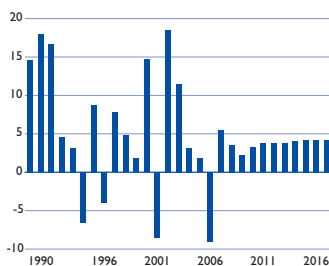
BOTSWANA
Personal & Business Travel & Tourism
(2000 Constant US\$ mn)



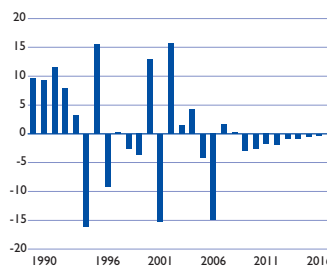
SUB-SAHARAN AFRICA
Personal & Business Travel & Tourism
(2000 Constant US\$ bn)



BOTSWANA
Personal Travel & Tourism
(Real Growth, %)



BOTSWANA VS SUB-SAHARAN AFRICA
Personal Travel & Tourism
(Real Growth Variance, %)



WTTC LEAGUE TABLE EXTRACT
Personal Travel & Tourism
(2007, % of Total Personal Consumption)

36	Namibia	11.5
43	Botswana	10.7
108	South Africa	5.5
133	Kenya	4.3
135	Tanzania	4.2
138	Angola	4.1
155	Zambia	3.4
160	Zimbabwe	3.1
166	Malawi	2.6
173	Madagascar	2.4

WTTC LEAGUE TABLE EXTRACT
Personal Travel & Tourism
(10-Year Real Growth, Annualized, %)

4	Angola	8.7
60	Namibia	4.8
70	Tanzania	4.6
83	Madagascar	4.4
94	Malawi	4.2
113	Botswana	3.7
122	South Africa	3.6
148	Zambia	2.8
149	Kenya	2.8
173	Zimbabwe	0.8

EXPORTS

TRAVEL & TOURISM EXPORTS PLAY A STRONG AND VITAL ROLE IN BOTSWANA'S TRAVEL & TOURISM SECTOR.

In 2007, Travel & Tourism Services and Merchandise Exports for Botswana are expected to total P6.0 bn, or US\$981.1 mn – 98% from visitors and 2% from exported consumer and capital goods – representing some 61% of total Travel & Tourism Demand. Without question, as this category grows, it will enhance the health and vitality of Botswana's Travel & Tourism sector.

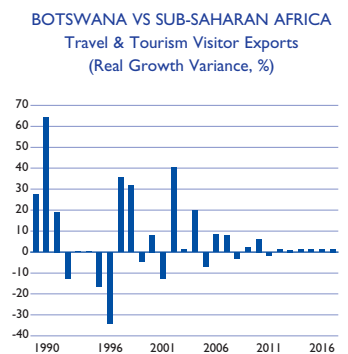
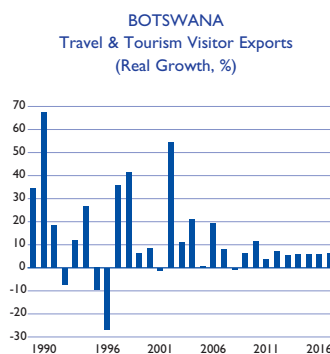
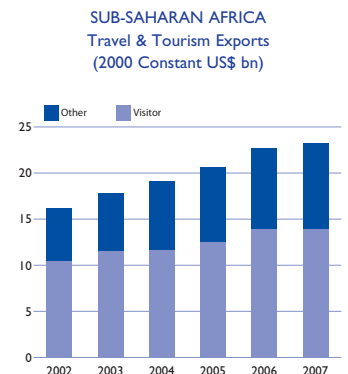
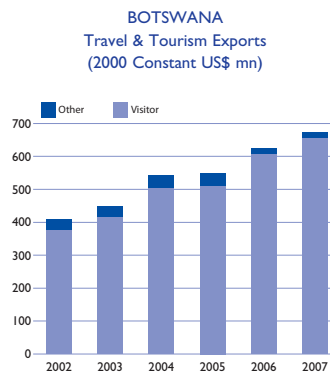
Over the past ten years, Travel & Tourism Visitor Exports in Botswana have witnessed a five-fold increase, supported by a surge in foreign visitor arrivals (from 656,000 in 1996 to 2.5 mn in 2006). Over the next decade, Botswana's Visitor Exports are expected to grow by a healthy 5.7% per annum, while Travel & Tourism Merchandise Exports (non-visitor exports) are forecast to record a much more modest growth of 2.6% per annum.

Globally, and for Sub-Saharan Africa, Visitor Exports are both projected to grow by 4.6% per annum over the next ten years (2008–17).

Clearly, based on these forecasts, Botswana's Travel & Tourism Visitor Exports' growth is excellent and ahead of that of its regional and global peers.

Although long-term expectations for Botswana's Travel & Tourism export growth (2008–17) are positive, these forecasts – like any others – depend on future events and can therefore not be guaranteed. Hurricane Katrina in 2005, for example, which had a major negative impact on tourism on the Gulf Coast of the USA, is a perfect illustration of the uncertainty inherent in forecasting.

Examination of the WTTC league tables reveals that Botswana is nicely positioned on the scale of current Visitor Exports measured as a percentage of total exports. In the second league table, Botswana's Visitor Exports' growth illustrates the positive outlook ahead, since it ranks in 46th position globally. This ranking sends a strong message that there is a need for the public and private sectors to pay significant attention to maintaining international visitor growth at these high levels.



WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Visitor Exports
(2007, % of Total Exports)

35	Tanzania	27.4
46	Kenya	22.8
50	Namibia	20.4
74	Zimbabwe	13.6
75	Botswana	13.1
79	South Africa	11.8
94	Zambia	7.6
102	Malawi	6.4
104	Madagascar	6.4
173	Angola	0.3

WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Exports
(10-Year Real Growth, Annualized, %)

4	Namibia	9.6
46	Botswana	5.7
60	Malawi	5.5
68	South Africa	5.0
80	Angola	4.7
84	Tanzania	4.6
128	Kenya	3.8
160	Madagascar	3.1
173	Zambia	1.4
175	Zimbabwe	-8.7

GOVERNMENT

IN 2007, GOVERNMENT AGENCIES IN BOTSWANA ARE EXPECTED TO SPEND P791.7 MN (US\$128.6 MN) OF CURRENT OPERATING FUNDS ON TRAVEL & TOURISM.

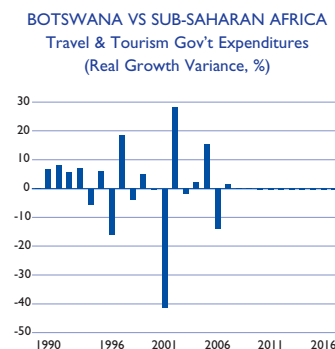
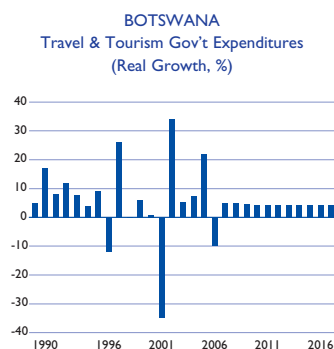
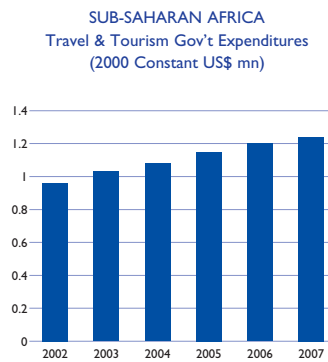
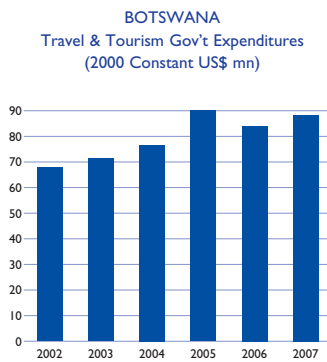
This represents 6.1% of total government expenditures, which are allocated to providing individual and collective government Travel & Tourism services to visitors, travel companies and the community at large. Over the next ten years (2008-17), Travel & Tourism Government Expenditures in Botswana are expected to increase by an average of 4.3% per year in real terms.

Globally, governments are forecast to allocate an average of 3.8% of their expenditures to Travel & Tourism-related functions in 2007, and to increase this spending by 3.0% per annum over the next ten years. The corresponding figures for Sub-Saharan Africa are 1.7% of total government spending and 4.6% real growth for the coming decade. Based on these results, Botswana's 2007 government contribution of 6.1% is currently above the average level of its regional competitors and above the global average in terms of Travel & Tourism support and services.

In this WTTC report, 2007 government expenditures include expenditures of P118.6 mn (US\$19.3 mn) linked to visitor arrivals, such as immigration services. But they also include spending of P673.1 mn (US\$109.3 mn) incurred for the provision of services to the community at large – such as on airport administration – but which have a logical service connection to Travel & Tourism.

One would naturally assume there should be a direct link between the impact of an industry/sector like Travel & Tourism on the economy (in terms of GDP) and the amount of funding allocated by governments towards that industry/sector. In Botswana, the 2007 ratio of Travel & Tourism GDP (percentage of total GDP) to government expenditures is 1.6:1.0. Worldwide, and in Sub-Saharan Africa, this ratio is 2.7:1.0 and 4.9:1.0 respectively. This would suggest that Botswana ranks higher than the world average and well above the Sub-Saharan Africa average, indicating that Botswana's government authorities generally are currently giving more support to Travel & Tourism than governments in the rest of the world.

The league tables opposite reinforce this particular point. First, Botswana's government expenditures for Travel & Tourism are well placed above the mid-point of the world listing, ranking the country 48th out of 174 worldwide. And the outlook for real growth over the next decade (of 4.3%) ranks the country 58th worldwide.



WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Gov't Expenditures
(2007, % of Total Gov't Expenditures)

41	Kenya	6.9
48	Botswana	6.1
54	Tanzania	5.5
55	Madagascar	5.5
110	Namibia	2.9
129	Zimbabwe	2.4
138	Zambia	2.1
156	Malawi	1.3
164	Angola	1.1
174	South Africa	0.5

WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Gov't Expenditures
(10-Year Real Growth, Annualized, %)

4	Angola	7.7
13	Zambia	6.3
37	Malawi	4.8
51	Namibia	4.4
58	Botswana	4.3
60	South Africa	4.3
69	Zimbabwe	4.0
107	Kenya	3.3
109	Tanzania	3.3
113	Madagascar	3.2

THE POLICY FRAMEWORK

POLICY RECOMMENDATIONS

WITH ITS WIDE OPEN SPACES AND CLEAR SUNNY SKIES, VAST UNTOUCHED WILDERNESS AND MAGNIFICENT GAME VIEWING, BOTSWANA ALREADY HAS MUCH TO RECOMMEND IT AS A TOURISM DESTINATION. INDEED, THESE ASSETS HAVE UNDERPINNED THE GROWTH IN ITS TRAVEL & TOURISM ECONOMY SINCE INDEPENDENCE MORE THAN 40 YEARS AGO. MOREOVER, TOURISM HAS THE POTENTIAL TO DRIVE THE DIVERSIFICATION OF THE NATIONAL ECONOMY AND ENHANCE EMPLOYMENT OPPORTUNITIES IN THE FUTURE. HOWEVER, GIVEN THE EMERGENCE OF NEW COMPETITIVE DESTINATIONS AND PRODUCTS, AS WELL AS CHANGING MARKETPLACE DEMAND, THE GOVERNMENT URGENTLY NEEDS TO ADAPT ITS POLICY FRAMEWORK TO ENSURE THAT THE COUNTRY REALIZES ITS FULL TRAVEL & TOURISM POTENTIAL.

A major objective of government policy, as outlined in its *Vision 2016: Towards Prosperity For All* and the *9th National Development Plan (2003/04–2008/09)*, is to diversify the economy away from its reliance on the mining sector – in which production is set to decline from 2015 – in order to help the nation become more prosperous, productive and innovative. Increasing the contribution of tourism, which is already well established and led by an active private sector, is likely to play a vital role in this process.

The potential for tourism is widely recognized across the Botswana Government, and the recent establishment of the Botswana Tourism Board (BTB) has raised expectations for progress. Nevertheless, BTB and the Travel & Tourism industry in general will need the full support of all government and parastatal bodies if tourism is to expand as envisaged. Botswana has in the past offered one of the best investment environments in Africa for the private sector, but the very nature of tourism means that it requires infrastructure and marketing support for a destination to prosper. It also needs to be championed at the highest level if its potential is to be fully realized.

Moreover, attitudes towards tourism need to evolve, both within government and across the general population. Botswana's focus on the 'low-volume, high-value' market segment and on wildlife tourism has led to both a geographical concentration of benefits and to an image of exclusivity. There is a widespread perception that much tourist expenditure, particularly on multi-country packages booked abroad, never reaches Botswana and that which does suffers from substantial leakages, especially where lodges and other facilities are owned by foreigners. Thus, the linkages from Travel & Tourism to the wider

economy – and even the local community – are often thought to be extremely limited.

The detailed Tourism Satellite Account (TSA) presented in this report should correct such misperceptions about the extent of Travel & Tourism's contribution to the economy and employment. The TSA, prepared by the World Travel & Tourism Council (WTTC) and its research partner Oxford Economics, presents for the first time robust data that quantifies the significance of Travel & Tourism to Botswana's economy – not only at the present time, but also over the coming ten years. In 2007, the Travel & Tourism 'Industry' is expected to generate directly 4.3% of Botswana's total gross domestic product (GDP) and 23,000 jobs. The broader Travel & Tourism 'Economy' – which also includes investment spending for tourism and activity in other sectors that have an impact on, or are impacted by, tourism – should account for 9.7% of GDP and 59,000 jobs, far greater than the general perception of an exclusive, enclave industry.

Furthermore, the ten-year forecasts suggest that the prospects for growth are positive, with Travel & Tourism Total Demand expected to show an average annual increase of 5.0% in real terms. Provided



such growth is realized – and import leakages are minimized – the contribution of Travel & Tourism to the economy is expected to increase to 11.6% of GDP by 2017, resulting in 79,000 jobs by that time, and thereby playing a significant role in the diversification of the economy. Even as a share of non-mining GDP, the contribution of Travel & Tourism is expected to rise from an estimated 15.8% in 2006 to about 18.0% in 2017. Indeed, Botswana is expected to outperform other Sub-Saharan countries in terms of growth over the next ten years, boosting its share of Sub-Saharan foreign visitor spending from 2.6% in 2006 to over 3.0% in 2017. This underlines the potential for tourism if the Government’s diversification strategy is realized.

Such growth highlights the substantial opportunities for the private sector in Botswana, with both local and foreign-owned businesses expected to reap considerable benefits. Whether large or small, these businesses need to develop quality products which complement the existing largely wildlife-based offering, in order to provide sustainable growth in the tourism sector in Botswana. This will help ensure that the benefits are spread more widely – both geographically across the country and across all levels of the population. The forces of global competition cannot be ignored – indeed, there needs to be greater market focus – but changes in visitor tastes and the constant search for different experiences favour the development of a more diversified product profile for tourism in Botswana.

Nevertheless, the private sector on its own cannot be expected to achieve such rewards. Government needs to show leadership, both directly by promoting Travel & Tourism and providing the necessary infrastructure support, and indirectly through the establishment of a favourable policy environment. In the context of this TSA development, extensive discussions were held by WTTC/Oxford Economics with stakeholders in the industry. Although the general tone of the meetings remained enthusiastic throughout, a number of policy concerns were frequently raised – concerns about issues that might constrain progress if they not addressed.

In the light of these discussions, and against this background, WTTC recommends that the Government of Botswana (in relation to):

- Policy and Institutions
 - Prioritize tourism, review tourism policy and re-examine the institutional structure;
 - Improve policy coordination and implementation; and
 - Devote sufficient resources to monitoring tourism and tourism research.
- Travel & Tourism’s Potential
 - Ensure the provision of enhanced air transport services;
 - Promote tourism product diversification;
 - Encourage community-based initiatives; and
 - Publicize an explicit linkage strategy to all stakeholders.
- Resources for Tourism
 - Improve land allocation for tourism purposes;
 - Continue conservation and environmental efforts to achieve sustainable tourism;
 - Invest in preparing people for careers in tourism; and

- Act to ameliorate water and energy constraints.
- Other Tourism Support Functions
 - Support tourism sector technological innovation, especially internet usage; and
 - Ease travel restrictions where possible.

POLICIES AND INSTITUTIONS

Prioritize tourism, review tourism policy and re-examine the institutional structure

Giving sufficient priority to tourism

This Tourism Satellite Account (TSA) clearly demonstrates the significant contribution of Travel & Tourism to the economy of Botswana and the gainful employment of its people, as well as the potential it has to enhance this role over the coming years. From an estimated contribution to GDP of 9.7% in 2007, the share of Travel & Tourism is expected to rise year by year to reach 11.6% in 2017. Some 2,000 additional jobs are also expected to be generated annually, pushing total employment in Travel & Tourism to 79,000 jobs by 2017.

However, the strategic importance of tourism needs to be reflected in policy discussions at all levels of government. Travel & Tourism will account for just 6.1% of government recurrent spending (excluding travel spending by government employees) in 2007 and a modest 5.4% of all capital investment (both public and private). So its share of all fixed investment is only about half the sector’s contribution to GDP. Travel & Tourism is therefore receiving insufficient public funding and suffering from under-investment, and WTTC/Oxford Economics recommend that efforts be made to correct this imbalance.

Tourism needs to be championed at the highest level if its potential is to be fully realized, with the country’s leaders taking every opportunity to emphasize the importance attached to it. This should be part of a conscious campaign to publicize the strategic role and benefits of tourism, not just to influence decision-makers within government, but also to stimulate a more positive perception across the wider public. Any anti-tourism bias would be significantly lessened through such an educational campaign, enhancing the prospects for the industry and its linkages to the wider community. Without such prioritization, the risk is that the implementation of progressive efforts by, for example, the Botswana Tourism Board (BTB), will fall short of expectations despite widespread recognition across government of tourism’s potential.

Tourism activities – which are largely private sector based – are nonetheless touched by many government policies (on such issues as infrastructure, land allocation, immigration and education), as well as the more obvious connections to the efforts of BTB and the Ministry of Environment, Wildlife and Tourism. Publication and promotion of the TSA should raise awareness of how widespread the tentacles of the Travel & Tourism industry are. Although it is perceived to be exclusive and highly concentrated, a correct definition of the industry – both in terms of activity and employment generated – goes beyond the lodges and game parks of the north of the country, even allowing for leakages through imported goods and services. Indeed, much of the increased

contribution forecast here relies on the spread of tourism beyond those traditional products and areas, resulting in the need for greater awareness and proactive aid to the sector from policy-makers who, in the past, have had little direct contact with the industry. That awareness needs to be driven from the highest levels of government if it is to permeate through to all the different levels of government that need to be involved.

Review tourism policy

As part of the prioritization of Travel & Tourism activities, tourism policy needs to be constantly reviewed. Indeed, this process is already implicitly underway following the establishment of BTB and the commissioning of this report as the policy recommendations and analysis contained in this report could assist in forming a foundation and direction as to how the policy could be reviewed. Since this TSA quantifies all aspects of Travel & Tourism, it provides a benchmark against which all efforts can be measured. An annual update of the TSA – which is strongly recommended – would provide an obvious opportunity to bring all stakeholders together to review progress across the industry, consider the challenges and constraints that have arisen, and to draw up an action plan for the coming year to push the industry forward. This would help tourism policy evolve in the light of changing circumstances.

Starting with the government's Tourism Policy Paper of 1990 and the subsequent Tourism Act of 1992, the policy approach to the sector was focused on the supply-side regulation and licensing of tourism enterprises.

Subject to the constraints of ecological sustainability and increased participation by the local community, the 1990 Tourism Policy Paper sets out the objectives of tourism policy in Botswana:

- To increase foreign exchange earnings and government revenues;
- To generate employment, mainly in rural areas;
- To raise incomes in rural areas in order to reduce urban drift;
- To promote rural development generally, and to stimulate the provision of other services in remote areas of the country;
- To improve the quality of life of local Batswana by providing educational and recreational opportunities; and
- To project a favourable national image to the outside world.

However, its main initiative was to adopt a system of licensing, regulations and classification for accommodation establishments (hotels, motels, lodges, camps and safari operations), tour operators and travel agents. Previously, liquor licensing and land and zoning permissions were the main regulations affecting tourism enterprises rather than any standards or codes of conduct.

The goal of the new regulations was to ensure:

- Well-qualified and well-equipped operators, with adequate financial resources, given the nature of their activities;
- A quality of accommodation and services that meets a known standard at a known price;
- Operators who conform to an acceptable code of conduct;
- The provision of genuine opportunities for investment and employment by/for Batswana, including employment in jobs with favourable career prospects;
- The maintenance of adequate records designed to permit government, if necessary, to monitor their performance for adherence to the laws of Botswana concerning such matters as immigration, taxation, foreign exchange and employment of labour;
- That operating companies are incorporated and registered in Botswana; and
- That operators submit annual audited financial statements using auditors registered in Botswana.

Nevertheless, the Tourism Unit of the then Ministry of Commerce and Industry was upgraded to a full Department of Tourism, with responsibility for the promotion and development of tourism in Botswana and for the formulation and administration of policy relating to tourism, including the:

- Design and execution of programmes to promote tourism in Botswana;

Tourism needs to be championed at the highest level if its potential is to be fully realized, with the country's leaders taking every opportunity to emphasize the importance attached to it.

THE STRATEGIC ROLE OF TOURISM IN THE WORLD ECONOMY

Correctly prioritizing Travel & Tourism is one of the major challenges facing governments. To facilitate this task, WTTC has developed its Tourism Satellite Accounting tools and detailed country reports. These efforts ensure that the Travel & Tourism economy – which cuts across many sectors of the economy – is correctly measured and that all policy-makers and private sector stakeholders are fully aware of its significance.

Tourism – a driver of global growth

Globally, the Travel & Tourism sector:

- Accounts for 10.4% of GDP and 8.3% of employment. In 2007, Travel & Tourism Economy GDP is estimated to total US\$5,400 billion and to provide jobs for over 230 million people;
- Has seen real GDP growth of 2.9% per annum over the past ten years; and
- Has produced employment growth of 2.7% per annum over the past ten years, outstripping annual growth in general employment growth of 1.6%.

Despite rising transport costs and challenges from climate change, the world Travel & Tourism Economy is forecast to expand by 4.4% a year over the next ten years with employment increasing annually by at least 1.3%. By 2017, the Travel & Tourism Economy is expected to employ 263 million people worldwide. Such strong growth and employment-generating prospects underline why Travel & Tourism should be made a major priority.

Tourism – a path to development

Less-developed countries often have a comparative advantage in tourism. They have assets of enormous value to tourists – culture, art, music, natural landscapes and World Heritage sites, wildlife and climate. Exploiting this advantage involves working with the globalization trend, which is dominating economic developments, rather than fighting against it. Moreover, with real disposable incomes rising, demand for Travel & Tourism – a once luxury good that is rapidly being regarded as an essential right – is expected to grow rapidly. Tastes are also changing, with tourists increasingly seeking new destinations, new experiences and tailoring their own tour packages and itineraries, including flights and accommodation. These changes also work in favour of the spread of tourism spending to under-developed areas of the globe, thereby aiding development.

Tourism – an anti-poverty strategy

Such new destinations and experiences are frequently located in remote and rural areas within developing countries, where employment opportunities are limited and productivity and income levels are low. Diversifying the economies of these areas to support tourism is an effective part of a sustainable anti-poverty strategy to meet the United Nations' Millennium Development Goals. Community-based tourism projects can focus on small enterprises and use the inherently labour-intensive nature of tourism to maximize employment opportunities.

Tourism – the evidence

In addition to the WTTC/Oxford Economics TSA research cited above, the World Tourism Organization's (UNWTO's) recent paper, entitled *Tourism and Least Developed Countries: A Sustainable Opportunity to Reduce Poverty*, showed that developing countries in general – and the least developed countries, in particular – have experienced rapid growth in tourist arrivals and tourism receipts since 1990. Such growth has been well above the global average and is indicative of the potential of the industry as a development and poverty-reduction tool.

Several countries – of which Dubai is the most frequently cited example – have explicitly identified tourism as a strategically important sector, and are developing their tourism infrastructure in order to enhance and diversify their economies. Many countries in the Sub-Saharan region have similar potential to expand.

- Provision, to the Tourism Licensing Board, of information, advice and recommendations on the licensing and grading of tourism operators;
- Monitoring of tourism operators for adherence to the terms and conditions of licences;
- Provision, if and when authorized, of financial assistance to new tourism ventures, particularly those in which citizens are owners or part-owners;
- Development and implementation of plans for training in tourism skills;
- Collection and analysis of statistics on tourism; and the
- Creation and maintenance of an up-to-date inventory of Botswana's tourism assets.

Furthermore, in 1996, a National Advisory Council on Tourism was established to advise the relevant Minister on *“all matters concerning or related to the formulation, planning, development and administration of a national policy on tourism... with a view to ensuring the greatest possible social and economic benefits are obtained on a sustainable basis for the people of Botswana from the tourism resources, scenic beauty, wildlife and unique ecological, geological and cultural characteristics of Botswana.”*

Its 15 members were to meet at least quarterly and to be drawn from government and private sector institutions – such as hospitality firms, tour and safari operators, travel agents and conservation bodies – and local authorities. However, mounting disappointment with the pace of progress spurred demands for a more independent, dynamic approach in line with that in other destinations.

In consequence, in contrast to the previous focus on supply-side regulation, the 2004 Botswana Tourism Board Act established BTB. This also has 15 members drawn from both the public and private sectors, as well as community-based organizations, and is much more focused on the demand side – a welcome shift of emphasis in line with current best practice. Its overall objective is to do *“all such things as are necessary to market and promote Botswana's tourist attractions, and to encourage and facilitate travel, by local and foreign tourists, to such attractions.”*

Specific objectives for the Board are to:

- Plan, develop and implement tourism marketing and promotional strategies aimed at creating and sustaining a positive image of Botswana as a tourism and investor destination;
- Plan, formulate and implement strategies for promoting sustainable tourism development in collaboration with the private sector of the tourism industry, local authorities, local communities, and non-governmental organizations;
- Determine policies to facilitate the achievement of these objectives;
- Advise government to change, review or formulate policy and strategies where necessary;
- Implement government policies and programmes aimed at facilitating the continued growth and development of the tourism sector;
- Set performance targets and design programmes aimed at stimulating the continued growth and development of tourism;
- Develop and implement the appropriate strategies to achieve annual work plan objectives and set performance targets aimed at the promotion of the tourism business in Botswana;
- Investigate anything that has a negative effect on the tourism industry, and make recommendations to the government on how to resolve the issue/s;
- Establish and expand local as well as international travel trade networks to promote and sell Botswana;
- Manage and coordinate Botswana's tourism promotional and publicity programmes;
- Provide market research information and market intelligence on tourism;
- Promote the expansion of existing and new investments in Botswana's tourism sector;
- Market and promote the establishment of joint tourism business ventures between citizens and foreign investors;
- Grade and classify accommodation facilities in the tourism industry; and
- Promote the improvement of tourism industry standards, notably those relating to service and ethics;
- Conduct tourism awareness campaigns in and outside Botswana;

- Develop and improve existing tourism opportunities and diversify the sector to include other forms of tourism, such as cultural and heritage tourism, ecotourism, entertainment, recreational and leisure tourism, and bring them to the required marketable standard.

These wide-ranging objectives clearly give BTB a lead role in the sector, although its policy role is an advisory one – with the Department of Tourism also retaining its role in the collection and analysis of statistics. Its establishment significantly raised expectations, particularly with regard to marketing and promotion, with the industry expecting it to provide tourism with a strong voice within government.

However, BTB only came into operation in January 2006 and staff and resources were still being recruited/gathered together in mid-2007. Its overall budget is modest – P35 million (less than US\$6 million) in fiscal 2007/08 – of which over half is being spent on marketing activities. Apart from commissioning this report on the situational analysis of the contribution of Travel & Tourism to the national economy, its prospects and related policy issues, it has recently completed its first grading of tourism accommodation establishments and has initiated a branded marketing strategy for Botswana's tourism. Formulation of BTB's Corporate Strategy commenced in May 2007 and is scheduled for completion in September 2007. This will be followed by a refined development of its functional strategies, ie marketing, investment and quality assurance.

The relative newness of this organization underlines the need for tourism policy to be reviewed regularly, as its experience builds and as challenges to its objectives are uncovered.

Re-examine the institutional structure

BTB is thus growing into its role, while the institutional structure around it is still adapting to the new circumstances. However, discussions between WTTC/Oxford Economics and industry stakeholders raised a number of interesting suggestions for improvements, including:

- Making BTB a 'one-stop shop' for tourism investors – a similar role to the one undertaken by the Botswana Export Development and Investment Authority (BEDIA) for other industries. Currently, up to 15 different government authorizations can be requested to



Having one point of contact – with experience in supporting the establishment of new businesses in a particular area – is widely regarded as the most efficient way of smoothing the path for investors, both domestic and foreign.

initiate and operate a campsite or lodge, and this process needs to be simplified, especially if smaller, local investors are to be encouraged.

- Leasing to BTB pre-approved sites for tourism development, so it can build a 'land bank' for onward leasing to investors who approach it. This obviates the current need for public tenders when the Ministry of Lands and Housing is approached about particular sites, which some investors feel infringe their intellectual property rights.
- Streamlining data collection and processing, which currently involves the Department of Immigration, the Central Statistics Office, the Bank of Botswana, the Department of Tourism and, finally BTB as the primary end-user, and which results in insufficient resources being assigned and delays at each stage. It is strongly felt that, unless coordination between departments is significantly and swiftly improved, a single unit needs to be mandated, established and resourced within BTB to compile and publish tourism statistics for end-users.
- Passing to BTB – or a suitable private sector sub-contractor – the revenue collection and campsite reservation responsibilities that are currently the remit of the over-stretched Department of Wildlife and National Parks' staff.
- Posting of BTB staff members to Botswana's embassies abroad, to work with local agents and to take over the tourism and foreign investment promotion responsibilities currently assigned to the Ministry of Foreign Affairs and International Cooperation staff, who are untrained and lack the necessary materials.
- Removing casino policy and regulation from the Ministry of Trade and Industry, given the fact that all casinos have to be in hotels which BTB is already grading and promoting, and which the Department of Tourism is licensing.

Having one point of contact – with experience in supporting the establishment of new businesses in a particular area – is widely regarded as the most efficient way of smoothing the path for investors, both domestic and foreign. It would also allow BTB to have an input into proposed developments at the earliest possible stage and give BTB first-hand experience of the challenges such businesses face – for feeding back to government in its policy advice. Smooth access to land would also be beneficial to all parties and to the Botswana economy, given the low level of response to public tenders in new tourism areas such as the Kgalagadi TransFrontier Park.

Improve policy coordination and implementation

In many respects, the policy environment in Botswana is an extremely favourable one, since it has been built on a stable, democratic political system and 40 years of rapid economic growth since independence. This is not just true generally but also for tourism (subject to the recommendations being made in this report), and clearly written policy statements abound.

However, as in many developed countries, such excellent intentions on paper often fall down in two crucial respects: in terms of coordination and implementation.

Improving policy coordination

In the different meetings and discussions held during the preparation of this report, there was no doubt as to the widespread recognition in Botswana of tourism's potential. This was more often than not combined with an awareness that various ministry policies in certain areas touched on tourism since, just as tourism cuts across many different sectors of economic activity as classified in the national income accounts (and hence the need for a TSA to measure it), Travel & Tourism cuts across many ministerial and departmental portfolios.

Many ministries openly admitted that they were concerned about the 'silo' mentality, which permeated the prioritization and resourcing of policy initiatives, to the detriment of joined-up government. In addition, tourism is affected not just by central government activities, but also by those of local authorities, and by parastatal and non-governmental organizations, not forgetting the actions of private sector companies.

A willingness to address inadequate coordination with respect to tourism efforts was generally evident, and the 2004 Botswana Tourism Board Act clearly sets BTB the task of taking a lead role in this respect. It has already been suggested that the annual update of this TSA provides an obvious opportunity to bring all stakeholders together to review progress across the industry and to consider the challenges and constraints which have arisen. Such a stakeholders' forum emerged as one of the strongest messages from the focus group meetings held to assist in the preparation of this report, and it is certainly recommended by WTTC to ensure a coordinated strategy.

In addition, as a means of improving coordination, BTB should develop two parallel web-based calendars, or bulletin boards, and encourage all stakeholders to make contributions. One would cover events and initiatives of prime interest to tourists and tour operators, while making government and other interested parties aware of tourism developments. The second calendar would cover the scheduling of actions planned by policy-makers and other supply-side stakeholders, which may impact on tourism activity or open up new opportunities. Through the collation and regular review of these calendars, BTB could think through the implications for all stakeholders in the industry and initiate coordinated responses to maximize leverage and gains for Travel & Tourism activity and employment.

Such calendars as mechanisms for stimulating coordination will become increasingly important as efforts are made to diversify Botswana's tourism product. As an example, the Ministry of Environment, Wildlife and Tourism is co-funding the filming of the Alexander McCall Smith books. Tour operators – both those operating internationally and those thinking of developing associated Gaborone city tours – would benefit from knowing when and where filming is taking place, when and where the films are first going to be shown, and when and where BTB is going to place its linked marketing campaigns.

The filming is likely to generate significant media coverage even ahead of the launch of the programmes, with feature articles appearing in major newspapers around the globe. Advance notice of such articles would allow local firms to place adjacent advertising of linked tours. Similarly, events linked to the 2010 FIFA World Football Cup will undoubtedly offer opportunities for Botswana tourism, and all stakeholders need to be made aware of these opportunities for diversification and expansion.

More prosaically, museums, local councils, festival and event organizers could add their entries to the calendar, with the wider dissemination of such information allowing tour operators and BTB to think about how to obtain maximum leverage.

On the other hand, the schedules for many different events and initiatives could all be posted on the internet. These include the upgrading of Botswana's airports; the opening of new campsites, lodges and hotels; the launch of new attractions; the dates of important marketing campaigns by BTB (and where such initiatives are going to be focused); and the likely timetable for any relevant legislative initiatives. By monitoring these events and initiatives and by thinking laterally, BTB could undoubtedly improve coordination.

Improving policy implementation

In addition to inadequate coordination, the shortfall in policy implementation was widely commented on during the discussions and focus groups. This does not only affect tourism. Indeed, it has become a macroeconomic issue with ministerial development budgets underspent by 15.0% in fiscal 2005/06 and by a further 3.4% in fiscal 2006/07. Within government and among private sector industry stakeholders, it was felt that sensible policy papers and numerous consultancy reports were available to guide decision-makers. However, it was stated that implementation – especially when this required efforts across ministries and departments – was frequently insufficiently targeted and slow at best.

Drawing on the stakeholders' forum and the requirements suggested by the calendars, it is recommended that BTB develop and regularly review an action plan for the tourism sector. It is clearly within its mandate to plan, formulate and implement such strategies in collaboration with the private sector, as well as to advise government on any necessary policy changes. The action plan would be the embodiment of those objectives.

Since the actions required will inevitably require the participation of employees from many different ministries and private sector bodies, it is essential for the process to have sufficient political backing. Once again, the championing of tourism at the highest level will be required to spur swift actions, rather than the process resulting in promises, delays and missed opportunities.

In this regard, it might prove useful for BTB to be assigned a budget to be used to break bottlenecks curtailing key tourism developments. Seed money for new ventures was part of the Department of Tourism's terms of reference when it was upgraded from a Tourism Unit in the early 1990s, and the potential returns from such a fund in accelerating stalled projects should not be underestimated.

Devote sufficient resources to tourism research and monitoring

Since tourism cuts across the internationally agreed classifications of sectors of activity – with tourism activity having links to agriculture, hotels and restaurants, transport and communications, and even the public sector – its measurement is always difficult. This is why WTTC and UNWTO strongly recommend and support the construction of TSAs. Even traditional statistics on tourist arrivals and overnights – whether for foreign or domestic visitors – visitor spending, and accommodation capacity and performance statistics, are often incomplete, inconsistent and unavailable on a timely basis.

Unfortunately, Botswana does not reflect any exception to this rule. And yet high-quality research and data are crucial to identifying the specific needs and direction of tourism developments in the country. Without such information, it is difficult to see how BTB can monitor the industry's progress, develop proactive marketing strategies, or recognize at an early stage the challenges facing the industry. More general research, eg by the Botswana Institute of Development Policy Analysis (BIDPA) and the University of Botswana, is similarly hampered. This makes the rational adjustment of government policy all



the more difficult, as well as promulgating perceptions that Botswana is not benefiting as it should from existing tourism flows – in particular with regard to the tax revenues received by government.

There are currently five primary sources of relevant statistics:

- The Bank of Botswana collates the annual balance of payments statistics and publishes these approximately three months after the end of the calendar year. Information on exports and imports of transport, travel and other services are published in the Bank's Annual Report, with supplementary series breaking down these components available at the end of the year in the International Monetary Fund's annual Balance of Payments Yearbook. Plans are also well advanced to move to producing and releasing quarterly balance of payments information. The figures are used by the Central Statistics Office (CSO) – subject to methodological changes – in the National Income Accounts.
- The Department of Immigration's arrival and departure cards are completed by all visitors and checked by staff at the borders. These cover name, sex, date of birth, residence/nationality, transport used, purpose of visit and length of stay. Computerization of the department is an ongoing project, but the cards are currently passed on to the CSO with a one- to two-month delay (ie May 2007's cards had been received at the start of July). Sampling (typically 20%), collation, and finally publication of the visitor statistics, are carried out annually, and they are published nine to ten months after the end of the calendar year in the Annual Tourism Statistics.
- The Department of Tourism undertakes a twice-yearly Visitor Expenditure Survey covering average trip and daily spending of tourists by market, together with purpose of visit and the composition of such spending, with the results published in the Annual Tourism Statistics.
- Accommodation establishments are required by law to submit returns to the Department of Tourism covering the operation of such establishments, thereby providing vital tourism information including the number of rooms, beds, number of guests (split into residents and non-residents), length of stay and occupancy rates. Compliance has reportedly fallen to less than 30% of all such establishments, which explains why meaningful accommodation data could not be gathered for this report. The information is again published in the Annual Tourism Statistics.
- The Department of Wildlife and National Parks collates information on the number of park visitors and revenues for its annual report, which is generally available three to six months after the end of the year and published in the Annual Tourism Statistics.

These sources can be supplemented by transport statistics collected by the CSO and by respective airports and airlines. However, there is no specific domestic tourism survey.

It is strongly recommended that data collection and processing be reviewed and streamlined. With so many government bodies involved in gathering data, and with overlapping responsibilities and competing demands, the result is that insufficient resources and priority are being

assigned to the delivery of tourism statistics, resulting in delays at each and every stage to the detriment of end-user requirements – notably those of BTB. Nowhere is there a critical mass of personnel or money, with both being spread around a number of units. As of end-July 2007, the 2006 balance of payments and National Parks' figures were available but the accommodation, visitor spending and arrivals information was still only available up to 2005. Specifically, it is recommended that:

- A single unit be mandated, established and resourced within BTB to compile and publish tourism statistics for end-users, unless coordination between departments is significantly and swiftly improved.
- The objective of publishing at least quarterly tourism statistics within three months of the end of the quarter should be made a priority, even if only aggregate numbers are available initially, with full advantage being taken of the Department of Immigration's computerization to speed up the processing and dissemination of information.
- The obligations of accommodation establishments should be enforced – through high-profile prosecutions, if necessary.
- The Annual Tourism Statistics report be released by mid-year at the latest.
- This TSA be updated on an annual basis.
- Statistics – both the documents and the underlying data – should be disseminated through the internet. The CSO website has no dedicated page for tourism, its December 2006 Stats Update only has 2004 headline figures, the Department of Tourism's website contains 1999 statistics, and there is nothing on the BTB website. The BTB website should have a research and statistics section, with the latest data, market reports, tourism research studies and links to useful sites for potential investors.
- The Bank of Botswana and CSO should liaise closely in order to identify the sources of the recent growth and the discrepancy between their respective estimates for exports of services, as well as – if possible – to eliminate that discrepancy from the published balance of payments and national income accounts data.
- A regular survey covering domestic tourism should be launched.

It is strongly recommended that data collection and processing be reviewed and streamlined.

If Botswana's Travel & Tourism is to make any real progress towards realizing its full potential, generating increased economic benefits for the country, air transport needs to be expanded and improved as a matter of urgency.

The economic benefits of liberalized airline services

Aviation has a vital role to play in achieving sustainable development in Botswana. The expansion of air services is critical to realizing the country's tourism potential and developing a more diversified export base. The expansion of the nature-based tourism industry offers not only a significant source of future employment and income growth, but also an effective mechanism to improve the conservation of the environment and, in particular, Botswana's protected areas. Well-developed airline services also support the creation of businesses in cases where a rapid movement of goods and people is crucial.

This is a positive development to help diversify the export base and lessen the reliance on commodities. Moreover, improvements in air transport infrastructure would help raise living standards and alleviate poverty in the country by lowering transport costs, supporting more rapid economic growth and increasing personal mobility.

Easy access to tourism destinations in terms of international transport and facilities is considered to be a prerequisite for the development of tourism. This includes an extended domestic airline network, frequent flights, direct intercontinental flights and linkages through key hubs. Direct flights not only shorten travelling and access time but would also provide a much needed and logical alternative route to the current connection through Johannesburg. In this way, access to high-spending tourists can be maximized and the full potential of tourism for Botswana achieved.

In addition, tourism requires an efficient land transport system to open up new areas with the potential to attract tourists – eg nature reserves and game parks – and basic services for emerging tourism resorts. The latter stimulate expansion and improvement in essential infrastructure, such as electricity and water sanitation. To the extent that the development of tourism – in particular ecotourism – is complementary to improving basic service infrastructure and greater access to rural and remote areas, investment in air transport can go hand in hand with poverty reduction efforts.

The experience of Latin America serves to illustrate the potential opportunities for African countries in further developing their air transport infrastructure and deregulating commercial aviation. The availability of more efficient, competitive and reliable air transport in Latin America over the last decade has supported the promotion of tourism and the creation of businesses producing goods for new export markets, eg garments, microchips, flowers and fresh tropical fruit juice.

International tourism to the region has grown by 80% over the last ten years. In particular, air arrivals have increased dramatically in countries like Chile, Mexico and Panama. During the period 2001-06, travel spending (in US dollar terms) by visitors arriving by air rose by nearly 90% in Chile, 66% in Mexico and over 90% in Panama. In addition, the aviation sector increased its contribution to job creation – both directly and indirectly via tourism – by 10% in Chile, over 40% in Mexico and nearly 30% in Panama. Meanwhile, Latin America's air freight traffic experienced robust growth of nearly 6% a year over the period 1994-2000 when the deregulation of the airline sector was underway.

There are nevertheless some steps that need to be taken to try to ensure that Botswana reaps the gains associated with a healthy aviation sector. Trends for the Southern Africa region overall suggest that international air access to Botswana is more restricted and costly than to other competing destinations – a situation that needs to be addressed by government in the short term. There is also evidence indicating that airfares on liberalized routes in the region are significantly lower (about 20%) and attract higher passenger volumes than those subject to restrictions.

One option for the government in line with the liberalization of airline services is the development of an efficient national air carrier – either through privatization or increased public investment in Air Botswana. This move could be complemented with additional, or updated, Bilateral Air Services Agreements (BASA) and Open Skies Agreements. Botswana currently has a fully operational BASA with South Africa, and partially operational BASAs with Zimbabwe and Namibia. The remaining bilateral agreements are not operational, since the agreements for the London-Gaborone and Paris-Gaborone routes, previously operated by British Airways and Air France, were terminated in 1999.

Sources: *The Contribution of Air Transport to Sustainable Development in Africa*, Air Transport Action Group (ATAG) and Oxford Economics, 2003; *Assessment of Botswana's Service Sector*, Botswana Institute of Development Policy Analysis (BIDPA) and the UK Overseas Development Institute (ODI), 2007.

TRAVEL & TOURISM'S POTENTIAL

Improve air transport services

Thanks to recent investment in Botswana's road network, the road infrastructure in the country is reasonably good. However, it is important to note that the vast majority of tourists – more than 95% in 2005 – arrive in the country by road. Funds for adequate maintenance are always a challenge and four-wheel drive vehicles are often obligatory to be able to reach key tourist areas – although some of this is by design to preserve the wilderness.

Rail transport, which operates along the single main railway track that runs between Lobatse and Francistown, plays only a minor role in international passenger arrivals (a mere 0.2% in 2005), but it plays an indirect role through its transport of goods. The government expects rail transport to be operated along commercial lines but it has recently struggled to compete with the upgraded road network for freight transport. As a result, the role of the railway is being reviewed. Government support may be forthcoming to upgrade the line and rail stock, but any benefits for the Travel & Tourism Economy are likely to be small and indirect – since freight traffic, for example, would be diverted back from the road network.

The main problem is clearly a lack of adequate air transport services, which is having a severe impact on Botswana's tourism earning potential. While a large number of regional tourists – those coming from other countries in Southern Africa – would probably always choose road transport due to cost considerations, many have to drive very long distances due to the lack of regular, reliable flights.

Moreover, South African visitors are not all low-spending campers. Indeed, the annual visitor survey for 2005 shows that their average daily spend is P856 per trip (US\$168) and P325 per day (US\$64). Spending per trip and per day could clearly be boosted by encouraging such visitors to arrive by air, if there were adequate airline services, and to hire self-drive vehicles or take locally run tours once they are in the country. Simply by shifting holiday time spent during the journey by car to time spent at the destination would benefit local businesses.

African visitors are not the only ones, either, who default to road transport due to inadequate air services in and to Botswana. Only 18% of European and Australian/New Zealand arrivals, and 30% of arrivals from the Americas, are by air. The bulk of these typically high-spending visitors arrive in Botswana from neighbouring African countries by road. Such visitors are usually on packages covering more than one country, and the start and end points of these tours are partly determined by the availability of suitable airline services, in particular the direct intercontinental flights that Botswana so glaringly lacks.

Without direct long-haul flights, the Botswana portion of such packages tends to get squeezed, with Botswana missing initial guest spending (when visitors stock up with items they now realize would be useful, or items they have forgotten) and end-of-trip spending (eg on souvenirs, to use up local currency, etc). Overnight stays in Botswana by such guests are also curtailed as convenient flights ensure that other holiday bases are chosen.

If Botswana's Travel & Tourism is to make any real progress towards realizing its full potential, generating increased economic

benefits for the country, air transport needs to be expanded and improved as a matter of urgency.

On the positive side, the government does have plans to upgrade facilities at its four major airports – at Gaborone, Maun, Francistown and Kasane – with work scheduled to be completed ahead of the FIFA World Football Cup, by mid-2010. Kasane's consultancy phase has been delayed as final design issues are addressed (eg about night-time landing lights) but, for the other airports, this phase has been completed and the tendering process is underway, so they are on course for completion in February or March 2010. The plans involve:

- Adding one kilometre to the existing 3-km runway at Gaborone, at a cost of around US\$60 million, and constructing a parallel taxiway;
- Providing a new terminal building at Gaborone at a similar cost;
- Constructing a small, 4,000 tonne cargo facility to benefit from the country's strategic location in Southern Africa, and to alleviate congestion at Oliver Tambo International Airport in Johannesburg;
- Replacing existing runways with new runways of 3–3.5 km in length, to permit aircraft such as Boeing 737s to land, and using existing runways as parallel taxiways at the other three airports;
- Upgrading terminal facilities at Maun, Francistown and Kasane.

This project will substantially improve basic air transport infrastructure in Botswana, as well as providing up-to-date security and baggage-handling equipment, greater capacity at passport control, and better catering and other facilities for travellers. The Botswana Tourism Board (BTB) is already liaising with the Ministry of Works and Transport on this project, in order to ensure visitor expectations for a new facility are met, and some permanent presence at the airport might well prove advantageous. Efforts need to be made to ensure onward transport links, and the first impressions gained from the journey from the airport are also never forgotten.

Such new facilities will only be well used if frequent and competitively priced flights are available. The vital role of air transport services in a modern economy is well known and researched (cf box on the Economic benefits of liberalized airline services page 46), and it is clear that Botswana in general – and its Travel & Tourism industry in particular – suffer from a gross inadequacy of such services.

All long-haul passengers into the country have to connect either through Johannesburg or Windhoek. Only SA Express and Air Botswana operate to Gaborone and Air Botswana has a monopoly on domestic scheduled flights. Smaller private operators run charter flights for tour groups, but the main constraint is the lack of frequent, reliable scheduled flights.

The strategic role of air transport services is recognized at the highest levels of government but the ability of the national carrier to fulfil that role is being challenged. Indeed, having become exasperated with the limited, unreliable and heavily loss-making services operated by Air Botswana, the government first tried to privatize the national carrier in 2001. A second attempt was made in 2004, and the most recent attempt started in 2006.



At the time of writing, discussions with its preferred bidder, SA Airlink, are at an advanced stage with proposals due to be set before the Cabinet imminently. SA Airlink, which is strategically allied with South African Airways and SA Express, primarily aims to link the smaller towns, regional centres and hubs throughout Southern Africa and appears to be looking to replicate in Botswana the model of its Swaziland Airlink joint venture – in which it holds a 40% stake to the Swaziland Government's 60%.

Beyond this planned privatization, the government intends to pursue a liberal approach to air transport services and is open to all proposals to expand direct international air links, regionally and domestically, on a sustainable basis, according to top officials at the Ministry of Works and Transport. Once the terms and conditions of Air Botswana's privatization are known – and its new schedule and performance are established – the potential for direct, international flights from a major carrier should be considered as a matter of urgency. Constraints to such flights, such as high landing fees, etc, should be reviewed in the light of the broader cost to Botswana's economy of not having such direct access to long-haul destinations.

The US, European and Asian markets have benefited from a surge in low-cost airlines (LCAs) and charter flights while the Middle East – which is now also enjoying increased LCA services – has seen the rapid promotion and expansion of scheduled airlines such as Emirates Airlines, Etihad and Qatar Airways, thereby significantly boosting tourism flows. Sub-Saharan Africa has lagged behind, although LCAs are now starting to spread across the continent, so the lack of competition has so far kept airfares to the region high.

There are no longer any direct long-haul flights to/from Botswana, and so the added cost – both in terms of money and precious holiday time – of a transfer in Johannesburg has exacerbated its reputation as a high-cost destination for the privileged few. Not only do high flight costs eat into tourists' available funds, which could be spent within the country – they do not even reach the country as the service is paid to, and provided by, companies based abroad.

Promote tourism product diversification

Until now, tourism in Botswana has largely been concentrated in the north of the country. Its wildlife-based product has been centred on the Chobe National Park and the Okavango Delta, which together accounted for 95% of all national park entries and 91% of all park revenues in 2006. Most long-haul tourists book and pay for packages in their own countries for tours covering Victoria Falls and the game parks of South Africa and Namibia, as well as Botswana.

The focus on 'low-volume, high-value' markets – both by design and necessity (poor access, in particular) – has fostered an image of exclusivity, even raising the spectre of apartheid-style segregation of facilities at its most extreme. Even where higher-volume, lower-value tourism is taking place – eg South African visitors arriving by road and camping in Botswana rather than staying in the more expensive hotels and lodges – tourism remains primarily wildlife based and restricted geographically to the north of the country.

Heavy reliance on a single tourism product raises a number of difficult issues, including:

- Congestion at existing facilities, in particular the riverfront at Chobe;
- Marked seasonality in the use of facilities in line with the typical holiday patterns of long-haul markets;
- A lack of linkages to, or benefits for, other areas of Botswana or, more arguably, to/for the local communities adjacent to Chobe and the Delta;
- A *de facto* discouragement of domestic tourism as other attractions closer to population centres in the south are not developed, while residents feel uncomfortable using well-established facilities in the north;
- A high rate of leakage of earnings as pre-booked packages with foreign tour operators favouring foreign-owned, or at least managed, lodges result in significant costs for imported goods and services;
- Over-reliance on a single market segment at a time when tastes are shifting (eg to self-booking and away from inclusive packages, to new experiences rather than just safaris and game viewing), resulting in far more dynamic market segments that cannot yet be catered for by Botswana's tourism industry.

As a result of all these different factors, the growth of tourism in Botswana is effectively constrained by its concentration on a single product. The development of a more diversified portfolio of products, as detailed below, is therefore strongly recommended. This will undoubtedly involve significant initiatives from BTB, in order to coordinate policy responses across government as well to provide marketing and promotional support. Care also needs to be taken to ensure that new products are backed by sound business plans – incorporating research into the potential market for the new product or region.

Promotion of new facilities, events and tours should be integrated into the BTB website, which should be developed as a portal for trip planning and reservations rather than simply listing operators, accommodation and attractions.

To assist in the diversification of the country's tourism product, financial resources are urgently needed – especially seed money for new initiatives. In order to ensure that these are strategically distributed, the creation of a Tourism Development Fund is highly recommended.

Building on the existing offering

As a first step, efforts should be made to build on the existing well-known offering from Botswana: wildlife viewing in Chobe National Park and in the Okavango Delta. Conservation and environmental concerns must be addressed, but a careful expansion of capacity in both regions is thought to be possible. In Chobe, the problem of congestion at the riverfront viewing area is being managed on a temporary basis by asking tour operators to alternate morning viewings at the river with afternoon game drives in the park's interior. But other waterholes where animals naturally congregate do exist, and could be made available in order to enhance capacity.

Other facilities in the interior of the park could also be opened up, if the Department of Wildlife and National Parks were provided with sufficient funds. Congestion is less of an issue in the Delta, but a careful expansion of capacity would similarly provide scope for the traditional wildlife-based offering to expand.

To offset seasonal peaks in demand, off-peak packages could be promoted to Botswana residents. They would also attract more price-sensitive regional tourists interested in upgrading their accommodation from campsite to lodges. A marketing drive by BTB over the 2006/07 Christmas holiday period proved very successful. Increased domestic tourism would also help to reduce the image of exclusivity which surrounds some establishments, as well as extending the benefits of tourism to more Botswana.

Extending wildlife tourism to other areas

Wildlife in Botswana is not restricted to its two most internationally famous northern national parks. Although the other national parks accounted for less than 6% of entries and just 9% of revenues in 2006, many offer significant game-viewing opportunities away from other tourists,

To assist in the diversification of the country's tourism product, financial resources are urgently needed – especially seed money for new initiatives. In order to ensure that these are strategically distributed, the creation of a Tourism Development Fund is highly recommended.

Adventure tourism is one segment that offers many possibilities for expanding and diversifying wildlife tourism. Among Botswana's many attractions is the fact that it offers a complete break from the modern world.

not to mention major opportunities for extending wildlife and wilderness viewing capacity in Botswana. Even Gaborone's Game Reserve offers a wonderful diversion for the jaded business traveller!

In particular, the Kgalagadi Transfrontier Park – jointly managed with South Africa, but with three-quarters of its 38,000 km² lying in Botswana – offers beautiful if rugged terrain and abundant wildlife, including the black-maned Kalahari lions. However, accommodation facilities are limited to functional campsites and there is only a partly corrugated, gravel road from Tsabong to the main park gate (a distance of 320 km). The 540-km road from Gaborone to Tsabong is tarred. Moreover, travel within the park requires access to four-wheel drive vehicles.

Game also congregates at certain times of the year in the Nxai Pan National Park and in Deception Valley in the Central Kalahari Game Reserve, but infrastructure here is even more rudimentary.

Moving from wildlife to adventure tourism

Adventure tourism is one segment that offers many possibilities for expanding and diversifying wildlife tourism. Among Botswana's many attractions is the fact that it offers a complete break from the modern world. This makes it an ideal destination for adventure tourism involving small groups travelling in remote areas on 4x4 safaris, such as the Central Kalahari Game Reserve, which boast the ruggedness of the terrain and lack of facilities as their unique selling points, together with the promise of close contact with the local people and culture.

In addition, camel safaris and racing, treks and drives along the sand dunes as in Namibia, quad-biking and ballooning, could all be used to develop tour packages for more active visitors seeking new and extreme experiences.

Expanding cultural and heritage tourism

Apart from its wildlife, Botswana has a wealth of cultural and heritage sites that are currently under-marketed and exploited. Probably the best known of these – the Tsodilo Hills with their ancient rock paintings – is already on many tourist itineraries, providing a welcome diversion from game viewing in Chobe and the Delta. Recent development of the museum at the site, plus the provision of a tarred road for all but the last 6 km, have made the Hills much more accessible, although it remains a rugged wilderness area with camping facilities the only accommodation available.

The careful expansion of facilities at Tsodilo, and their active promotion to tourists who currently only focus on Chobe and the Delta, should yield dividends in terms of diversification and the alleviation of congestion in the game parks at relatively low cost. International interest in the San cultural heritage could be a starting point, since the San interpretation of the natural wilderness and their ancient traditions such as their rock art offer a potentially unparalleled tourism experience.

However, other prospective cultural and heritage attractions are far less developed. Museums including the National Museum in Gaborone need to develop strategies to attract visitors, both foreign and domestic. Encouraging stopovers around the country would help spread the tourists' dollars to a wider range of destinations. BTB should publish and distribute widely a calendar of exhibitions, linked festivals and other events, using its website to provide additional information of interest on the different events.

Botswana's different cities – particularly major entry points such as Gaborone, Maun and Kasane – need to think about the experience they are offering tourists. Visitors arriving in Botswana through these cities' airports tend to be whisked away without delay to their hotels and lodges in the game parks, yet there are many things of interest that could keep them in the cities for a couple of days – such as exhibitions of culture and heritage – which would help increase tourist spending in non-traditional areas. Developing and promoting half- and full-day tourist trails in cooperation with local councils and visitor attractions are also possibilities, and local councils would do well to fund local tourism offers to help promote such attractions and activities.

An opportunity to initiate city trails will be provided by the publicity surrounding the film based on the much-acclaimed 2003 novel by Alexander McCall Smith, the *No. 1 Ladies Detective Agency*, which received a Special Recommendation from the Booker Prize judging panel. The story is set in and around Gaborone, and a trail incorporating the book and film's locations and other attractions such as the National Museum, Gaborone Game Reserve and Gaborone Dam, would be well worth developing and promoting, providing opportunities for local tour operators, restaurants and souvenir producers and vendors.

Similarly, if the 2010 FIFA World Football Cup results, as hoped, in teams coming to train in Botswana ahead of and during the tournament, events and activities – both sporting and cultural – should be planned and promoted, leveraging the media coverage and influx of football fans.

In addition, with diamond operations being expanded downstream – from mining to polishing and local jewellery design and promotion – there is an opportunity to develop a diamond-linked package. It is envisaged that this would include a mine and mining museum visit, a tour of the new polishing and grading facilities, and specialist shopping facilities.

In developing all these cultural and heritage experiences, the goal of sustainable tourism needs to be constantly top of mind. Diversification is a clear requirement if tourism is to expand, but its longer-term implications for the environment, archaeological sites and local communities need to be fully considered. Such considerations are discussed in more detail below.

Promoting domestic tourism

BTB's overall objective explicitly requires it to encourage and facilitate travel by both local and foreign tourists. At present, the promotion of domestic tourism is quite limited, partly due to the heavy focus on a single tourism product specifically designed to attract wealthier visitors. The development of a more diversified portfolio of products would bring new opportunities for the promotion and expansion of domestic tourism – especially among those visiting friends or relations (VFR travellers). Domestic tourism could also help reduce seasonality in the traditional wildlife-based segment, if off-peak travel were encouraged with special discounts.



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Developing a MICE strategy

A rapidly growing sector of global Travel & Tourism is the meetings, incentives, conferences and exhibitions (MICE) market. Business tourism accounted for just 4% of visitors to Botswana in 2005, yet business and MICE tourists spend the most – P429 (US\$84) a day, according to the 2005 visitor survey, thereby generating a higher share of revenues than their numbers would suggest.

The Gaborone International Conference Centre (GICC) next to the Grand Palm Hotel and Casino has already proved successful in attracting major regional conferences and exhibitions, such as the World Information Technology Forum (WITFOR) and the Forum on the Kimberly Process Certificate Scheme, but capacity is currently under-utilized. Since demand for facilities in neighbouring South Africa often exceeds supply, there is clearly an opportunity to promote Botswana as an alternative venue, especially given the reported increase in concerns among business visitors about South Africa's high crime rate.

Government support for the potentially dynamic MICE sector could yield significant benefits for Botswana. Support is not just a question of resources, either. It is also important to work closely with Customs and Immigration to ease the entry of exhibition material into the country, and Botswana's attractions need to be promoted and marketed to potential MICE visitors and meeting planners, etc – as a means of highlighting pre- and post-conference leisure activities.

Since the conference facilities already exist, the cost of marketing them more aggressively to the MICE sector would be relatively low, especially in terms of return on investment. Conference/convention delegates are typically high-spending visitors, as well as being influential opinion-formers in their own countries. A positive experience – including that of pre- and post-convention tours – could generate huge benefits, both in terms of increased tourist arrivals and tourism earnings. But for this to succeed, efficient, high-quality and frequent air links direct from major business centres are crucial, as business travellers will not want to waste time travelling to Botswana on flights involving time-consuming transfers.

Encourage community-based initiatives

In line with the recommended expansion of cultural and heritage tourism, efforts should be made to support community-based initiatives to become more involved in the Travel & Tourism industry. The supply of traditional crafts, dance and cuisine could all boost the tourism economy, with international visitors increasingly keen on contact with local communities. Interest in traditional dance and culture is also re-emerging among the urban population. Organized village visits, including hands-on experience of livestock and other traditional agricultural skills, should be backed as a way of changing the image of exclusivity that surrounds Botswana's traditional tourism product.

Ideally, the link between tourist activities and the local communities should be as visible as possible, so that the benefits can be fully appreciated. The payment of fees and royalties for concessions by the Travel & Tourism industry to local councils should not disappear into their general budget funds – nor be siphoned off by central government – but, where possible, should finance schemes such as standpipes, boreholes, toilets and other visible community facilities.

One of the most successful projects so far has been at the village of Sankuyo, which only has about 272 inhabitants (2001 data). Aided by its strategic location between Maun and the Moremi Game Reserve, the village's management trust has successfully diversified away from its sole dependence on crop agriculture to hunting and photographic safaris. This has been achieved through both joint ventures and direct management of the Santawani Lodge and Kaziikini campsite. Employment in these operations now tops 100 jobs, environmental management practices have improved, and operating surpluses have made it possible to undertake a series of highly visible community development initiatives.

The government has already recognized the potential for greater community-based involvement in tourism. The new tourism regulations announced in the 2006 budget stated that *"Citizens will have exclusive rights to the operation of several types of small and medium-sized tourism*

enterprises, such as guesthouses, motor boat safaris, camping and caravan sites, mekoro, mobile safaris and tourism transfers and transportation”.

However, as highlighted in a recent BIDPA study, *The Assessment of Botswana's Services Sector*, March 2007, such regulations may conflict with commitments already made under the General Agreement on Trade in Services and may affect existing foreign-owned and joint venture enterprises. Therefore, the impact of the regulations should be constantly reviewed, in particular to ensure they do not discourage foreign direct investment required to expand tourism in general and to provide seed money and knowledge for community-based initiatives, in particular.

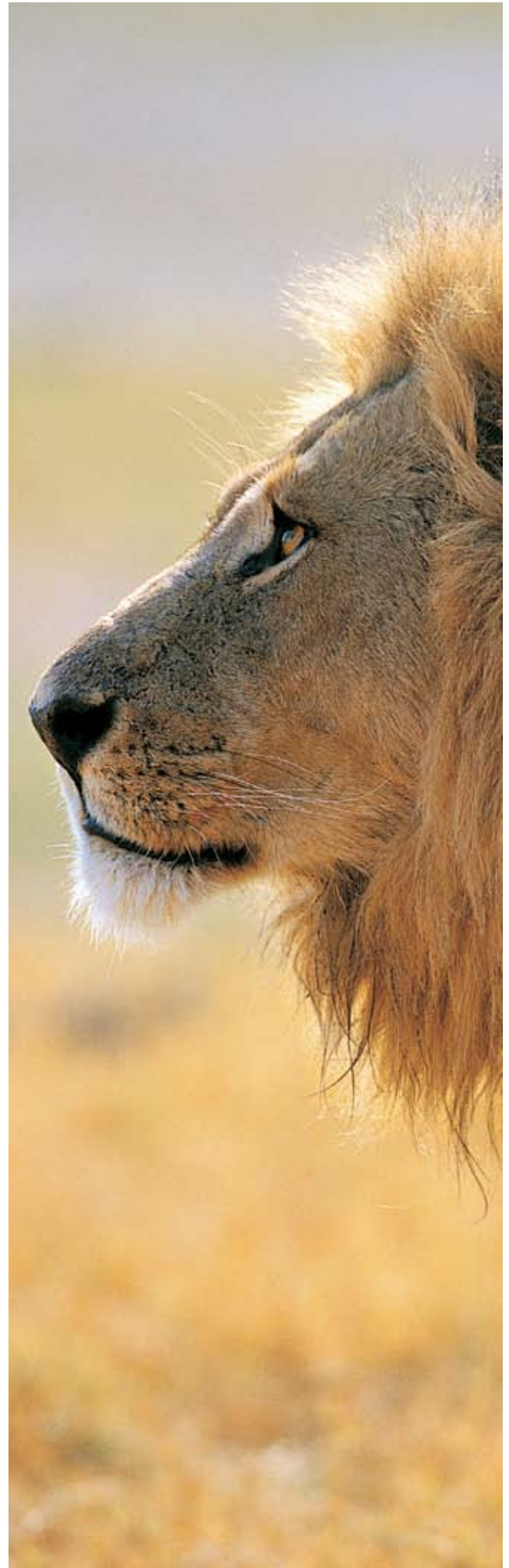
Promote an explicit linkage strategy to all stakeholders

Travel & Tourism in Botswana already accounts for one in every ten jobs and almost 10% of GDP. Indeed, if the mining sector is excluded, its share of the economy has been rising sharply, reaching 16% in 2006. Thus, Travel & Tourism is leading the way in diversifying the economy in line with the government's National Development Plan goals. Foreign visitor spending of P5.2 billion in 2006 and residents' spending (both individuals and businesses) of P2.3 billion help generate significant employment opportunities through existing linkages with other sectors of the economy, even when allowance is made for leakages through imported goods and services.

Numerous stakeholders are involved in this process of activity and employment generation for the benefit of all the citizens of Botswana. The inherent international nature of Travel & Tourism means that stakeholders in Botswana's Travel & Tourism are, and need to be, located around the world. International airlines, travel agents, tour operators, hotel and entertainment groups all need to be encouraged to play active roles in Botswana's tourism if the full potential of the sector is to be realized.

At the same time, local businesses – both small and large – need to be encouraged to take advantage of opportunities in all areas of Travel & Tourism, having been made aware of the size of the sector and the potential markets it provides through its network of linkages. In order to facilitate this, it is recommended that the government promote an explicit linkage strategy to all stakeholders, making them aware of the opportunities the spread of tourism spending provides and the potential from reducing leakages through imported goods and services.

Promotion of such a strategy to the industry and the general public would go a long way towards answering one of the repeated criticisms made of the Travel & Tourism industry in Botswana – that its leakages are high and its linkages are weak. In other words, the frequent criticism is that of the total retail price of the trip, there is a significant portion that never reaches the country – since it relates to flight costs and fees for travel agencies and tour operators for services rendered abroad. In addition, all the income that relates to profits from foreign-owned or managed accommodation, or imported goods such as linen, food, etc, is immediately repatriated and little is left to filter down and link to the local economy and community, except what ends up as tax payments to the government.



Although perceptions can only rarely be tested against reality, and research in this area is hampered by a lack of basic information, the antagonism that such suspicions raise has undoubtedly contributed to delaying investment in tourism facilities by both residents and foreign investors, as well as discouraging local Batswana from pursuing an entrepreneurial career in the industry. This is to the detriment of all Botswana's citizens.

By way of example, it should be noted that BIDPA's October 2006 study, *Foreign Direct Investment in Tourism in Botswana*, did find an increasing number of local businesses over time compared with a decreasing trend in new foreign and joint-venture investment. The survey also found that 66% of businesses established after 1998 had domestic owners, an encouraging indication of growing citizen participation and entrepreneurship – even in an environment in which such criticisms circulate quite widely.

Moreover, such overblown perceptions of weak linkages and high leakages are not exclusive to Botswana, and they partially reflect the inherently international nature of much Travel & Tourism. With the obvious exception of domestic trips, tourism involves a foreigner travelling to another country, using an airline and a travel agent or tour operator that is not necessarily – or even usually – based in the destination country, and staying in facilities way above local standards, which are often run by non-residents. The visitor's tastes and usual lifestyle are often very different from those of the local population, and satisfying those tastes frequently involves products and services that are not available in the host country and that need to be imported. Consequently, it is not surprising that criticisms centred on high leakages and low linkages are frequently heard.

As the above stereotypical visitor indicates, the alleviation of such criticisms has not been facilitated by the tourism product on which Botswana has typically focused: low-volume, high-value wildlife tourism. As a result, the product diversifications recommended above will go a long way towards addressing the linkage/leakage issue, with new products reducing leakages and enhancing linkages to the local community.

Nevertheless, while there are no companies in Botswana providing long-haul airline services, or the vehicles used by self-drive tourists, or the initial selling and booking of tour programmes, a substantial portion of the outlay for each trip will never reach Botswana, as the service is either rendered abroad or by foreign companies. Botswana cannot expect to be paid for goods and services it does not provide.

Moreover, tourist enterprises are often subject to implicit (and sometimes explicit) obligations that private firms in other sectors do not bear. New manufacturing plants are not usually asked to involve the local community or to invest in it in the same way as new lodges and hotels are, although that is changing – especially for energy and mining companies, and for multinational companies that want to polish their environmental and social credentials.

That is not to say that the linkage/leakage situation cannot be improved, even for the existing wildlife product, so it is important for BTB to develop an explicit leakage/linkage strategy and communicate it to all stakeholders.

The TSA shows that one in every three pula of tourism demand flows out in terms of imported goods and services – ie above the two in every nine pula that is indicated for the economy as a whole – while earnings from the export of all transport services yielded a mere P474 million in 2006, just 0.1% of GDP. Although the privatization of Air Botswana to SA Airlink seems unlikely to boost transport export earnings directly, it should provide an indirect boost through payments to airport operators and associated transport service firms in Botswana, especially as the privatization will undoubtedly give a strong boost to traffic volumes. Similar gains could be achieved by the re-establishment of direct, long-haul flights.

To reduce the losses stemming from overseas booking and the use of overseas travel agents and tour operators, the establishment of a local web portal for Travel & Tourism information, as well as bookable accommodation, local transport and tours, should be seriously considered. It has already been noted that the Department of Wildlife and National Parks would like to pass on its current responsibility for taking campsite bookings, etc and the BTB website needs to evolve to provide information on new tourist products and trails if its diversification strategy is to succeed. Part of this should be a booking facility, which would have the added advantage of attracting

visitors who wish to tailor their own itineraries – a growing segment of the global Travel & Tourism market.

In terms of obligations to employ residents of Botswana, some occupations are explicitly reserved for residents (eg *mekoro* operators, and some tour guide work such as mobile safaris), while work and residence permits are required for tourism enterprises wishing to employ non-residents. Frictions are at times evident in these arrangements, with private sector firms preferring their local employment and other communal obligations to be clear from the outset – at times, it is felt that there exists a gap between the stated policy, often very welcoming of new investments, and its tardy or nit-picking implementation in practice.

If BTB becomes a one-stop shop for new tourism projects, it will doubtless build up experience of the challenges in this area and be able to advise the government accordingly as part of its recommended leakage/linkage strategy. Particularly with regard to new projects, resident employment and training targets should be explicitly discussed and defined at an early stage, alongside obligations for community involvement and more general investment regulations. For existing projects, both sides need to respond flexibly and swiftly in dealing with problems as they arise, bearing in mind the strategic objective to expand Botswana's Travel & Tourism industry.

Linkages in terms of supplying goods to tourism establishments and attractions could also be enhanced further. The TSA suggests that each pula directly spent by tourists in such establishments results in over two pula for firms in other sectors of the economy, which are not usually seen to benefit from tourism. But this indirect linkage could and should be enhanced. Livestock products are of export quality – the quality of the beef, in particular, being indisputable – and so already feature on many hotel and top-class restaurant menus.

The Ministry of Agriculture is also trying to promote irrigation schemes to increase fruit and vegetable production, thereby increasing opportunities for local sourcing (and community benefits). The promotion of traditional cuisine would also increase linkages to agriculture while the production and sale to visitors of local handicrafts represent a traditional route to link visitors and the local community.

Finally, there is no reason why competitively priced, locally manufactured goods of sufficient quality should not be used as well by the tourism industry. In turn, the Ministry of Trade and Industry, at the request of the Ministry of Agriculture, should continue to respond swiftly to lift import restrictions on agricultural products, when such products move from being in surplus to being in deficit in the domestic market. Some tourism firms have reported difficulties in the past with regard to this problem, with resulting disruptions to their menus and complaints from guests.

Greater effort to enforce the completion of returns by accommodation and other tourism establishments for the Department of Tourism as part of their licence obligations should assist the Botswana Unified Revenue Service (BURS) in its task of collecting revenues from the tourism sector. The TSA suggests the tourism economy contributes around 7% of all tax revenues, with the industry directly accounting for over 3% of all tax revenues. If the recommendations with respect to tourism statistics outlined above are implemented, then much more comprehensive and up-to-date information would be available to BURS to confirm or negate its suspicions that the sector is paying insufficient taxes.

Commissioning a study at that point is recommended, not least because the widespread suspicion of underpayment of taxes has a negative impact on the industry's image and, in turn, on the support and resources it is likely to receive.





RESOURCES FOR TOURISM

Improve land allocation for tourism purposes

Critical to the establishment of new private sector tourism enterprises is access to appropriate sites. With 84% of Botswana's land-locked surface area (of 581,730 km²) covered by the Kalahari Desert, 17% by National Parks and Game Reserves, and an additional 22% designated as Wildlife Management Areas where wildlife conservation is the primary form of land use, land that is ripe for tourism development is at a premium, especially near the prime tourist magnets of Chobe and the Delta.

State lands are leased to tourism organizations and individuals for 15 years, subject to reviews of the land's use every five years, with the option of renewing the lease at the end of the 15-year period (the first leases will shortly be reaching this point). The Ministry of Lands and Housing zones sites suitable for tourism and other purposes, then the Department of Wildlife and National Parks advertises and conducts a tender for them, and then accepts the best – not necessarily the highest – bidder for the 15-year lease. In other sectors, some land is directly allocated – eg for large-scale Botswana Export Development and Investment Authority (BEDIA) projects – but the objective is to be as open and transparent as possible in the allocation process.

Tribal lands (around 71% of all land) are allocated in a different way, by the 12 Tribal Land Boards, typically on 50-year leases – as state lands were before the early 1990s. Some freehold allocations exist (just 6% of all land), as it was decided at independence to respect such arrangements. When these holdings have come onto the market, the government has made purchases and allocated the resulting lands between the tribal and state systems. Community-based tourism has the potential to make available more of these tribal lands for tourism use.

The smooth renewal of 15-year leases currently close to expiry will be a key test of confidence in the land allocation policy, and the Botswana Tourism Board (BTB) should be watchful for instances where legitimate tourism businesses have their leases unfairly terminated. The five-year reviews and 15-year terms represent an effort to balance the interests of the state in land being properly utilized for the benefit of all residents against the need for investors to have sufficient security of tenure to build and continually invest in their facilities. Some concerns have been voiced that the present leases do not offer sufficient security of tenure, with some operators suggesting 25-year terms in order to maximize investment in facilities, but official policy clearly favours support for existing tourism businesses, as well as minimal interference and constraints on their operations.

More problematic is expediting land allocations in new tourism areas, such as the Kgalagadi TransFrontier Park and the Central Kalahari Game Reserve. Tenders for a reportedly large number of sites identified for tourism developments by the Ministry of Lands and Housing have attracted few or no bidders while, in several instances, applications to build lodges and other developments have been stalled as the sites do not match those identified. This means the potential investor is reluctant to go through the public tendering process for fear of losing the 'intellectual property' and the associated costs incurred in identifying the sites for others to exploit if they win the tender. Zambia's more proactive approach resulted in one potential Kgalagadi TransFrontier

Park investor switching destinations, while another possible investment could be withdrawn from Botswana in favour of Tanzania.

In order to speed up tourism product diversification and to prevent the loss of such investors in the future, the Ministry of Lands and Housing and BTB need to work together more closely in future. It has been suggested that the Ministry could lease at a peppercorn rent land identified for tourism development, which has been to public tender but failed to receive any suitable bid. Such land could then be placed in a 'land bank' for onward leasing to investors who approach BTB, or investors whom BTB itself proactively identifies during its investment marketing campaigns.

In addition, investors who approach BTB confidentially with proposals to develop specific sites should, following discussions between BTB and the Ministry of Lands and Housing, be allocated the chosen land if the benefits are large and the project fits well with BTB's diversification strategy. This route should only be used for projects regarded as being of exceptional value, and in cases where the investor has indicated it will withdraw if a public tender is called. In exchange for this expeditious allocation, it might be required that similar plots are removed from BTB's land bank.

Continue conservation and environmental efforts to achieve sustainable tourism

Even if tourism is diversified through the promotion of new products, the majority of visitors and their spending will still be primarily attracted to Botswana by its unspoilt environment and abundant wildlife. Thus, these irreplaceable assets have to continue to be protected if the Travel & Tourism industry is to be sustained. In contrast to the situation in many other countries, Botswana's conservation and environmental policies have generally been successful, to the extent that its elephant population is arguably, if anything, too large. However, the government cannot afford to be complacent and it is clear that all policy steps to promote tourism should consider any conservation and environmental issues that may be raised.

Environmental and archaeological impact assessments are required for new developments and this requirement should continue, although as part of the 'one-stop' approach for new investments projects, official help and guidance should be made available to meet these requirements. Notwithstanding all the other recommendations made, Botswana must ensure that tourism remains sustainable and does not deplete its natural resource base.

Consequently, the Department of Wildlife and National Parks needs to be properly resourced in order to pursue its primary objective of conservation and management of the environment so that wildlife can thrive. The National Ecotourism Strategy (2002) provides a detailed framework for its operations and efforts should be focused on implementation of this strategy. Tangential tasks, such as running the reservation and park entry system are distracting the Department's staff from their primary task and should where possible be passed to other agencies or sub-contracted out to the private sector. (The lack of pre-payment means that parks and campsites are often fully booked in advance while, on the ground, there is space due to the fact that some who have pre-booked fail to turn up.) Other examples include running campsites (now rightly sub-contracted out), and managing airfields without the right to collect landing fees.

The Department of Wildlife and National Parks has recently benefited from EU funding to provide adequate staff housing and offices in the national parks, thereby lifting a major drag on morale and efficient operations. But challenges remain. Poor service and maintenance of vehicles, inadequate communication facilities – with links between headquarters and the parks particularly problematic – understaffing and poor training remain significant issues to be addressed urgently. Thus, with the TSA revealing how important the tourism sector is to the overall economy, there is a case for reconsidering the size of the Department's budget, especially as demands on it are likely to increase considerably if tourism expands, as is hoped, into new areas such as the Kgalagadi Transfrontier Park and the Central Kalahari Game Reserve.

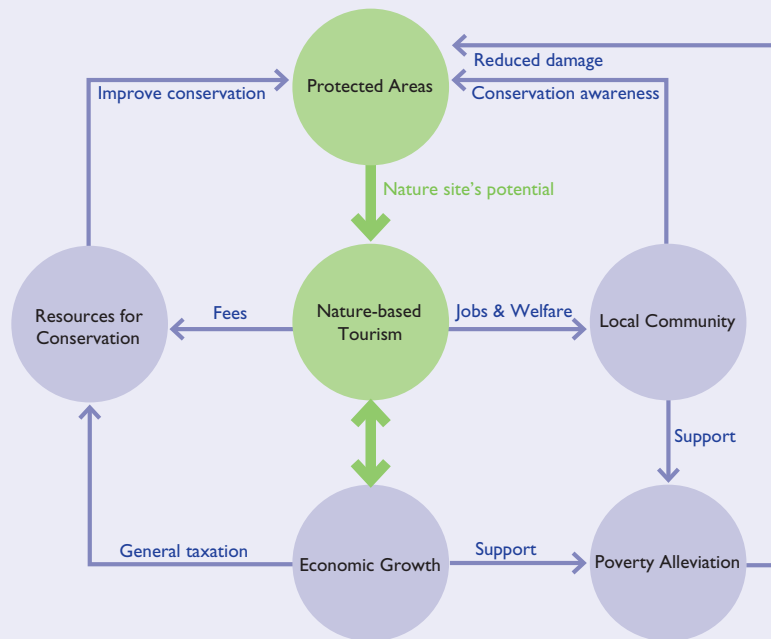
Efforts to open up new game viewing areas and routes in the two most popular parks, in order to relieve congestion there, will also require the budget of the Department of Wildlife to

Botswana must ensure that tourism remains sustainable and does not deplete its natural resource base.

Nature-based tourism as an engine for development

A properly regulated tourism industry centred on the natural and cultural assets of a country offers a unique opportunity to improve the conservation of the environment in general and protected areas in particular. There is potential to set in motion a virtuous cycle, by which protecting the environment attracts tourism and the development of the tourism industry, which in turn makes it possible to finance the protection of nature and cultural heritage (directly by fees paid by visitors to protected areas and indirectly via general taxation), increasing the benefits of protected areas to the country. Moreover, tourism income from popular protected areas can be used to help finance other areas that cannot attract so many tourists, or where large visitor numbers would be inappropriate.

Virtuous cycle between protected areas and tourism



Source: Oxford Economics

Globally, nature-based tourism – including ecotourism, rural and agrotourism, adventure tourism and cultural tourism – has become increasingly popular over the last two decades, both with conservation and development organizations looking for means of generating an income from protected areas, and with tourists from industrialized countries looking for new experiences. The expansion of Travel & Tourism in general has been supported by the proliferation of long- and short-haul flights, resulting in a significant increase in the number of flight frequencies and destinations served, as well as a drop in the cost of air transport. This form of tourism is already a large and growing part of the economies in many developed and developing countries, including Canada, the USA, Australia, New Zealand, Kenya, Tanzania, Costa Rica and Botswana. As an example, protected areas are the backbone of the successful ecotourism industry in Costa Rica, which currently generates over US\$1 billion a year in earnings – or about 5% of GDP.

In addition to making a direct contribution in terms of revenues and employment, the facilities and services required for the development of tourism can also benefit the living conditions of local residents in terms of improved communications, training, education and healthcare. It can also lead to the creation and modernization of legislation and regulation aimed at protecting the environment – through reforestation and soil-conservation practices, and the rehabilitation of affected natural areas – and to improving community participation and awareness of the importance of conservation.

Financial contributions from the private sector are key to the future of protected areas since many of the public agencies in charge of their management lack appropriate funding to cater for increasing conservation demands. The World Conservation Union (IUCN) calculated in the early 1990s that protected areas' budgets worldwide covered only 24% of the estimated resources needed to provide adequate maintenance for the respective areas.

One response to the shortage of public funds is to develop market solutions to generate resources to contribute to local (particularly rural) and national economic development, while at the same time introducing incentives for the conservation of protected areas and the preservation of biodiversity by creating economic value for endemic and endangered species in natural habitats. In particular, nature-based tourism offers a unique opportunity to mobilize the resources required to fund protected areas, and to modernize and strengthen the institutional and legal framework supporting the conservation of the environment.

Source: *The Contribution of Air Transport to Sustainable Development in Africa*, ATAG/Oxford Economics, 2003.

be raised, if they are to succeed. Such increased expenditure is required not only to cover the capital cost of such expansions; it also needs to cover the higher recurrent costs associated with a larger area to patrol and monitor, in order to deal with problems such as littering, fire-lighting and off-track driving.

One specific issue that requires careful management as Travel & Tourism expands is the potential for conflict between land use for livestock and maintenance of the extensive wildlife conservation areas outside the national parks. Livestock farmers have argued for the declassification of part of these areas in order to increase the livestock grazing land available, and the Ministry of Lands and Housing is currently reviewing this. Encouragement of better livestock husbandry practices might well resolve overgrazing issues at less cost to the environment than the declassification of land, while encouragement of greater game ranching and community involvement in tourism also offer ways of reducing the potential for conflict.

Invest in preparing Botswana's citizens for careers in tourism

The success of Travel & Tourism, like most service-based activities, depends heavily on its labour force. High standards of customer service are essential for a memorable and satisfactory visit – whether for business or pleasure – and the attraction for less-developed countries such as Botswana of diversifying into tourism is that it is highly labour intensive as well as being an area of comparative advantage. Indeed, the TSA analysis reveals that, in 2007, 23,000 jobs will be directly related to the Travel & Tourism industry. If jobs in all related sectors are included – such as construction, or the retail sector – total employment stemming from all Travel & Tourism activity in the country will be 59,000 jobs – 10.6% of total employment.

In order to maximize the employment gains for Botswana from tourism, the government and private sector stakeholders need to invest in appropriate training for local people considering a career in tourism. The recent launch of a tourism course at the University of Botswana, as well as the work of the Botswana Wildlife Training Institution in Maun and the Gaborone Technical College, are welcome initiatives, as are the considerable training efforts made by private sector establishments for their staff. However, stakeholders continue to highlight a lack of appropriately trained residents as a constraint on their businesses, obliging them to employ foreign nationals, particularly in key positions. There is also a belief that graduates fail to consider a career in tourism because of the aura of exclusivity the traditional wildlife product exudes.

Because of this, the government – primarily the Ministry of Education and the Ministry of Labour and Home Affairs (which issues resident and work permits) – should work with private sector firms and associations such as the Hospitality and Tourism Association of Botswana (HATAB) to identify key skills' shortages and develop a strategy to address them.

It is also recommended that a sponsored information pack on tourism for high schools be prepared, to improve the image of the industry among those considering their career choice. Opportunities for further education and training for posts within tourism could be highlighted, alongside potential employers with good training records. Promotion of the benefits of professional qualifications and training is important, not only to encourage young people to consider such courses, but also to give those who obtain such qualifications respect and enhanced credibility among their peers. Finally, a targeted public relations' campaign should be considered, to highlight the career potential offered by tourism establishments and attractions.

Act to ease water and energy constraints

In addition to wildlife conservation and environmental constraints, the expansion of tourism also faces constraints in terms of competing for scarce water and energy resources. These constraints need to be eased in so far as this is possible in the short term.

Botswana relies on both ground water and dammed surface water sources, with management split between local councils for villages, the Department of Water Affairs for larger villages and the parastatal Water Utilities Corporation for urban centres. This three-tier structure is currently being reviewed, and investments are being made in new dams and in a new north-south pipeline

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Technological innovation opens up the way for new destinations and indigenous tour operators and establishments to compete with the well-established tour operators.

to relieve periodic shortages caused by droughts. The Ministry of Minerals, Energy and Water Resources does not see water scarcity as an absolutely binding constraint on tourism's expansion but, given its scarcity, the water and sewerage requirements of tourism projects clearly need to be carefully considered.

More problematic is the potential for electricity shortages, as the Southern African region has in recent years has moved from a situation of surplus generating capacity to one of shortage. Supplies are currently reliable, with generators used in remote areas where many tourism establishments are located. Botswana is dependent on electricity generated from its sole coal-fired power station (providing around 30% of total demand) and imported power from Eskom, South Africa's generating company, for the remainder.

However, the existing contract with Eskom is due for renewal this year and, since its terms were last negotiated when power generation capacity was in surplus, the electricity costs from this source are expected to rise significantly. The Botswana Power Company is belatedly starting to implement a plan to expand its domestic generating capacity over the next three to four years so that, after that time, it should be in a position to export power. However, in the interim, power is likely to be in short supply, as well as costly, and tourism enterprises – just like those in other sectors – will need to plan accordingly.

OTHER TOURISM SUPPORT FUNCTIONS

Support technological innovation in the tourism sector

The Travel & Tourism sector globally is undergoing a period of rapid technological innovation as the full implications of the information technology revolution are taken on board. This revolution is affecting general marketing and promotion, the nature of the product – with customers increasingly packaging their own flights, accommodation and itineraries, rather than relying on set packages from tour operators – bookings and telecommunication facilities in accommodation establishments.

Although these trends are most evident in other Travel & Tourism destinations, Sub-Saharan African countries also need to position themselves to take advantage of the fresh opportunities opened up by these trends. Indeed, technological innovation opens up the way for new destinations and indigenous tour operators and establishments to compete with the well-established tour operators.

As indicated elsewhere in this report, the industry in Botswana should regard the use of modern information technology as central to its future development. Indeed, encouraging the use of the internet will disproportionately benefit local businesses, as BIDPA's October 2006 survey into local and foreign direct investment trends found. The Botswana Tourism Board (BTB) in particular will need to improve its utilization of such technology and investment in this area – both for its own operations and as seed money for sub-contracted platforms that support the industry more generally. WTTC/Oxford Economics would like to make the following specific recommendations regarding BTB's website:

- It should contain a calendar or bulletin board of events, split between those of general interest to the demand side of the industry and those of interest to the supply side of the industry, or to those officials and different bodies issuing and implementing policies.
- Regular press releases should be posted about these events and emailed out to a wide audience as part of BTB's marketing strategy, highlighting the development of new attractions, itineraries, city trails, etc.
- Recommended itineraries should be posted on the website, with links to operators' sites – rather than simply providing names and phone numbers as is currently the case. This will encourage and facilitate the self-tailoring of tours, especially for self-drive tourists using vehicles rented from Botswana companies.

- The website should contain a real-time booking facility so that the BTB portal acts as a one-stop shop for tourists self-tailoring their itineraries, and new tourism regions and products should be included as part of BTB's diversification strategy.
- An up-to-date statistics and research section should also be available on the website, with links to other relevant sites, for the benefit of potential investors seeking basic industry information.
- BTB should provide a step-by-step guide for potential investors with a clear contact point within BTB for further assistance, in addition to general destination marketing materials, so that BTB is seen as a 'one-stop shop' for such investors.

In addition to making website improvements, BTB should take advantage of internet advertising opportunities to complement its more traditional marketing through the print media, radio, television and trade fairs. Events linked to the filming of the Alexander McCall Smith books are likely to provide several fruitful opportunities.

Ease travel restrictions wherever possible

The residents of many countries currently do not require visas to enter Botswana, and those restrictions that remain are not set in stone, according to the Ministry of Foreign Affairs and International Cooperation. Indeed, the requirements for Russian and Japanese nationals have recently been removed. Of course, national security considerations require some specific controls but, wherever feasible, travel to Botswana should be made as easy as possible so that the Travel & Tourism industry can reach its maximum potential.

In particular, consideration should be given to:

- Lifting, or at least easing, restrictions on Asian nationals – one of the fastest growing tourism markets globally, with Chinese and Indian outbound travel, in particular, forecast to expand very rapidly over the coming decade.
- Allowing credit card and/or foreign currency payments for visas on entering the country, as the insistence on pula cash payments for short-stay visitors to Chobe and the Delta from neighbouring countries causes unnecessary delays and visitor complaints.
- Cooperating as a matter of urgency with neighbouring countries to implement the longstanding proposal of a regional visa and common entry requirements, since the lack of such arrangements will inevitably limit the spin-off benefits that Botswana will receive from regional events such as the 2010 FIFA World Football Cup.



SATELLITE ACCOUNT

BOTSWANA

	2002	2003	2004	2005	2006	2007	2017E
Travel & Tourism - P mn							
Personal Travel & Tourism	1,096	1,195	1,380	1,519	1,636	1,823	4,126
Business Travel & Tourism	527	521	491	569	630	721	1,566
Corporate	299	279	235	305	311	356	927
Government	228	242	257	264	318	365	639
Gov't Expenditures - Individual	64	70	88	110	107	119	284
Visitor Exports	2,280	2,476	3,352	3,651	5,160	5,893	16,094
Travel & Tourism Consumption	3,967	4,262	5,311	5,849	7,532	8,555	22,071
Gov't Expenditures - Collective	346	353	420	559	606	673	1,615
Capital Investment	403	428	469	505	519	596	1,559
Exports (Non-Visitor)	193	186	240	273	132	148	299
Travel & Tourism Demand	4,910	5,229	6,439	7,185	8,789	9,973	25,544
Travel & Tourism Industry Aggregates (Direct Impact Only)							
Employment ('000)	18.4	18.7	21.7	22.1	22.4	23.2	30.8
Gross Domestic Product	1,073	1,364	1,622	1,881	2,691	2,995	8,749
Travel & Tourism Economy Aggregates (Direct and Indirect Impacts)							
Employment ('000)	47.4	47.9	57.9	56.3	57.1	58.8	78.5
Gross Domestic Product	2,580	3,284	3,903	4,470	5,979	6,787	18,819
Travel & Tourism Accounts as % of National Accounts							
Personal Travel & Tourism	10.4	10.5	10.5	10.5	10.5	10.7	10.9
Gov't Expenditures	5.1	4.7	5.1	5.7	6.0	6.1	6.3
Capital Investment	4.9	4.9	4.9	4.9	4.9	5.4	6.5
Exports	12.8	15.6	17.3	14.1	14.3	13.5	14.4
T&T Imports	14.8	15.5	15.6	15.9	17.1	16.9	15.5
Travel & Tourism Industry Aggregates (Direct Impact Only)							
Employment	4.0	4.0	3.8	4.0	4.1	4.2	5.1
Gross Domestic Product	2.8	3.4	3.4	3.6	4.2	4.3	5.4
Travel & Tourism Economy Aggregates (Direct and Indirect Impacts)							
Employment	10.4	10.4	10.1	10.1	10.4	10.6	13.1
Gross Domestic Product	6.7	8.2	8.2	8.7	9.4	9.7	11.6
Travel & Tourism Real Growth (per annum except 2017 = 10-year annualized)							
Personal Travel & Tourism	18.5	11.5	3.2	1.8	-9.1	5.4	3.7
Business Travel & Tourism	7.3	1.0	-15.8	7.0	-6.5	8.3	3.3
Gov't Expenditures	34.2	5.2	7.4	21.9	-10.0	5.1	4.3
Capital Investment	12.0	8.4	-2.1	-0.4	-13.2	8.6	5.2
Visitor Exports	54.4	10.9	21.0	0.7	19.3	8.1	5.7
Other Exports	25.8	-1.5	15.2	5.1	-59.2	6.3	2.6
Travel & Tourism Consumption	35.7	9.8	11.4	1.8	8.7	7.5	5.1
Travel & Tourism Demand	32.3	8.8	10.1	3.2	3.3	7.3	5.0

TABLES

	2002	2003	2004	2005	2006	2007	2017E
Travel & Tourism Industry Aggregates (Direct Impact Only)							
Gross Domestic Product	51.6	29.9	6.3	7.2	20.8	5.3	6.4
Employment	3.7	0.2	-5.8	4.0	3.1	3.8	2.9
Travel & Tourism Economy Aggregates (Direct and Indirect Impact)							
Gross Domestic Product	35.5	30.1	6.2	5.9	12.9	7.4	5.8
Employment	3.5	1.2	20.7	-2.7	1.5	2.9	3.0
Travel & Tourism - US\$ mn							
Personal Travel & Tourism	173.2	241.5	294.1	297.2	280.3	296.1	497.2
Business Travel & Tourism	83.3	105.3	104.7	111.3	107.9	117.0	188.7
Corporate	47.3	56.4	50.0	59.7	53.4	57.8	111.7
Government	36.0	48.9	54.7	51.6	54.5	59.3	77.0
Gov't Expenditures - Individual	10.1	14.1	18.7	21.4	18.3	19.3	34.3
Visitor Exports	360.3	500.2	714.3	714.5	884.1	957.1	1,939.1
Travel & Tourism Consumption	627.0	861.1	1,131.7	1,144.5	1,290.5	1,389.5	2,659.3
Gov't Expenditures - Collective	54.7	71.2	89.4	109.4	103.8	109.3	194.6
Capital Investment	63.73	86.43	99.91	98.84	88.96	96.82	187.88
Exports (Non-Visitor)	30.5	37.6	51.1	53.3	22.6	24.0	36.0
Travel & Tourism Demand	775.9	1,056.3	1,372.1	1,406.0	1,505.9	1,619.6	3,077.7
Travel & Tourism Industry Aggregates (Direct Impact Only)							
Employment ('000)	18.4	18.7	21.7	22.1	22.4	23.2	30.8
Gross Domestic Product	169.6	275.5	345.6	368.0	461.1	486.5	1,054.2
Travel & Tourism Economy Aggregates (Direct and Indirect Impacts)							
Employment ('000)	47.4	47.9	57.9	56.3	57.1	58.8	78.5
Gross Domestic Product	407.7	663.5	831.7	874.7	1,024.3	1,102.2	2,267.4
Travel & Tourism - 2000 Constant US\$ mn							
Personal Travel & Tourism	181.3	202.0	208.4	212.1	192.9	203.3	292.1
Business Travel & Tourism	87.2	88.1	74.2	79.4	74.2	80.4	110.8
Gov't Expenditures - Individual	10.6	11.8	13.2	15.3	12.6	13.2	20.1
Visitor Exports	377.2	418.4	506.3	509.8	608.3	657.3	1,139.2
Travel & Tourism Consumption	656.3	720.4	802.1	816.6	888.0	954.2	1,562.2
Gov't Expenditures - Collective	57.2	59.6	63.4	78.1	71.5	75.1	114.3
Capital Investment	66.7	72.3	70.8	70.5	61.2	66.5	110.4
Exports (Non-Visitor)	31.9	31.4	36.2	38.1	15.5	16.5	21.2
Travel & Tourism Demand	812.1	883.7	972.5	1,003.2	1,036.2	1,112.3	1,808.0
Gross Domestic Product							
Travel & Tourism Industry	177.5	230.5	244.9	262.6	317.2	334.1	619.3
Travel & Tourism Economy	426.7	555.0	589.5	624.1	704.8	756.9	1,332.0



WTTC would like to express its appreciation to the following organizations and agencies that contributed their knowledge, insight and data/information to the policy review effort included in this report:

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Botswana Insurance Fund Management
Botswana Telecommunications Authority
Botswana Tourism Board
Botswana Unified Revenue Services
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Ministry of Agriculture
Ministry of Environment Wildlife and Tourism
Ministry of Finance and Development Planning
Ministry of Foreign Affairs and International Cooperation
Ministry of Lands and Housing
Ministry of Mineral Energy and Water Resources
Ministry of Trade and Industry
Ministry of Works and Transport
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