

The success of tourism in Rwanda – Gorillas and more*

Background paper for the African Success Stories Study

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1. INTRODUCTION: TOURISM IN RWANDA – GORILLAS AND MORE

Rwanda is well known for its mountain gorillas. First brought to international attention by the conservation efforts of Dian Fossey in the 1960s and 70s, Rwanda's gorillas have featured in numerous documentaries and have in the recent past been visited, for example, by Bill Gates, Natalie Portman and Ted Turner, who have all participated in the annual gorilla naming ceremony.

Rwanda and Uganda are the only two countries in the world where mountain gorillas can be visited safely at the moment. In 2008, about 17,000 people visited the Volcanoes National Park (VNP) to see the gorillas, a large increase from the late 1980s and an impressive recovery from only 417 tourists in 1999 after the reopening of the park. Rwanda has also seen gorilla tourism as a valuable conservation tool, enforcing strict rules for the habituation and trekking of gorilla families. Tourists are willing to pay high fees for a limited number of permits, which are usually sold out. The revenues from gorilla tourism provide funds to the national parks and facilitate conservation activities. Five percent of park revenues are disbursed for community projects.

Rwanda is, however, also known for its violent past, which has dominated the image of the country for several years. The international perception of Rwanda, however, has changed and at present the country is considered one of the safest destinations in the region. This image change goes hand in hand with the marketing of the country and, in particular, the mountain gorillas. The revival of gorilla tourism demonstrates that with the right strategy and instruments, a post-conflict country can successfully focus on high-end tourism while maintaining conservation and contributing to poverty reduction through the involvement of communities as priorities.

There is, however, more to tourism in Rwanda than gorillas. Besides the VNP, Rwanda has two other national parks that offer, for example, a range of wildlife and biodiversity. Furthermore, the country has been particularly successful in attracting large numbers of business and conference travelers, mainly from the DRC as well as the neighboring countries of the East African Community (EAC).² This is evidenced by the large increase in the number of hotel rooms and restaurants as well as the planned construction of a convention center. Local and foreign direct investments have been substantial. In terms of export revenue, tourism has already outperformed coffee and tea by a wide margin.

There are several aspects that have contributed to the successful revival of the tourism sector in Rwanda. First and foremost, the government has shown a clear commitment to the development of the tourism sector and has established itself as a safe destination in the region. The early development of a strategy and policy demonstrated this commitment. Furthermore, the government involved the private sector from the start and has implemented a good strategy to market Rwanda as a destination. The business environment has improved markedly, promoting private sector involvement. In addition, Rwanda has always seen tourism as an instrument to reduce poverty, for example by directly involving local communities.

The next section gives an overview of gorilla tourism in Rwanda, the factors contributing to its success and its benefits. Section 3 outlines the development of the overall tourism sector and its contribution to the economy. Section 4 discusses the remaining challenges and emerging possibilities, while section 5 concludes.

² The East African Community (EAC) consists of Burundi, Kenya, Rwanda, Tanzania and Uganda.

2. THE SUCCESS OF GORILLA TOURISM IN RWANDA

2.1. Background - How did Rwanda start to develop gorilla tourism?

The Virunga mountain gorilla (*Gorilla beringei beringei*) is a highly endangered African ape subspecies, with a total estimated population of 380 existing only in the Virunga Conservation Area encompassing Rwanda, Democratic Republic of Congo and Uganda (Gray et al., 2005). The distribution of the Virunga mountain gorillas is limited to an approximate area of 447 km², which encompasses the Mgahinga Gorilla National Park in Uganda, the Parc National des Volcans (Volcanoes National Park - VNP) of Rwanda and the Mikeno sector of the Parc National des Virunga of the Democratic Republic of Congo (Gray et al., 2005).

Figure 1: Area of distribution of the mountain gorillas



Source: Bush and Fawcett (2007), adapted from www.go2africa.com

The VNP consists of about 160 km² of montane forest which, until Rwanda's independence in 1962, was part of Africa's first national park (the Parc National Albert). This was created in 1925 with an intention of protecting the great apes (ORTPN, 2004).

Tours have been organized to view wild mountain gorilla groups since 1955 (Butynaski and Kalina, 1997) with the first attempts at habituation for this purpose occurring as early as 1966 (Murnyak, 1981). These early tourism programs displayed an almost complete lack of structure and control. Focus tended to be on revenue rather than conservation and there are many anecdotal reports of large groups of tourists visiting groups of non- or semi- habituated gorillas (Fawcett et al., 2004).

In 1979, the Virunga's first official mountain gorilla tourism program was launched by Bill Webber and Amy Vedder, under funding through the African Wildlife Foundation, World Wide Fund for Nature and Fauna and Flora International (Pers. Com. Bush, 2010). It was one part of the three-focus approach of the Mountain Gorilla Project, which also encompassed anti-poaching and education programs. This was done for the dual purpose of: 1) providing the Rwandan government and park authorities an incentive to conserve the park and the animals within it from the threat of proposed conversion of 5000 hectares of

park area for agricultural purposes; and 2) generating local employment and tourism-related revenue (Weber 1982, 1985; Vedder and Weber, 1990). This program subsequently evolved into what is now the International Gorilla Conservation Program, still organized as a coalition of the three agencies (Pers. Com. Bush, 2010).

Two wild groups of gorillas were initially habituated for tourism visitation purposes, with strictly enforced limits on the number of visitors and length of visits (see Box 1 for the rules to control gorilla tourism). The combination of quality control and international interest in Dian Fossey's highly publicized gorilla studies resulted in steadily increased visitation throughout the 1980s, peaking around 6,900 in 1989 (ORTPN, 2008b). By the mid-1980's, local attitudes toward and political support for conservation increased significantly as a direct result of this program (Weber, 1987). Stimulated by the attraction of gorilla tourism, Rwanda received almost 22,000 visits to its three national parks in 1990, when military conflict brought tourism to a halt (Bush et al., 2008). Understandably, gorilla tourism collapsed during the genocide, civil war and subsequent periods of insecurity between 1994 and 1998.

Box 1: Current rules to control gorilla tourism in Rwanda

The establishment over time of a number of rules designed to protect both gorillas and tourists are as follows.

- Maintenance of a distance of 7 meters between the tourists and the gorillas;
- A maximum of 8 tourists per visit;
- A limit of 1 tourist group per day to each gorilla group;
- Visits to be limited to an hour; and
- Tourists who are visibly unwell or declare themselves to be ill cannot visit.

Over time the number of tourists allowed in one visit was increased to 8 people in 1989 (6 for smaller gorilla groups). In 1999, the gorilla-tourist required separation distance (to reduce the risk of disease transmission) was changed from five to seven meters. Other rules added over time are:

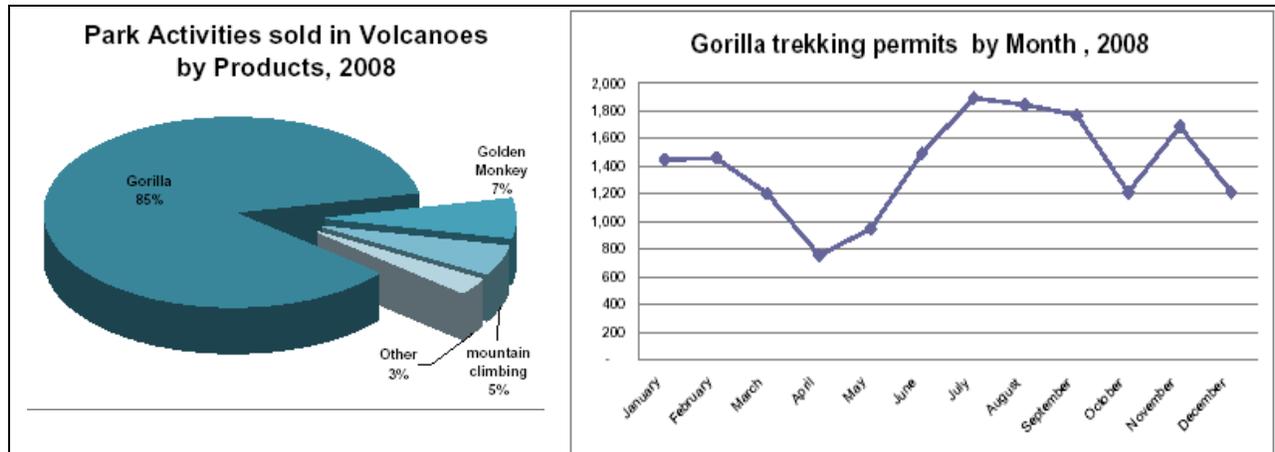
- Minimum age of 15 years for the tourists;
- No flash photography;
- Tourists to remain together in a tight group;
- No loud noises or pointing;
- Eating, drinking and smoking are not permitted within 200 of the gorillas;
- Turn away and cover mouth when coughing and sneezing;
- Bury feces in a hole at a minimum depth of 30 cm;
- No trash to be deposited in the park; and
- Tourists are not allowed to clear away vegetation to get a better view.

These rules (adapted from Litchfield 1997) were designed and set to minimize behavioral disturbance and disease transmission to the gorillas from tourists. Although the welfare of the gorillas has always been the primary concern, the majority of these regulations were created based on expert opinions rather than specific research findings.

Source: Fawcett et al. (2004), ORTPN/IGCP and Homesy (1999)

Since the park re-opened in 1999, visitation has rebounded from 417 park visits in that year to nearly 20,000 park visits in 2008 (of which 17,000 were to see the mountain gorillas) (ORTPN, 2008b). There is some seasonality, with a peak in gorilla permits sold between June and September, and with dips in demand between March and May, and in both October and December (see Figure 2).

Figure 2: Gorilla trekking in Volcanoes National Park



Source: ORTPN (2008b)

2.2. Factors contributing to the success of gorilla tourism in Rwanda

A number of factors have contributed to the success of gorilla tourism in Rwanda. A prerequisite is the relative ease of habituating mountain gorillas, facilitated by the temperate climate and benign habitat. The only other country where mountain gorillas can currently be visited safely is Uganda, while the DRC is too unstable. With a broad client base³ and a limited number of permits (around 17,000 per year), demand is higher than availability of permits.

Furthermore, the good accessibility of the gorillas is an advantage. Due to the small size of the country, the gorillas are faster to reach in Rwanda (2 hours from Kigali) compared to Uganda (6 hours from Kampala). In addition, the condition of infrastructure, especially roads, is relatively good.

Besides viable tourism assets, which are a necessary, but not sufficient, requirement for the success of the tourism sector and infrastructure, Rwanda has shown strong commitment to promote the tourism sector; developed a clear tourism strategy; marketed the destination Rwanda successfully; involved the private sector in the policy dialogue; and generally improved the country's business environment. These key factors, and their role in the success of the tourism sector in Rwanda, a challenging sector in a post-conflict environment, are explained in more detail in the following.

2.2.1. *Overall strategy and vision*

Rwanda has developed a clear tourism strategy. The years 1994 to 2001 were used by the government to establish a tourism friendly environment. The first meetings on the development of the sector with the private sector were held in 1999. From 2000 onwards, Rwanda participated in major tourism fairs. In late 2001, the Tourism Working Group, including the public and the private sector, was established. As a consequence, the Rwanda Tourism Strategy was developed and approved by the Cabinet in 2002. A revised Tourism Strategy ("Sustaining the Momentum") was elaborated in 2007. A National Tourism Policy was put in place in 2006 and a revised National Tourism Policy is in draft. A Sustainable Tourism Development Master Plan is currently under preparation by Government of Rwanda with support from the UN World Tourism Organization.⁴

³ The gorillas are being visited by independent travelers, overlanders and high-end tours (ORTPN, 2004).

⁴ See Republic of Rwanda (2002, 2007b, 2009a and 2009b).

The overall strategic vision is to focus on high-end eco-tourism rather than mass tourism. Initially, in the first tourism strategy, three core market segments were identified: eco-travelers, explorers and business travelers. The targets set in the first tourism strategy were soon surpassed, mainly by the big success of the gorilla product. The revised tourism strategy from 2007 identified primates as Rwanda's unique selling proposition, but recognized the need to diversify the tourism sector and identified international conferences as well as birding as two additional core segments. Tourism receipts are already now higher than the targets set for 2012 in the revised strategy. In the latest tourism policy, objectives are set within the framework of other national strategic documents, such as the Vision 2020 and the Economic Development and Poverty Reduction Strategy (EDPRS).

A 10-year Sustainable Tourism Master Plan for Rwanda has been developed with support from the United Nations World Tourism Organization (Republic of Rwanda, 2009b). This master plan consolidates the previous strategies and policies, gives clear and detailed recommendations and sets ambitious targets. Tourist arrivals are projected to increase from about 980,000 in 2008 to over 2 million in 2020, thereby increasing foreign exchange earnings from about US\$ 200 million to over US\$ 600 million. Separate strategies are being developed for MICE (Meetings, Incentives, Conferences, Exhibitions) tourism and birding activities (OTF Group, 2008a and 2008b).

The government has shown strong commitment to reform. Although the different strategies have not yet been implemented completely, the government has consistently demonstrated its strong commitment to the execution of reforms and the overall improvement of the performance of the sector. Despite the limited number of staff in the Rwanda Office of Tourism and National Parks (ORPTN), its leadership has led to the advancement of reforms. ORTPN was absorbed into the Rwanda Development Board (RDB) in 2009, thereby creating some institutional problems; previously, the tourism agency had been autonomous and received no government subsidies.

Rwanda has learned from the experience of other countries. Study tours have been undertaken to Kenya and Mauritius to learn from the developments in their tourism sector. According to the results of the study tours, Mauritius pursues a high-end tourism strategy versus mass tourism in Kenya, but both countries have comparable tourism revenues. This further confirmed Rwanda's position to focus on high-end, rather than mass, tourism.

2.2.2. Marketing

Initially, a national campaign was launched to improve the image of tourism in the country. The word tourism in Kinyarwanda, the local language, means 'wandering around aimlessly' and has therefore a negative connotation. A media campaign was started to sensitize the population and convey that the country can benefit from tourists and should therefore be welcomed. The objective of the campaign was not to push domestic tourism, which has only been pursued at a later stage. Even now, sessions are being organized by ORTPN to teach, for example, members of the army and police about the role of tourism and their contribution to the sector.

The image of Rwanda has also significantly improved on an international basis. The security situation, one of the main obstacles for tourism development at the outset, is now one of Rwanda's main assets. The country is considered to be a safe destination in the region and can therefore attract individual travelers and tour groups as well as international conferences. Rwanda's image has evolved from being primarily associated with the genocide. Even still in 2002, market research conducted in the neighboring countries showed that more than half of the international visitors believed that Rwanda was an unsafe destination

(Grosspietsch, 2006). Surveys carried out in 2003, however, showed that the satisfaction level of visitors for safety and stability was very high. Tour operators, on the other hand, still had concerns about the safety situation (Grosspietsch, 2006).

Rwanda has worked consistently on the marketing of the country and its attractions, benefiting greatly from the popularity of the gorillas. An aggressive public relations/marketing strategy has been pursued that included contracting international public relations and marketing agencies in the UK and USA and the launch of a new website in 2003. In addition, Rwanda had been featured extensively in documentaries on international television such as CNN, Aljazeera, Animal Planet, Discovery channel, M-Net/Studio 53, CCTV, and Reuters TV. It has received positive coverage in over 350 credible international press publications, as well as in travel guides such as Bradt travel guide, Lonely Planet and others. Furthermore, the country has been represented at major tourism fairs (ITB in Berlin, World Travel Market [WTM] in London) since 2000 and has even earned the first prize for the best African stand at the ITB for three consecutive years, 2007-2009, and at WTM in 2009. To ensure the participation of the private sector in the major trade fairs such as the ITB Berlin, ORTPN financed the travelling and the fees for the stand for several tour operators, who otherwise would not have the means to attend. This has been highly appreciated by the private sector and facilitated the cooperation between the government and private sector.

Familiarization tours of Rwanda, a tool used by many destinations, are organized for international investors and tour operators in the region. To foster the interest of tour operators and travel agents in the region, several have been invited to Rwanda to promote cooperation. The delegates have also been received by the Minister of Commerce and ORTPN to demonstrate the importance of their visit. In addition, one private tour operator organizes upscale tours for potential investors to explore the country as well as business opportunities.

The gorilla naming ceremony has attracted a number of international celebrities. Each year since its launch in 2005, a gorilla naming ceremony (“*Kwita Izina*”) takes place where the mountain gorilla babies born in the previous 12 months are named. By now, the main event is accompanied by several other events, including a cross-country cycling tour and a conservation conference. The gorilla babies have been named among others by the President of Rwanda and his wife, ambassadors, Hollywood stars, international conservationists and performing artists. The ceremonies provide a good platform to promote the destination Rwanda as well as gorilla protection and the conservation of their habitat. Also partly thanks to the sensitization of the gorilla naming ceremony and gorilla tourism in general, poaching has been significantly reduced and the number of gorillas increased steadily.

2.2.3. Improved business environment and involvement of the private sector

Initially, the promotion of the tourism sector was almost entirely driven and implemented by the government. Tourism was declared to be a national priority, and the development of the sector was initiated by the Government. The private sector was lacking the capacity and funding and was not well organized. However, the government did try to involve the private sector from the start with the long-term objective that the private sector would take over as the driving force. Even for the first meetings to develop and discuss the tourism strategy in 1999, private stakeholders were invited and participated in the elaboration of the strategy.

The government is now engaged in a strong public private dialogue. A tourism working group is in place comprising private and public stakeholders in the tourism industry. The private sector is consulted in the

development of new policies and strategies, such as the Sustainable Tourism Development Master Plan. In addition, the private sector federation, of which the tourism chamber is a member, is consulted before new strategies and laws are adopted.

Rwanda has implemented a number of market-based reforms to strengthen the role of the private sector, which benefit the tourism sector. A number of important laws and codes have been revised, including the investment code, company law, secure transactions law, labor law and insolvency law. The new insolvency law facilitates the access to finance as also movables, such as livestock, can be used as security. The customs procedures are also being simplified. As a pilot, a one-stop-window was successfully launched at one border crossing, which is planned to be replicated at other border posts.

The business environment has improved substantially. For example, the introduction of a one-stop-window has been introduced to register a business and the administrative costs lowered. It is now possible to register a business within one day for a flat fee of RwF 25,000 (US\$ 43). Rwanda's success in this area has been documented by a substantial improvement in the World Bank's Doing Business indicators: Rwanda was named the top performer in 2009. It outperforms all other countries in the East African Community (EAC). There is a strong commitment to further improve the involvement of the private sector in general, and specifically in the tourism sector.

A number of incentives are offered to investors. According to the investment code, tax exemptions are granted to investors who invest US\$ 100,000 or more in a facility. Airplanes imported to transport tourists are tax exempt and specialized vehicles such as hotel shuttles are exempt from import and excise duty. An investor in the tourism and hotel industry is also exempted from payment of import duties on equipment, such as bedroom fittings, swimming pools, outdoor leisure equipment, etc.

2.3. Benefits from gorilla tourism

2.3.1. Implications for communities

Bush et al. (2008) note that the Virunga mountain gorilla represent an isolated island population in an upland area surrounded by a sea of humanity at some of the highest human densities found on the African continent (some areas of Rwanda reach 820 people per km²) with extremely poor, agricultural based local economies (Plumptre et al., 2004). Gorillas are severely threatened by anthropogenic disturbance such as agricultural conversion and illegal extraction of resources (for example, snare setting for smaller mammals that entrap young gorillas). While the gorillas are no longer hunted for their meat in this region, they are however, the focus of illegal animal trafficking. This threat, in which members of a group are killed and wounded (with the group sometimes disintegrating as a result) in an effort to trap infants for the black market, is ongoing in the Virunga range. Illegal hunting is mainly motivated by meeting subsistence needs for the poorest people around the VNP (Plumptre et al., 2004) and this pressure presently represents the greatest threat to the survival of the mountain gorilla and the integrity of their habitat.

A key focus of contemporary conservation strategies is on local communities in order to address local welfare needs to mitigate some of these poverty-related conservation threats (Hulme and Murphee, 2001). Combining conservation with local development through integrated conservation and development projects is now a standard approach in many developing countries (Barrett and Arcese, 1995). Rwandan communities are involved in gorilla tourism in the following ways:

- **Creation of a department for community conservation**, to work on local education and social infrastructure projects. A new image was created of conservation where park authorities were working together with communities (Uwingeli, 2009).
- **Revenue sharing:** Since 2005, ORTPN (now RDB) with the support of the government initiated a revenue sharing scheme whereby 5 percent of tourism revenues from the park fees are injected into local community projects around national parks. This is to ensure that the local people consider the parks as one of their own (see next section and Box 2). It is, however, not known what proportion the shared revenue represents of the budget of local councils. The local government needs to ensure the participatory selection of local projects to finance. The accountability was improved through writing action plans that needed to be delivered each year (Uwingeli, 2009). The projects the funds have been used for range from environment protection (tree planting, soil erosion control, and fencing in protected areas to limit access by poachers), education, health care, water and sanitation, basic infrastructures, food security, to other income generation activities (Tusabe and Habyalimana, 2010).
- **Employment opportunities** are offered through the national park for example for guides, trackers, and anti poachers. Some of the private tour operators also offer community-based tourism activities, such as stays with a local family, village walks, banana beer production or even volunteering opportunities in local communities (see Box 3).

a) DISBURSEMENT OF COMMUNITY FUNDS

Since 2005, nearly US\$ 428,248 has been directly invested in community projects and used to empower communities. However, the value equates to a total investment of only US\$ 1.45 per person since its inception and an average of US\$ 0.36 per person per year.

Box 2: Process for disbursing community funds

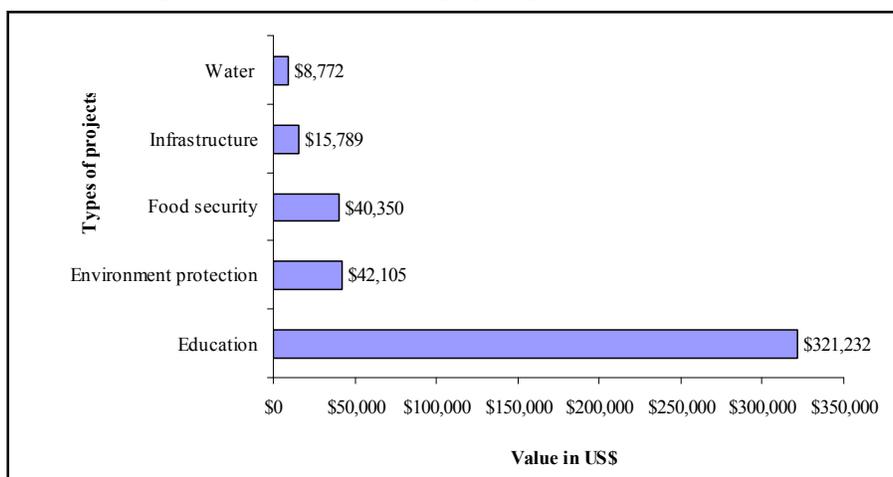
Five percent of tourism revenues from the protected areas are put into a fund for community projects in administrative sectors that neighbor national parks. The Rwanda Development Board issues calls for proposals, and a project selection process is made at sector and district levels. Sectors are the second major administrative entities which will be autonomous when the decentralization process is complete, and are being coordinated by the districts. Selection criteria include positive impacts on conservation of biodiversity in protected areas, and to the local community. Areas that register more cases of conflict between protected areas and the community, according to the results of the Ranger-Based Monitoring (a system used by RDB to monitor biodiversity) have preferential access to funds, as do those which are located closer to the protected areas. Sustainability of the project (gauged through economical, social and environmental indicators stated in the proposal, and their likelihood to be achieved) and the proportion of community contribution are also considered.

Once the projects are selected, contracts are signed with the district authority and the community. The contracts' validity is set for a period that varies according to the project complexity, and can vary from 1 month to 15 months. The community is often grouped into cooperatives or direct specific target groups, if their ownership and level of organization guarantee effective implementation of the project.

Source: Tusabe and Habyalimana, 2010

The projects range from environmental protection, education, water and sanitation, basic infrastructure, and food security (see Figure 3). Community projects include for example construction of schools, water tanks and hospitals, basket weaving, culture centers, potato farming, tree planting, bee keeping, milk cooler construction, goat rearing, and mushroom and pepper farming. As indicated in the graph, education appears to attract more attention due to the high priority it is given within the sectors in the Musanze district, which is near the park.

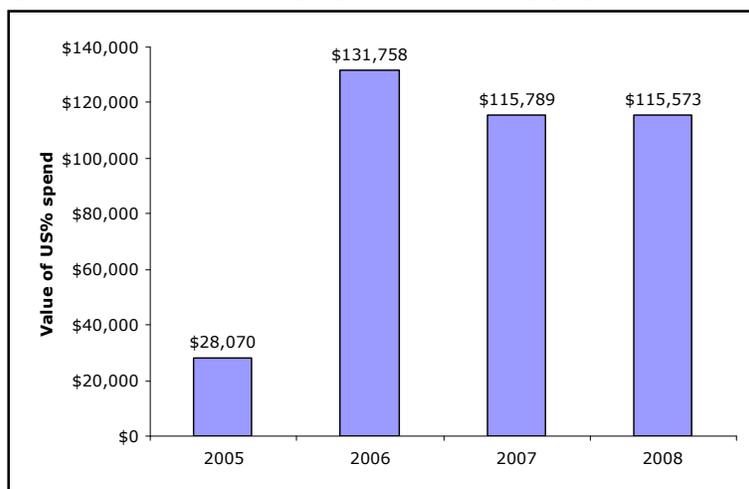
Figure 3: Funds allocated to projects per sector around VNP



Source: Interview with Ngoga Téléphone (RDB – Tourism and Conservation), September 2009

The annual amount disbursed is directly correlated to the tourism revenues collected in the previous year. In 2006, funded projects around VNP were estimated at over US\$ 131,000 (see Figure 4).

Figure 4: Amount disbursed per year on community projects around VNP



Source: Interview with Ngoga Téléphone (RDB – Tourism and Conservation), September 2009

Seven districts bordering the parks were reached by the scheme, with a population of almost 300,000 people (Bush, 2009). Of course some districts were more involved than others due to the fact that those particular districts are closest to the park. No study has been carried out to date, to assess the impact the scheme is making on the livelihoods of people living near VNP. However, combined with extensive sensitization efforts from RDB, as well as from local authorities, there are indications that the scheme has contributed to an increased awareness of tourism benefits to the community, as well as the need to protect biodiversity in VNP (Spenceley et al., 2009).

Some of the money was used to build the high-end Sabyinyo Silverback Lodge which is fully owned by the communities. The Sabyinyo Silverback Lodge is located at periphery of the VNP. This luxury lodge has 8 guest rooms and can accommodate 16 people at full capacity. The published rates for the lodge

range between US\$ 400 and US \$1,000, on a full board. The lodge is a joint venture between the local Kinigi and Nyange communities (represented by the Sabyinyo Community Livelihoods Association, or SACOLA), the private sector (Governors Camps Ltd), international NGOs (International Gorilla Conservation Program [IGCP] and the African Wildlife Foundation [AWF]) and government (RDB). Planning for the lodge began in 2004, and the first tourists began to arrive in August 2007 (Makambo, 2009). Some initial funding was obtained from USAID (Verdugo, 2009). The joint venture agreement includes a 15 year lease agreement between Governors Camps Ltd and SACOLA. The private sector operator built and operates the lodge, and pays the community a US\$ 50 occupied bed night fee and also 7.5 percent of net sales (Makambo, 2009).

This joint venture operation allows people who live close to the VNP to benefit from tourism in three main ways: equity in a tourism business; employment at the lodge; the supply of goods and services; and dividends from profits. The lodge employs 45 local people, who receive training and experience in hospitality and tourism. Local agricultural produce is purchased for the lodge, and there are plans for traditional dancing, a cultural centre, community walk, and handicraft sales. The joint venture plans to use funds from the lodge to finance social infrastructure in the area, including roads (Makambo, 2009). However, weaknesses of the initiative include poor leadership and weak governance of SACOLA, and the reliance on the private sector operator to generate revenue from tourists (Makambo, 2009).

b) SOCIAL BENEFITS FROM GORILLA TOURISM

Gorilla tourism provides diversified benefits for the communities living near the Volcanoes National Park. A number of direct and indirect benefits need to be highlighted. Since the tourism revenue sharing scheme was initiated in 2005, a variety of different projects were implemented (Uwingeli, 2009):

- **Schools:** 10 schools have been constructed, with 56 classrooms. There is an average of 65 pupils per classroom, per rotation (morning and afternoon). The schools construction has reduced the distance travelled by children to the nearest schools, allowing them to concentrate on studies after school since they can also collect water from tanks built by the revenue sharing scheme.
- **Water tanks:** 32 water tanks were constructed after 2005 with 25,000 litre tanks. These provide 20 litres per person per day, and at least 1,250 people are served by each tank.
- **Income generating activities:** 10 community associations have been supported directly through the revenue sharing scheme. However, a number of other projects were implemented such as beekeeping and basket weaving. A focus has also been on training for income generating activities.
- **New partnerships in conservation and community development** brought to the construction of the Sabyinyo community lodge, owned by the Kinigi communities association (SACOLA), but managed by a specialized eco-lodges company (see previous section). At least 3,000 households are members of the community association and benefit through the signed agreement that the managing company pays US\$ 50 bed night fees and 7 percent of the monthly net benefits to the community association.

c) EMPLOYMENT FROM GORILLA TOURISM

The park employs at least 180 people, working as guides, gorilla groups' trackers (both tourism and research groups) and anti-poaching teams deployed in 5 protection sectors of the park (Uwingeli, 2009). In addition, an estimated 800 community members around VNP are involved in day to day VNP management activities and benefit from opportunistic and temporary employment and revenue sharing support. The VNP management helped the following groups to form two umbrella associations: one for park protection oriented activities (*Amizero*, or Hope) and another for community development oriented activities (*Iby'Iwacu*):

- **Crop Ranger** (4 groups): These are 250 volunteers organized in 4 sectors around the park (animal critical zone) for dealing very often with animal crop raiding based problems.
- **Conservation teams** (former poachers and bamboo cutters): 380 members are organized in 12 groups (12 sectors around VNP) since 2004. They participate actively in the park conservation by sharing patrols in the park with ORTPN rangers
- **Porters club** (140 members): Created in 2004, they are grouped according to the number of different parking possibilities that tourists pass during gorilla trekking. Apart from helping in carrying bags of tourists, they collaborate with other conservation teams in conservation activities.
- **ANICO** (Animateur de Conservation): These are teams of community awareness volunteers, collaborating in conservation activities. They are a group of 24 people (2 in each of the 12 sectors bordering the park).

The *Iby'Iwacu* Cultural Village has been developed in collaboration between a private sector tour operator, Rwanda Ecotours, and a group of former poachers living by the VNP. A participatory process began in 2005 to transform the livelihoods of poachers towards farming, and then tourism, as a result of an academic research project. Part of the concept was to benefit conservation, by providing alternative livelihood opportunities from tourism compared to illegal hunting of buffalo and other wildlife in the national park. Meetings with poachers were held to gain their trust and insights, and study tours were undertaken to raise understanding of cultural tourism products elsewhere.

Interviews were undertaken with tourists to establish what they would be willing to pay for a cultural experience. Community members engaged in the design, construction and operation of the cultural village. Local architectural techniques were used, with local materials such as thatching grass and wood. Tourists visiting can experience local attire, practice traditional fire-making techniques, archery, drumming, dancing, visit a traditional healer, and can prepare and eat traditional food. The village generates around US\$ 14,000 per year, and community representatives identify projects in the community that they can finance (Sabuhoro, 2009).

Box 3: The role of donors in community based tourism – Amahoro Tours

Amahoro Tours is a small Rwandan tour operator established in 2003, which sells gorilla permits, transports guests from the airport to the park, books accommodation, and also offers tourists the opportunity to take community tours. Amahoro Tours founder and manager, Greg Bakunzi helped local communities from late December 2004 to set up an umbrella association of 13 community associations named Amahoro Tourism Association (ATA). The 13 community associations regroup over 180 individual members. Some of these associations receive tourists, others focus on food production and tree nurseries, and some are not yet involved in the tourism supply chain.

SNV (The Netherlands Development Organization) gave ATA's members some new ideas and confidence through capacity building, strategic planning and book keeping sessions, training and exchange visits and connecting them to other running tourism micro enterprises or associations in Musanze, and in Kigali. Capacity building activities included workshops and half-day coaching sessions for ATA members. Gender sensitivity and a gender focus have also been applied in activities with ATA.

After a year working with SNV, ATA has converted itself to a business called Amahoro Tourism Agency (September 2006). Gaining tourism knowledge and business skills, they decided to become a union of cooperatives and welcomed three new member associations. ATA moved from a CBT organisation to a benefit driven cooperative ensuring commercial viability.

By 2006, one fifth of Amahoro Tours' guests were taking a community tour, ranging from 1/2 to 3 days. ATA's members are paid fees directly by the tour operator and/or by the tourist. For example, a one day community trip by a group of 3 people will bring US\$ 80 into around 3 communities, reaching 51 people directly. Between January and September 2006, out of 800 tourism clients, 200 took community tours.

ATA's progress facilitated a decision making at national level for developing CBT Guidelines. These were written in October 2006 as part of the UNWTO ST-EP programme support to Rwanda⁵, underline risk of excessive top down planning and emphasize the major role and responsibility of the community.

The aim of the program is to keep improving product quality and market access in order to make well intended tourism products and services commercially successful. As a result ATA will be capable to offer new exiting, professional and responsible products, diversifying the destination including more products of the poor.

Source: Verdugo, 2009; Spenceley et al. (in prep.)

d) CHALLENGES

There is a lack of willingness to pay for community benefits by tourists. Bush et al. (2008) found that the percentage of park revenues used to enhance local community development within the national park does not have a significant effect on tourism demand. Whilst respondents feel that it is right that local communities should benefit more from tourism (as shown by their stated cut-off values), they are not willing to pay for it. Bush notes that these findings do not imply that they are unwilling to take part in community based tourism, just that they are not willing to sacrifice other immediate benefits of the trekking experience relative to increases in permit prices that were dedicated to revenue sharing. Importantly, this is a departure from common eco-tourism principles about social benefits. Bush suggests that there needs to be more education of tourists about the human dimension of conservation to emphasize the conceptual link between the local population needs and biodiversity conservation (Bush, 2009).

Furthermore, Rutagarama and Martin (2006) state that there is something of a 'catch 22' situation on community conservation in Rwanda. On the one hand, one of the lessons learned is that empowerment of partners will be constrained where appropriate powers are not devolved to them. On the other hand it is impossible to impose powers on those who feel neither capable nor inclined to exercise them. Therefore Rutagarama and Martin (2006) suggest the need for a flexible framework that enables capacity and power to co-evolve in locally appropriate ways. Developing the assets that partners need in order to maximize their opportunities for entering productive partnerships should be a fundamental part of plans to widen (and deepen) participation.

2.3.2. *Implications for conservation*

The mountain gorilla tourism has long been seen as a valuable conservation tool. An economic incentive to conserve the mountain gorilla is provided by international tourists paying large sums of money to spend a little time with these magnificent and enigmatic animals. Since its conception, organized gorilla tourism has provided funds to the park authorities to assist with conservation activities. Nature-based

⁵ Townsend, C. Guidelines for Community-based Tourism in Rwanda, ORTPN / UNWTO ST-EP (forthcoming)

tourism has thus been enthusiastically accepted and supported by governments, conservationists and tourists alike and has been acknowledged as playing a crucial role in the continuing success of mountain gorilla conservation in the VNP (Bush et al., 2008).

The number of individual mountain gorillas left in the world is estimated at 700, living in the Virunga volcanoes range (estimated at 380 in 2003, see Box 3) and in Bwindi Impenetrable National Park in Uganda (320 in 2006) (Uwingeli, 2009). Tourism activities and research are indicators of increasing gorilla populations, with an overall growth by 1.1 percent of the population. Non-visited groups in the DRC are doing less well, and this may be due to the lower level of protection otherwise afforded by patrols, researchers and tourist visits in Uganda and Rwanda (Fawcett, 2009).

The Karisoke Research Centre in Rwanda is the longest-running wildlife research project (perhaps in the world). Biological research on mountain gorillas by teams of researchers provides important information on trends to allow sound tourism management. Of the estimated 380 gorillas in the Virunga Volcanoes Range, at least 260 are habituated and regularly monitored in Rwanda (Uwingeli, 2009). This implies:

- The gorillas are checked on a daily basis;
- Health reports are shared and actions taken when necessary;
- The habitat is patrolled daily to detect illegal activities and discourage any attempt to put snares in the park; and
- The use of information technology allows mapping the habitat of mountain gorillas, in particular to show where gorilla groups are moving, what illegal activities are found and to plan ranger patrol activities accordingly.

Box 4: Gorilla conservation growth

Mountain gorillas *Gorilla beringei beringei* in the Virunga Volcanoes region of Rwanda, Uganda and the Democratic Republic of Congo have been censused five times since 1970. However, due to war and political unrest in the region since 1990, no census had been conducted since 1989, when the population was thought to number 324 gorillas. In 2000 we estimated population size using repeated observations of 17 habituated groups and information on 15 unhabituated groups obtained during patrols. The minimum population was 359 gorillas, and a best-case scenario correcting for groups that might not have been counted was 395. Using the minimum population and best-case scenario respectively, this represents a 0.9 percent or 1.8 percent annual growth rate over the last decade and 1.0 percent or 1.3 percent annual growth rate since 1972. This is lower than growth estimates made in several population viability analyses, but approximately 5 percent of the 1989 population is known to have died due to military activity over the last decade. Different subsets of the population exhibited different responses to disturbance caused by war.

Source: Kalpers et al, 2003. *Note:* there is also a more recent census from 2005.

The government has become supportive of gorilla conservation, including allocating more land around the park for cultivation (Uwingeli, 2009). There is currently a consultation exercise underway to assess the feasibility of a park expansion program (Bush, 2009).

Although the number of snares found in the VNP have increased over time (Fawcett, 2009), some ex-poachers have begun to work on conservation efforts. An “Ex-poachers Association” consists of about 400 local community members, who have stopped poaching in the park. They do patrols with ORTPN staff, and also help with local education, collecting information, and addressing human-wildlife conflict (e.g. crop raiding) (Uwingeli, 2009).

Although there is currently no systematic system of registering or training guides in Rwanda, park staff benefited from capacity building programs by RDB/ORTPN and partners in guiding, health monitoring and general biodiversity conservation. Also, with the support of IGCP and the Karisoke Research Centre, additional training has been provided for gorilla trekking guides on how to work with visitors and how to minimize adverse impacts on the gorillas (Kalpers, 2003; Fawcett, 2009). There are training manuals for refresher courses.

Revenues from the national parks are primarily used to fund the conservation of all three national parks, the other two operating at a loss, and all of Rwanda's tourism marketing activities carried out worldwide. Salaries for all of the staff are paid out of national park fees. VNP park management is co-funded through the research activities of the Karisoke Research Centre (KRC), which provides basic park management functions such as monitoring and anti-poaching patrols amongst the research groups for gorillas. The budget for KRC is currently around US\$ 1 million. Further funds are invested from other NGOs including the International Gorilla Conservation Program and CARE for park management and also community conservation. These additional funds and support contribute enormously to the current success story (Bush, 2009).

2.3.3. *Willingness to pay for conservation*

Research by Bush et al. (2008) found that gorilla trekking tourists are willing to pay for biodiversity conservation, both in terms of gorillas and for other wildlife seen during a trip. Tourists prefer to be in smaller tour groups in terms of the number of people in the group,⁶ and prefer a length of trek between one and three hours. These two findings could be seen as showing that tourists support the eco-tourism principle of minimizing ecological impact, since more people taking longer trips would increase adverse ecological impacts.

However, price increases in gorilla permits appear to affect tourism visitation, at least in the short term. Research by Bush and Fawcett (2007) reveals that the price rise in June 2007 from US\$ 375 to US\$ 475 had a marked impact on the demographics of visitors to the mountain gorillas. For example, there was a significant impact on the income groups from which gorilla trekkers belonged to (see Figure 5): there was a notable and significant increase in the two highest income group categories and a decrease in all other groups. In terms of the length of trip there was a significant reduction in the mean number of nights stay from 4.2 to 3.6 nights (see Figure 5).

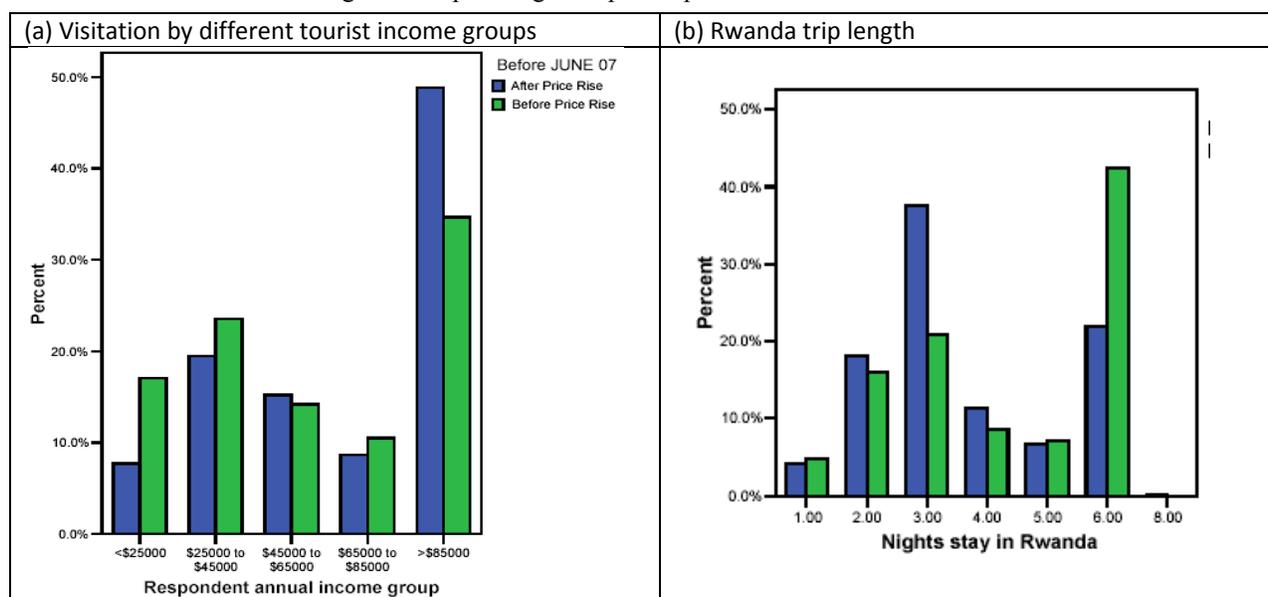
The proportion of visitors going to the other national parks in Rwanda was significantly lower for both parks post price increase, as indeed was the proportion of visitors to the genocide memorial and participating in the Kigali city tour. However, there was an increase in the proportion of visitors doing alternative activities in the VNP. These activities include hikes on the Karisimbi and Bisoke volcanoes, viewing golden monkeys, visits to Dian Fossey's tomb, and nature walks.

The reduction in frequency of other activities, and length of stay, due to the increase in price of the gorilla tourism, has implications for the overall economic impact of international tourists in the country as a whole. However, Bush notes that it is probably time to repeat the study and establish whether the changes in demographics and consumption were temporary or lasting. This would also provide guidance for decision making about further price changes. A study of tourism satisfaction and pricing for alternative

⁶ Group sizes are small: Rwanda currently has maximum group size of 8 people. The optimum group size according to tourists is 6 people, but tourists are not willing to pay more to reduce group size (Fawcett 2009, but see Weber, 1993).

products to ensure value for money is needed in order to increase the number of bed nights and overall trip spend (Bush, 2009).

Figure 5: Impact of gorilla permit price increase on visitation



Source: Bush and Fawcett (2007)

2.3.4. Remaining constraints and lessons learnt

A number of constraints remain for the further development of gorilla tourism in Rwanda, including:

- Gorilla tourism can presents a threat to gorilla conservation, affecting e.g. the health and behavior of gorillas (see Box 5), which needs to be well managed.
- Although accommodation is growing, the facilities are not enough at key tourism sites including VNP. The quality is variable and not standardized, and prices are high relative to equivalent quality in other East African countries.
- The quality of customer service is not consistent and generally poor compared with neighboring states. Also the focus on high end consumers implies demand for higher quality. Bush found that after the increase of the permit price respondents registered significantly lower levels of satisfaction with their trekking experience. (Bush, 2009).
- The public and private sector collaboration is improving through Joint Action Development Forums and steering committees, but is still weak.
- Although the road distance is short between Kigali and Musanze, the quality of the road could be improved.
- Regional collaboration is of interest to the authorities of Rwanda, DRC and Uganda, but it is difficult to harmonize tourism and conservation, in accordance with the Virunga Massif Transboundary Plan (ECDA, 2005) due to regional instability (Uwingeli, 2009).
- There is widespread poverty around the parks, and increasing pressure for agricultural land from a growing rural population. When people are poor they will look for natural resources to

supplement their needs (e.g. killing animals for food, bamboo cutting for baskets etc., honey collection without direct intervention). (Uwingeli, 2009).

- Benefits accruing from the parks should be in relation to needs, and people desire individual benefits, and not only collective community infrastructure such as water tanks (Uwingeli, 2009).

Box 5: Threats to gorilla conservation from tourism

All six great apes, gorillas *Gorilla gorilla* and *G. beringei*, chimpanzees *Pan troglodytes* and *P. paniscus*, and orang-utans *Pongo pygmaeus* and *P. abelii*, are categorized as Endangered on the 2000 IUCN Red List and face many threats to their continued existence in the wild. These threats include loss of habitat to settlement, logging and agriculture, illegal hunting for bushmeat and traditional medicine, the live ape trade, civil unrest and infectious diseases. The great apes are highly susceptible to many human diseases, some of which can be fatal while others can cause marked morbidity. There is increasing evidence that diseases can be transmitted from humans to free-living habituated apes, sometimes with serious consequences. If protective measures are not improved, ape populations that are frequently in close contact with people will eventually be affected by the inadvertent transmission of human diseases. A major problem is that the regulations that protect habituated apes from the transmission of disease from people are often poorly enforced. There are needs for improvements of the enforcement of existing regulations governing ape-based tourism, and for minimizing the risk of disease transmission between humans, both local people and international visitors, and the great apes. (Woodford et al., 2002)

Behavioral impacts of tourism on gorillas in Rwanda

Over 10 months of data were collected from three gorilla groups by three research assistants. Behavioral data were collected in one hour observation sessions before, during and following tourist visits. The results from these data show clearly that the current tourism program is having a significant impact on gorilla behavior.

All three groups were found to spend significantly less time feeding and more time moving during the tourist visit. In addition, the frequency of certain aggressive behaviors, many directed at humans, increased in all three groups during the tourist visit. The gorillas spent more time monitoring humans and increased their proximity to the silverback group members during the tourist visit. Some gorilla behaviors were correlated with the distance maintained between the gorillas and the tourists as well as the number of tourists in the gorilla group. Reducing this impact on gorilla behavior may be a simple matter of better training guides to maintain the seven-meter distance rule between tourists and gorillas. Many of the changes in gorilla behavior during tourist visits documented herein are believed to indicate higher levels of stress in gorillas (Fawcett et al., 2004)

This has implications for tourism, in that time with the gorillas is limited to 1 hour, and there are no plans to increase this (Fawcett, 2009).

What lessons can be learnt to improve other protected areas in Rwanda?

- There are only a limited number of gorilla permits available, and therefore product diversification and promotion is required to encourage visitors (particularly repeat visitors) to stay longer, spend more money, and visit other destinations in the country.
- Gorilla conservation needs to be balanced with research visits and tourism trips to ensure that the health of the gorillas and the integrity of their habitat are maintained.
- Dedication and focused conservation on the key species (flagship) is important, but the contribution to the habitat/ecosystem conservation also has to be ensured. Long term dedication and partnerships in conservation (research, protection, and tourism) are essential.
- Sustainability of gorilla tourism can only be achieved if transboundary and regional collaboration is established to conserve transboundary protected areas and cross border resources.
- Standardized and high quality training for guides is needed, for those working within and outside protected areas.

- A more diverse range of accommodation and restaurant facilities is required, with higher quality and better value for money.

3. TOURISM IN RWANDA – THE BIGGER PICTURE

Besides the mountain gorillas in VNP, Rwanda has other excellent tourism assets, creating a wider foundation for the tourism sector. Rwanda has three national parks that cover about 10 percent of the country's area, one of which is the VNP. The Akagera National Park offers a range of wildlife, such as elephants, hippos, giraffes, zebra, etc. The Nyungwe Forest National Park has a large tract of mountain forest and is rich in biodiversity. Guided walks and chimpanzee tracking is offered. Lake Kivu has recreational facilities as well, but there is still significant potential that could be developed. In addition, Rwanda offers business opportunities, mainly for travelers from the eastern DRC and other neighboring countries. The country has also been successful in attracting national, regional and international conferences.

In the following, the development and structure of the broader tourism sector is discussed and its contribution to the economy outlined. This provides the context for the potential of Rwanda's tourism sector to grow and be productive beyond its iconic product of gorilla tourism.

3.1. Development and structure of the tourism sector

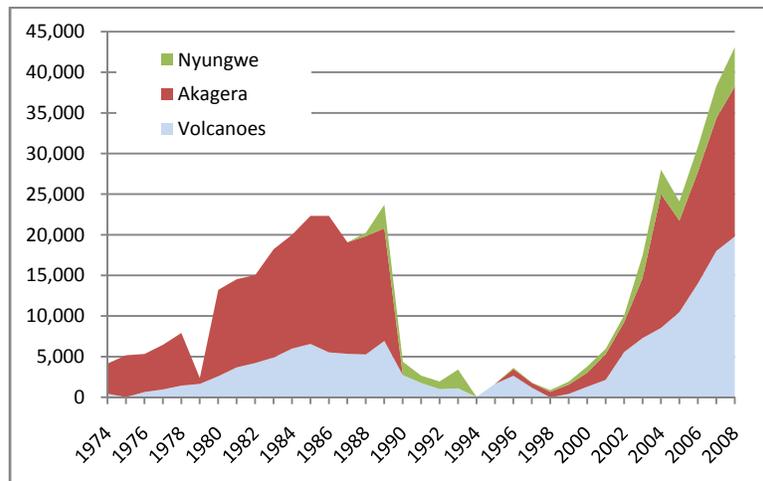
3.1.1. Characteristics of tourists visiting Rwanda

In the 1970s and early 1980s, only a small number of international tourists visited Rwanda. Most tourists visited Akagera National Park, which was a government owned, high-end destination, mostly used for hunting. Only a very limited number of tourists visited the gorillas. Tourism was not a national priority and was not seen as a tool to reduce poverty. The first hotel, the Mille Collines, was built in 1973 and the ORTPN was created in 1974. No tour operators existed in the 1970s and 80s. The sector was dominated by the government, which owned all hotels except the Mille Collines.

Tourism numbers started to increase notably in the 1980s (see Figure 6). The largest share of local and foreign tourists still visited Akagera National Park, but the first official mountain gorilla tourism program was launched in 1979, leading to continuously increasing visitor numbers in the Volcanoes National Park, peaking at 6,900 in 1989. Due to the outbreak of the war, this trend was brought to an abrupt end and tourist numbers plummeted (see section 2.1).

Tourist activity decreased significantly in the early 1990s and did not recover until 2003. However, only statistics on park visits and not on tourist arrivals are available prior to 2007. Visits to the Volcanoes National Park (gorilla trekking), providing most of the tourism revenue, dropped in 1994 due to the genocide and again between 1997 and 1999, when the park had to be closed for some time due to an insurgency in the park. Park visits picked up again after 2002, reaching over 43,000 visitors up from only 61 in 1994. Almost 20,000 of those visited the Volcanoes National Park, demonstrating an impressive growth rate, also when compared to the 6,900 visitors in 1989, before the outbreak of the war. Today, the majority of visitors to Volcanoes National Park are foreigners, while Akagera National Park is mostly visited by Rwandan and foreign residents.

Figure 6: National park visits, 1974-2008



Source: ORTPN

Reliable tourist arrival statistics are only available from 2007 onwards, when entry cards were introduced. This led to a substantive upward revision of tourism revenue. By using merely statistics on park visits, the total number of tourists had been underestimated by a wide margin. Most importantly, the large number of business and conference tourists had not been taken into account. There is still no electronic data collection and the quality of data can be questioned, but overall there is little doubt about the successful recovery of the tourism sector in Rwanda.

A total number of 980,577 international arrivals have been recorded in 2008, up from 826,374 in 2007 (Table 1). The main observations regarding characteristics of international tourists entering Rwanda are:

- Most visitors came for business/conferences (35 percent in 2008). This had already been indicated by a hotel market study, finding that 75 percent of all tourists in the country in 2006 were business travelers (IFC, 2007).
- The share of tourists arriving in Rwanda for holiday/vacation is relatively small, but increased from 3 percent in 2007 to 6 percent in 2008.
- The large number of international arrivals includes transit passengers, thereby reducing the overall number of arrivals that can be counted as tourists entering Rwanda.

Table 1: Tourist arrivals by purpose of visit, 2007-2009 ('000)

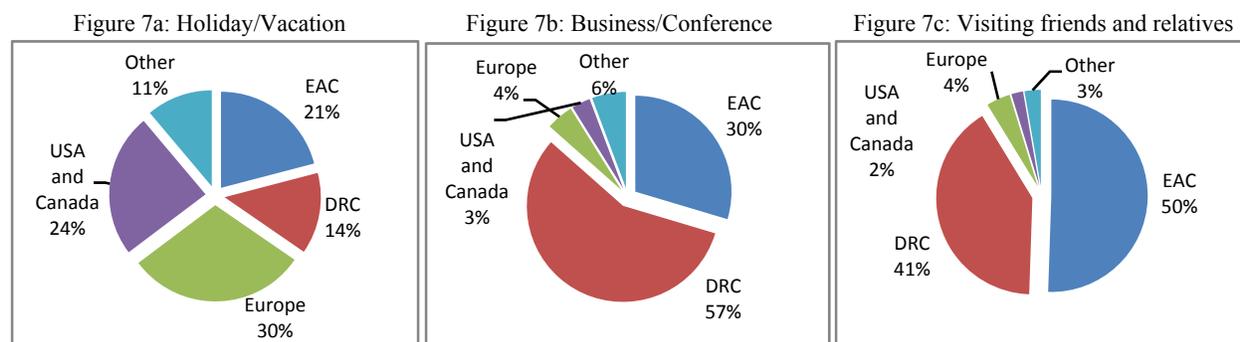
| | Holiday/Vacation | | Visiting friends and relatives | | Conference/Business | | Transit | | Other | | Total |
|------------------|------------------|-------|--------------------------------|-------|---------------------|-------|---------|-------|--------|-------|-------|
| | Number | Share | Number | Share | Number | Share | Number | Share | Number | Share | |
| 2007 | 21.5 | 2.6 | 332.0 | 40.2 | 275.8 | 33.4 | 150.1 | 18.2 | 47.0 | 5.7 | 826.4 |
| 2008 | 59.4 | 6.1 | 248.3 | 25.3 | 345.9 | 35.3 | 307.8 | 31.4 | 19.1 | 1.9 | 980.6 |
| 2009 (Jan - Jun) | 21.4 | 4.9 | 112.2 | 25.6 | 187.9 | 42.8 | 83.3 | 19.0 | 34.1 | 7.8 | 439.0 |

Source: ORTPN

Detailed entry cards, introduced in 2008, offer more details about travelers entering Rwanda. Overall, 88 percent of total international arrivals came from Africa. The country/region of origin, however, varies considerably by the purpose of the visit. Most of the tourists on holiday/vacation came from Europe and America (Figure 7a). The majority of business and conference travelers came from the Democratic

Republic of Congo and the other East Africa Community (EAC) member states (Figure 7b). The same applies for international arrivals visiting friends and relatives (Figure 7c).

Figure 7: Country/region of origin of foreign arrivals by purpose of visit in 2008



Source: ORTPN

According to estimates by ORTPN and the Ministry of Economy and Finance, the highest average amount was spent by non-African tourists coming for leisure as well as for conferences and business (Table 2). About 74,000 of those visited Rwanda in 2008 (mixture of leisure and business/conference), contributing most to the tourism sector.

Table 2: Average amount spent by tourists in 2009 (US\$)

| Purpose of visit | Average amount spend per visit (US\$) | |
|--------------------------------|---------------------------------------|------------------|
| | Non-African visitors | African visitors |
| Leisure | 1,623 | 1,136 |
| Conference and business | 1,623 | 108 |
| Visiting friends and relatives | 120 | 84 |
| Transit/Other | 119 | 83 |

Source: RDB/ORTPN/MINECOFIN, based on visitor expenditure survey from 2006, adjusted for inflation

Most leisure tourists visit the region as part of a multi-country itinerary and do not yet consider Rwanda as a stand-alone destination. A recently conducted survey of tourists, tour operators and accommodation providers in Rwanda (SNV and RDB, 2009) finds that the highest share of domestic tourists has a trip length of 2 days; the most frequently cited length of stay by international tourists was 4 days.

3.1.2. Characteristics of other aspects of the tourism sector

The number of hotel rooms and tour operators has increased significantly, underscoring the successful recovery of the tourism sector. Data available since 2003 show an increase in number of hotel rooms from 650 to 4,256 in 2009, more than 500 percent overall or 37 percent annually on average (Table 3). Information on occupancy rates is very limited. The only available information spans January to March 2008 and indicates an average room occupancy rate of 36 percent. There was a large difference, however, in the occupancy rates by the grade of accommodation. Room occupancy rates for upper grade accommodation (offering a total of 453 rooms/units) were above 70 percent on average whereas lower grade accommodation (2,264 rooms/units) reached only 28.5 percent (ORTPN, 2008c and d).

There were no tour operators in Rwanda in the 1970s and 1980s, but their number has since grown to 26 in 2009. The number of restaurants and travel agencies has equally grown. Most Rwandan tour operators started out with little available finance, therefore limited in their possibilities. They could, for example,

not afford to buy a car, but had instead to rent cars on a needs basis. Most of those tour operators have by now successfully expanded their business. Some regional operators have also opened offices in Kigali.

Table 3: Hotel rooms, restaurants, tour operators and travel agencies

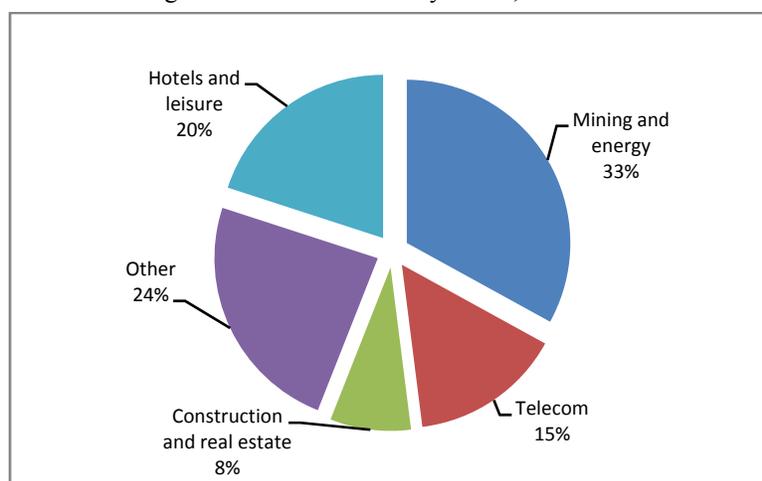
| | 2003 | 2009 | Average annual growth rate |
|-------------------------|------|-------|----------------------------|
| Hotel rooms | 650 | 4,256 | 37 % |
| Restaurants | 50* | 94 | 17 % |
| Tour operator companies | 12 | 26 | 14 % |
| Travel agencies | 5 | 24 | 30 % |

Source: RDB/ORTPN; * data from 2005

The sector has been privatized. While in the 1980s, all hotels except one were government owned, the sector is now almost entirely in the hands of the private sector. The government still holds a share in two hotels, but is not involved in the management. The government owns and runs the national parks, although in 2009 a concession was awarded to the private company African Parks to manage Akagera National Park.

Tourism income, as recorded by ORPTN, has increased continuously.⁷ The main part of revenue derives from park entrance fees. Other income is raised through the gorilla naming ceremony (“*Kwita Izina*”), partners and donors, interest from treasury bills and other income. Most of the revenue is spent on operational expenditures, whereas capital expenditure paid out of the budget of ORPTN is limited. Large investments are funded by the overall central government budget. Revenue shared with communities has increased since 2005, representing 8 percent of total operational expenditure in 2008, up from 6 percent in 2006.

Figure 8: FDI to Rwanda by sector, 2000-2009



Source: RDB; included are RDB registered investments

Investment in the tourism sector has been substantial. Between 1999 and 2009, foreign direct investment (FDI) of RwF 258 billion went into hotels and leisure, equivalent to the tourism sector, accounting for 20 percent of total FDI (Figure 8). Local investment in hotels, restaurants and other tourism activities amounted to RwF 140 billion between 1999 and 2009, representing 16 percent of total local investment over that period. The total investment has therefore been RwF 398 billion or more than US\$ 700 million

⁷ Budget execution from ORTPN is only available starting 2005.

in the sector. Although, the foreign investment exceeded local investment, it has been concentrated on a small number of projects.

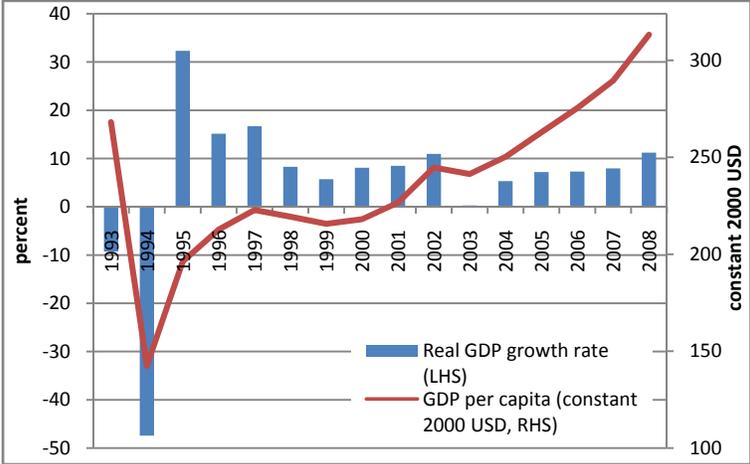
Local investors play an important role. Eighty-six percent of all new projects since 1999 that are operational by now are from local investors. Moreover, a group of private investors has established the Rwanda Investment Group (RIG) to pool resources. By now there are several sub-RIGs, one of which is currently planning the construction of a convention center that is supposed to hold up to 2000 participants, which would increase Rwanda’s chance of attracting large conferences.⁸

The structure and organization of the tourism sector has been reformed to assign clear responsibilities. The Ministry of Commerce, Industry, Investment Promotion, Tourism, and Cooperatives (MINICOM) is overall responsible for tourism. In February 2009, the Rwanda Development Board (RDB) was created, thereby absorbing, among other institutions, ORTPN as well as the Rwanda Investment and Export Promotion Agency (RIEPA). ORTPN was responsible for tourism development and marketing as well as wildlife preservation and the management of the national parks. The private sector is represented by the tourism chamber, which consists of four industry associations: accommodation, tour operators, transport and private education establishments. The tourism chamber is, however, still supported by the government due to insufficient resources. It is part of the private sector federation, the equivalent of a chamber of commerce and industry.

3.2. Contribution to the economy

Rwanda has made remarkable progress since the genocide in 1994 and macroeconomic stability has been sustained over the last years. After a sharp decrease in GDP, growth has recovered (Figure 9). Growth averaged 15.6 percent in the five years after the genocide in 1994, declined to an average of 6.6 percent between 2000 and 2004 and increased again to average notable 8.4 percent between 2005 and 2008. A significant increase in GDP per capita has been recorded, from US\$ 142 in 1994 to US\$ 313 in 2008 (both in 2000 prices).

Figure 9: Real GDP growth and GDP per capita (constant 2000 US\$), 1993-2008



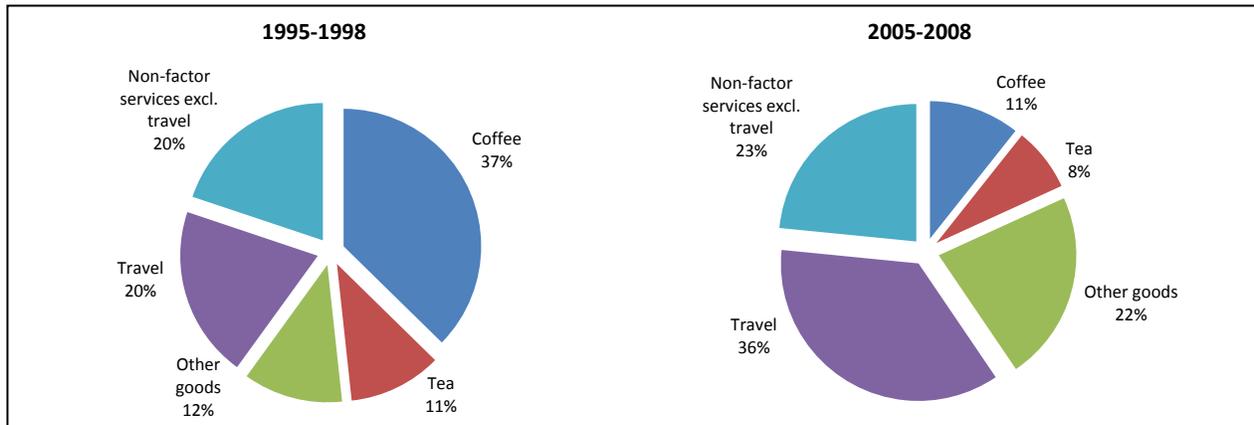
Source: IMF

While the contribution of tourism to GDP is small, the sector has become the main source of export revenue. The share of tourism in GDP is rather small, with the category ‘restaurants and hotels’

⁸ The currently available conference facilities can host a maximum of 500 and 1,000 participants.

contributing only less than 2 percent to overall GDP and 4 percent to the services sector on average since 2000, but has recorded a steady increase of on average 22 percent.⁹ The main increase in the services sector came from wholesale and retail trade and other services (education, health, finance and insurance, real estate). The measurement of the tourism's contribution to GDP is, however, difficult, as for example transport services, which constitute a large share of tourism revenues, are not included in the 'hotel and restaurants' category. It is therefore not representative for the value added of the sector.

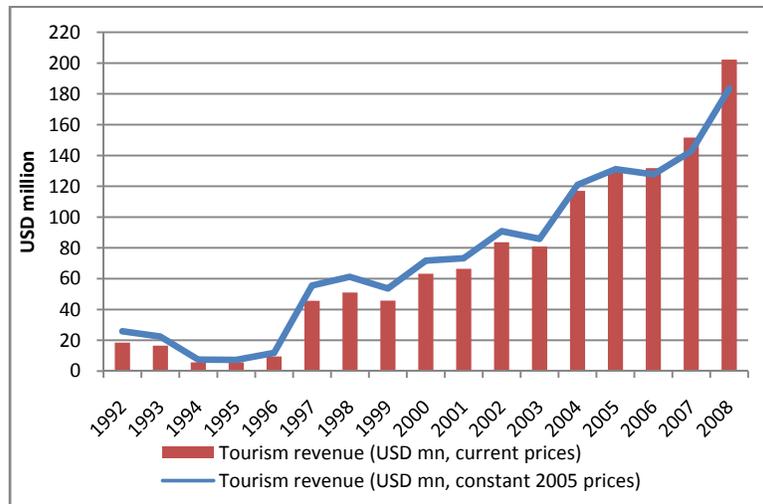
Figure 10: Comparison of composition of export of goods and non-factor services (averages)



Source: IMF

Tourism has outperformed coffee and tea as the main foreign exchange earner. Overall, exports of non-factor services have outperformed exports of goods (Figure 10). Travel is the largest component of exports of non-factor services; other categories include other transportation and freight and insurance. After a decline from US\$ 19 million in 1993 to only US\$ 6 million in 1995, revenue from tourism increased tremendously to US\$ 202 million in 2008 (Figure 11). A comparison to the pre-conflict period is difficult as data on tourism revenue is only available from 1992 onwards.

Figure 11: Tourism revenue (US\$ million, current and constant 2005 prices), 1992-2008



Source: IMF and WDI

⁹ The share of hotels and restaurants is not available before 2000.

Tourism has been identified in the EDPRS as a national priority sector to eradicate poverty (Republic of Rwanda, 2007). According to rough estimates, each of the three big business hotels in Kigali¹⁰ generates about US\$ 500,000 per year in income for semi-skilled and unskilled workers, food producers and artisans. Tourists visiting the Volcanoes National Park and the Musanze area generate around US\$ 1 million in income for poor workers and producers. In addition, the area receives large amounts of donations (SNV and ODI, 2008). As much as possible, hotels source their supplies from the local market to contribute to the economy. This is, however, the case primarily for food products, whereas many other items need to be imported.

Estimates for 2009 indicate that the tourism industry directly employs 33,800 people, whereas the direct and indirect employment accounts for 74,300 jobs. This represents 4.0 percent of total employment, only slightly below the sub-Saharan African average of 4.6 percent, but well below the worldwide average of 7.6 percent as well as Kenya (7.1 percent), Tanzania (7.1 percent) and Uganda (6.6 percent) (World Travel and Tourism Council, 2009). Employment in the industry (direct and indirect), has grown by 2.8 percent on average over the last 10 years, compared to 3.4 percent in Kenya, 2.5 percent in Tanzania and 2.4 percent in Uganda.

4. REMAINING CONSTRAINTS AND EMERGING POSSIBILITIES

Despite the good performance of the tourism sector in Rwanda, several challenges remain. The main impediment cited by almost all actors in the sector is the large skills deficit. To accomplish the goal to turn Rwanda into a service oriented economy in general and for the tourism sector specifically, skills development is of utmost importance. The skills deficit applies to all areas, including guides, chefs, as well as service personnel and technicians for the hotels. Hotels and tour operators either train their staff in house or send them to neighboring countries to be trained. Recently, some tourism schools have been opened by the private sector, which until now are not seen as serving the sector sufficiently. The emphasis of the curriculum is placed on managerial rather than technical skills. With this emphasis, the demands of the sector are not taken into account adequately.

Further challenges include:

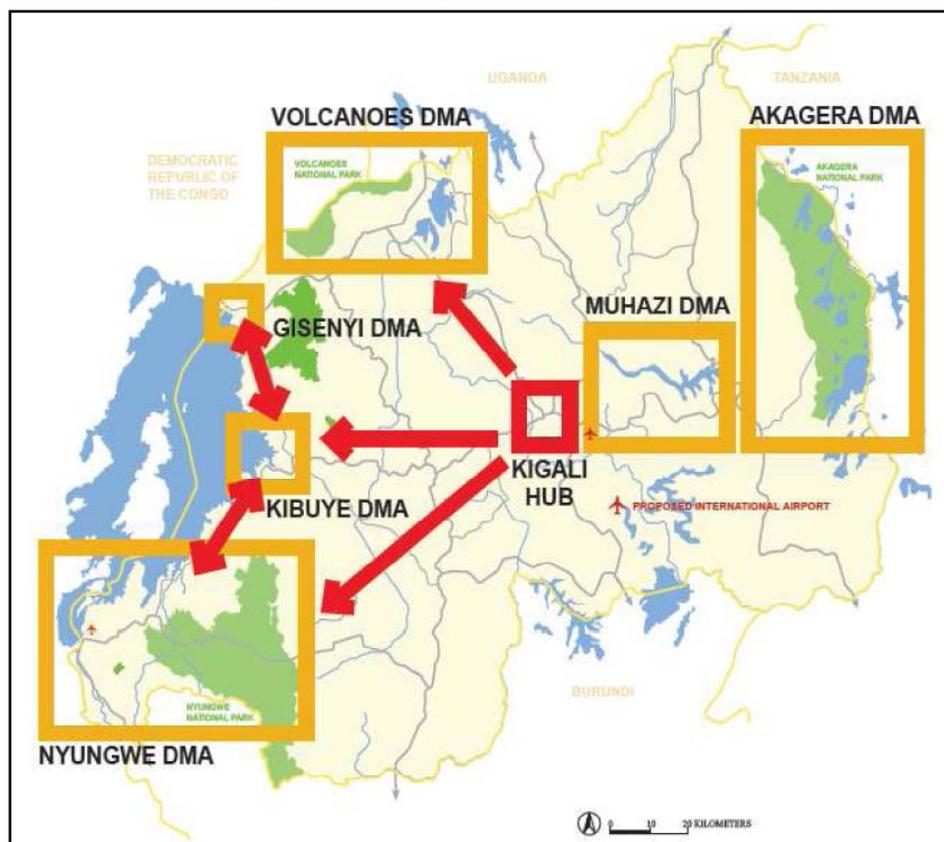
- There is an overreliance on gorilla tourism. The number of permits cannot be easily increased and the existing permits are typically sold out. The sector needs to be diversified and other attractions promoted further, such as birding and primates in Nyungwe, Lake Kivu and conference tourism. This is particularly important as ultimately, Rwanda wants to establish itself as a stand-alone destination.
- Access to finance is still seen as impediment for the development of the sector. Banks seem to be reluctant to finance tourism projects as it is perceived as a service oriented sector not producing tangible goods. Stakeholders in the sector have been proposing the establishment of a guarantee fund by the government.
- Other sectors need to be promoted further through the tourism sector to reduce poverty. Pro-poor linkages that can be exploited further include: food-supply chain to hotels, lodges and restaurants; assistance to poor households to access training, employment and promotion in hospitality; practical initiatives to help businesses enhance their own business models; partner

¹⁰ Serena Hotel Kigali, Hotel de Mille Collines and Laico Umubano Kigali Hotel (former Novotel Kigali).

with more domestic and regional tour operators, hotels and lodges to promote community activities, such as cultural events and the sale of handicraft (SNV and ODI, 2008).

- Rwanda needs to comply with international standards. Currently, hotels are being classified according to EAC standards, which is an important step, but poses challenges to a number of hotels. Once the new classification has been established, the pricing structure might have to be revised to remain competitive with the neighboring countries.
- RDB and MINICOM do not have sufficient staff. In MINICOM, only one person is responsible for tourism, but not even full time. RDB as well has only a limited number of staff. Given the very ambitious agenda for the tourism agenda, sufficient staffing should be in place.
- Although road infrastructure in Rwanda is broadly adequate, the air transport connection to the country is still limited. A new airport is currently being planned, which could attract more international carries to offer direct flight especially from Europe.

Figure 12: Development concept of Rwanda



Source: Republic of Rwanda (2009b); DMA = Destination Management Area

Several possibilities are emerging, however, to diversify the tourism sector and increase its contribution to the economy. Regarding leisure tourists, the envisioned primate tour as well as birding in the Nyungwe forest are the most promising areas of diversification. New experiences would extend the length of stay of tourists and eventually establish Rwanda as a stand-alone destination. Lessons learned from gorilla tourism regarding conservation should be taken into account when developing tourism attractions in other national parks. Figure 12 outlines the development concept of Rwanda's Destination Management Areas

(DMAs) as identified in the Sustainable Tourism Development Master Plan for Rwanda (Republic of Rwanda, 2009b).

In addition, Rwanda can greatly benefit from conference tourism. The construction of a conference center is currently being planned, which will accommodate up to 1,000 participants. A draft action plan for the development of MICE (Meetings, Incentives, Conferences, and Exhibitions) tourism has been prepared by the Tourism Working Group.

5. CONCLUSION

Rwanda has experienced a true post-conflict boom after the conflict in 1994. Growth rates have been high, the economic situation is stable and social indicators have improved. Tourism has been a significant contributor not only to export revenues, but also to the improved image of the country. Rwanda is known for its mountain gorillas, which have been successfully promoted worldwide. Despite its difficult post-conflict situation, the country has succeeded in establishing the right strategies and instruments to maintain conservation as one of its priorities. In addition, tourism has from the onset been seen as a tool to reduce poverty and involve the communities.

Besides the successful revival of gorilla tourism, Rwanda has attracted many business and conference travelers. In fact, the share of international arrivals for conferences and businesses has by now far outnumbered leisure travelers. The country has established itself as one of the safest destinations in the region and offers sufficient opportunities for business travelers, especially from the eastern DRC. This demonstrates Rwanda's potential to diversify its tourism product, which is necessary to sustain an economically productive sector. Going forward, however, the diversification strategy has to be pursued further and several other challenges, such as the prevailing skills deficit, need to be addressed to sustainably establish tourism as one of the leading sectors of Rwanda's economy.

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