

64th Session of the Trade and Development Board

Introductory remarks

Mr. Paul Akiwumi

Director, ALDC Division

Friday, 15 September 2017

Mr. President,
Excellencies,
Ladies and Gentlemen,

It is a great pleasure to welcome you to this morning's session devoted to the 2017 edition of the Economic Development in Africa Report, titled "Tourism for transformative and inclusive growth". As you know, the report was launched on 5 July in 17 countries. We believe that the topic of the 2017 EDAR was timely. Indeed, with 2017 being the United Nations-designated International Year of Sustainable Tourism for Development, there have been a number of events showcasing the importance of tourism as well as the recent high-level event held on Wednesday. Amongst all these initiatives, the 2017 EDAR is unique because it places tourism amongst the few sectors that are critical for the continent's development path in alignment with the 2030 Sustainable Development Agenda as well as with the African Union's Agenda 2063.

Africa is among the world's fastest growing regions, with average GDP growth rates exceeding 4 per cent per annum since the year 2000. However, it still has the world's highest rate of working poverty - people who are employed but earning less than US\$2 a day. Most of these working poor are women and youth. And yet, addressing the needs of these two groups is essential to achieve the 2030 Sustainable Development Agenda. Indeed, there is ample evidence that improving the well-being of women is essential to achieving most of the SDGs. With regards to youth, 39 out of the 46 countries in the world where at least 70 per cent of the population is under 30 years old are in sub-Saharan Africa. As a result youth unemployment is a pressing issue today and will be one tomorrow if the current speed of structural transformation across the continent is not accelerated.

This leads me to the reasons why I believe that this year's report could not have been published at a more appropriate time.

First of all, as highlighted in this year's report title, tourism offers avenues for making growth more inclusive.

- In 2011–2014, the sector generated more than 21 million jobs, or roughly 1 out of 14 jobs, lifting millions of people, including in rural areas out of poverty. Prospects for job creation are promising as the sector's continued growth is expected to generate an additional 11.7 million jobs in the next decade.
- In Africa, tourism employs a higher share of women and youth than in other sectors. At the management level, for example, 31 per cent of employers in tourism are women, which is higher than the average of 21 per cent across all sectors. Women also comprise a significant share of the hospitality sub-sector as almost half (47 per cent) of the employees in hotels and restaurants are women. As for youth, as I will highlight in a moment, the tourism sector offers many opportunities for the creation of direct jobs and indirect jobs.

Secondly, **Ladies and Gentlemen**, tourism can be the vector of more integrated Africa, with increased intra-regional trade that can be the traction for developing competitive intra-continental value chains. The report showcases the growing number of tourists from the continent. Not only is intra-regional tourism growing in importance, its share is also rising, from 34 per cent in 2010 to 40 per cent in 2013. Here also, there is ample room for growth and for African businesses across the value chains to build on their insider knowledge of the needs of African customers to improve their competitiveness.

However, a lot needs to be done if we want the tourism sector to pursue its upward trajectory. I will now briefly highlight some of the key challenges in Africa's tourism sector that the Report addresses.

Like most developing countries, African countries lose a significant amount of their tourism earnings to leakages. These may result from the sourcing of inputs for the sector abroad or through the repatriation of profits by foreign-owned tourism businesses such as airlines, tour operators, travel agencies and hotel chains to their home countries. Intra-regional tourism is vital in reducing leakages as it creates significant demand for local products and services.

The Report discusses how countries can further reduce leakages out of the economy by creating strong linkages between tourism and other sectors of the economy such as agriculture and infrastructure. Sourcing of local agricultural produce by hotels from small farm holders, for example, could create reliable supply opportunities for farmers and increase their earnings. This could contribute to poverty reduction in rural households.

Similarly, linkages between tourism and infrastructure, besides ensuring tourism's competitiveness, can foster diversification into more productive activities. For example, well-developed infrastructure can spur diversification into other tourism-related services such as the international conference and meetings market segment. In turn, the construction of conference and meeting facilities can generate employment in construction, including for youth. This can boost local skills development and contribute to local economic development in countries.

Thirdly, I would like to stress the urgent measures that Africa needs to implement to unlock the potential to contribute to the continent's economic development. African countries should make concerted efforts to urgently undertake the following:

- Facilitate the free movement of persons
- Implement the Open Skies for Africa. The benefits for African countries here would be enormous. If 12 African countries among the signatories of the 1999 Yamoussoukro Decision, Open Skies for Africa were to implement it, they could create an extra 155,000 jobs in those countries, result in an increase of almost 5 million passengers, and contribute almost \$1.3 billion to their GDP (UNWTO et al. 2015).
- Ensure currency convertibility and
- Systematically plan for intra-regional tourism

And finally, to realize the sector's potential to contribute to sustainable development, ensuring peace and security is paramount. African countries and regional institutions should address safety and security concerns and promote a positive image of the continent in the global media.

Furthermore addressing unemployment, youth unemployment in particular, is paramount in reducing political and social risks that often contribute to the negative image of the continent.

Ladies and Gentlemen,

To end on a positive note. The report shows that the number of international tourist arrivals to Africa has also soared, increasing from 24 million in the mid-to-late 1990s, to about 56 million in 2011 – 2014 and are projected to increase to 134 million by 2030. Let us make sure that the continent has the right conditions for ensuring the projected growth of the tourism sector for it to play its central role in the continent's transformative and inclusive growth.