



REPUBLIC OF KENYA

MINISTRY OF TOURISM & WILDLIFE

# New Tourism Strategy for Kenya 2021-2025

May 2022

*Full Strategy*

CONFIDENTIAL AND PROPRIETARY

Any use of this material without specific permission is strictly prohibited



# Foreword by the Cabinet Secretary for Tourism and Wildlife

---

Tourism is a key driver of Kenya's economy. Prior to COVID -19, the sector contributed nearly 10% of the country's GDP. Tourism performance in Kenya has grown significantly in the last 5 years. In 2015, international visitor arrivals were 1,459,500 and international tourism receipts reached Ksh 84.6 billion. By 2019, these numbers grew to international visitor arrivals at 2,048,834 and receipts of Ksh 163.6 billion. In 2020, tourism performance was expected to continue growing with a 7.5% increase in international visitor arrivals.

The emergence of COVID-19 sent shockwaves to the tourism sector, bringing it to a halt globally. In Kenya, tourism establishments were closed, with the workforce laid off.

From May 2020, my Ministry, in collaboration with the industry, held regular consultations as the COVID-19 pandemic unleashed its devastating impact. We accepted that the sector would change forever and we could not go back to the pre-COVID environment.

We had to do things differently and swiftly.

The **New Tourism Strategy for Kenya 2021-2025** is Kenya's response in reimagining the future of the tourism sector. In this strategy, we have set out our priority ambitions for both recovery and growth of the sector. The strategy is founded on four strategic shifts: Kenya becoming an all-year-round tourism destination; creating new and more diverse customer experiences and products; building a refreshed brand image and repositioning Kenya as an upmarket, sustainable destination; and developing enablers including unlocking alternative and innovative sources of funding and optimizing the adoption of digital innovations and new technologies by the sector.

The strategy has four (4) components – namely, Brand, Marketing, Experiences, and Enablers – and nine (9) initiatives, including brand repositioning, developing new and existing international source markets, scaling the domestic tourism market, developing a new and improved experience in parks and reserves, strengthening coastal beach tourism, creating and promoting niche experiences, and developing enablers for the sector such as digital systems, sustainability standards, and improved sector financing.

This strategy was informed by data and information obtained from local, regional, and international players and is expected to be a reference point going forward in informing policies, plans, and areas for financing.

The successful implementation of this strategy requires all tourism industry stakeholders to work in synergy. We are indebted to the tourism industry stakeholders who provided robust engagement and their commitment during the development of this strategy.

I am therefore confident that the strategy will lay the foundation for the accelerated recovery and growth of Kenya's tourism and position Kenya as a known global tourism leader.

We look forward to an exciting future for Kenya's tourism.



HON. NAJIB BALALA, EGH  
Cabinet Secretary  
Ministry of Tourism and Wildlife

May 2022

# Executive summary

# The “New Tourism Strategy for Kenya” was developed through strong industry engagement in Q1 2021...



**50+**

**Industry stakeholders interviewed** including industry actors across the full value chain, associations, funders, NGOs, and conservation leaders



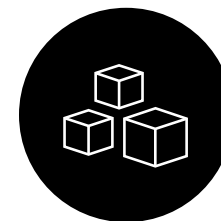
**20+**

**Government actors interviewed**, including parastatals, SOEs, and ministry departments



**20+**

**Global sector experts interviewed** covering tourism, financial solutions, national park strategy, and wildlife conservation



**30+**

**Global and local sources of information consulted** such as national strategies and blueprints, tourism recovery models, WTTC, Euromonitor, and IATA

# ... including a Core Team, Strategy Circle, and private sector champions

## Q1 2021 strategy team

### Core Team

#### Overall sponsors



**Najib Balala** –  
CS MoTW



**Joseph Boinnet** –  
CAS MoTW



**Safina Kwekwe  
Tsungu** – PS Tourism



**Prof. Fred Segor** –  
PS Wildlife



**Said Athman** –  
Tourism Secretary



**Dr. Erustus Kanga** –  
Wildlife Secretary



**Ali Kaka** – Senior Advisor  
MoTW



**Dr. Betty Radier** –  
CEO KTB



**David Gitonga** –  
CEO TRI



**Fatma Muses** –  
CS Advisor MoTW



**Hashim Mohamed** – CEO  
Utalii College



**Alison Ngibuini** – Communication Advisor  
MoTW

### Strategy Circle

*Stakeholder group  
supporting  
development of 'big  
ideas' for the sector*



**Karim Wissanji** –  
CEO Elewana group



**Agnes Gathaiya** – CEO  
Google



**Alan Kilavuka** –  
CEO Kenya Airways



**Alex Avedi** –  
CEO Safarilink



**Aurelia Micko** –  
Director USAID



**Dickson Kaelo** –  
MD KWCA



**Dominic Gramaticas** – CEO  
Wilderness Safaris



**Frank Mastaert** – CEO  
TMEA



**Ghislain de Valon** –  
Country Director AFD



**Glen Jeffries** –  
CEO Nature Vest



**Jacqueline Mongeni** – CEO  
Council of Governors



**James Mwangi** –  
CEO Equity Bank



**Julius Court** – Dep. High  
Comm FCDO



**Mohammed  
Hersi** – Chair KTF



**Peter Ndegwa** –  
CEO Safaricom



**Tom Lalampaa** –  
CEO NRT

### Technical Secretariat

*Working team  
supporting day-to-day  
analysis and strategy  
development*

#### MoTW

**Said Athman** –  
Tourism Secretary

**Richard Mwarema** –  
Director of Planning

**Dr. Keziah Odemba** –  
Deputy director of Tourism

**Kinuthia Ngugi** –  
Chief Economist

**David Kinyangi** –  
Assistant director of  
Tourism

**Bernard Kahuthia** –  
Deputy director of Tourism

#### KTB

**Doreen Odhiambo** – Manager  
Strategy and Compliance

#### TRI

**Betty Maranga** –  
Tourism Officer

#### KWS

**Gladys Kosgei** – Marketing  
and Tourism Manager

#### KU

**Dr. Moses Miricho** –  
Global Tourism resilience centre

### Other reference organizations and partners

*Provide input and  
guidance on initiatives*

#### Strategy Reference Group (not exhaustive)

Kenya Airports Authority

Kenya Coast Tourism  
Association

National Environmental  
Management Authority

Kenya Association of Hotel  
Keepers and Caterers

Kenya Tourism  
Federation

The Pub and Restaurant  
Association of Kenya

Kenya Coast Guard  
Services

African Quest Safaris

Kenya Civil Aviation  
Authority

Kenya Ports Authority

Kenya National Highways  
Authority

Kenya Maritime Authority

Eco-Tourism Kenya

Kenya Association of  
Travel Agents

ICT Authority

Micato Safaris Ltd

National Museums of Kenya

Kenya Railways

Global Tourism Resilience and  
Crisis Management Centre

Kenya Association of  
Tour Operators

Sustainable Travel and  
Tourist Agenda

KECOBAT

Multiple County  
Executive Committees  
(CECs)

ARP Africa Travel

## Fast facts on the Kenya tourism sector pre-COVID-19

**4.4%<sup>1</sup>**

Estimated direct GDP contribution of the sector (**9.3%** total contribution)

**126B<sup>1</sup>**

FX contribution making it the 2<sup>nd</sup> largest earner

**8.7%**

Total contribution to employment (1.08M people), most outside of the main urban areas

**2.04M**

Inbound visitors to Kenya

**1.5M**

Visitors citing holiday as primary reason for visiting Kenya

**93%**

Share of international tourism out of total tourism spend

1. Kenyan shillings; KTSA Report; largest FX earner is diaspora receipts

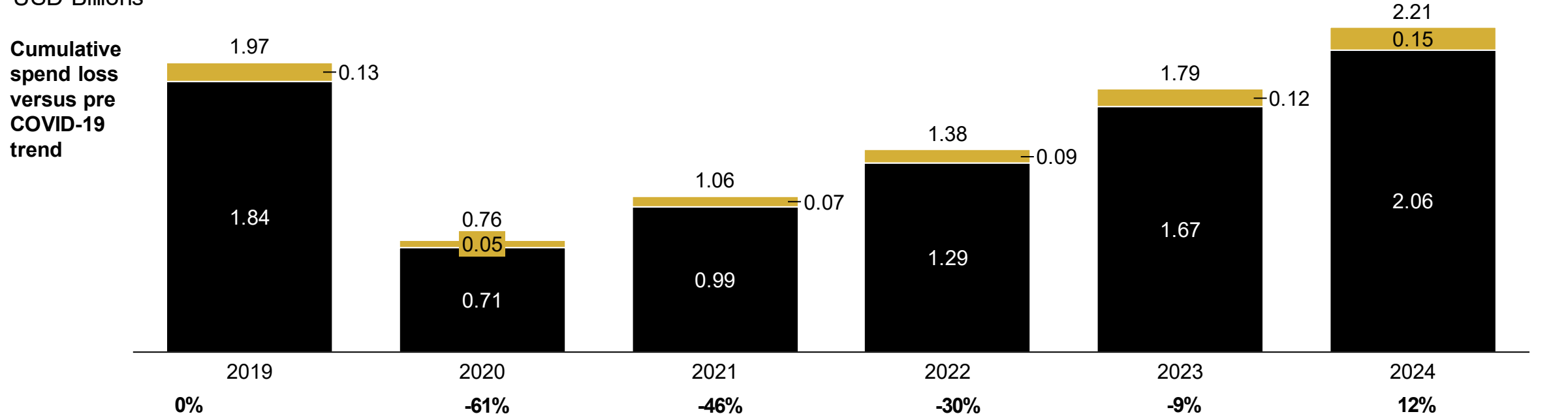
# Likely COVID-19 recovery model indicates Kenya could recover to 2019 levels of tourism spend by 2024

Natural growth trajectory of tourism industry without interventions and excluding impact from any other events <sup>2</sup>

PROJECTIONS FROM Q1 2021; MAY NOT REPRESENT RECENT DEVELOPMENTS

## Kenya - expected leisure travel spend<sup>1</sup>

USD Billions



### Scenario explanation

Recovery model based on expected weighted outbound leisure travel recovery from the top ~40 source markets globally based on the base case recovery scenario from COVID-19. Model run in Q4 2020 and might not take into account recent developments

### What you need to believe

GDP and tourism start rebounding in 2021, with GDP expected to reach pre-COVID levels in 2022 and tourism in 2024  
Tourism sees even slower recovery due to concerns over healthcare in Africa

1. Assuming no change in mix of source markets; reflects only leisure travel; 2. <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/nine-scenarios-for-the-covid-19-economy>

2. For example, potential impact due to 2022 elections

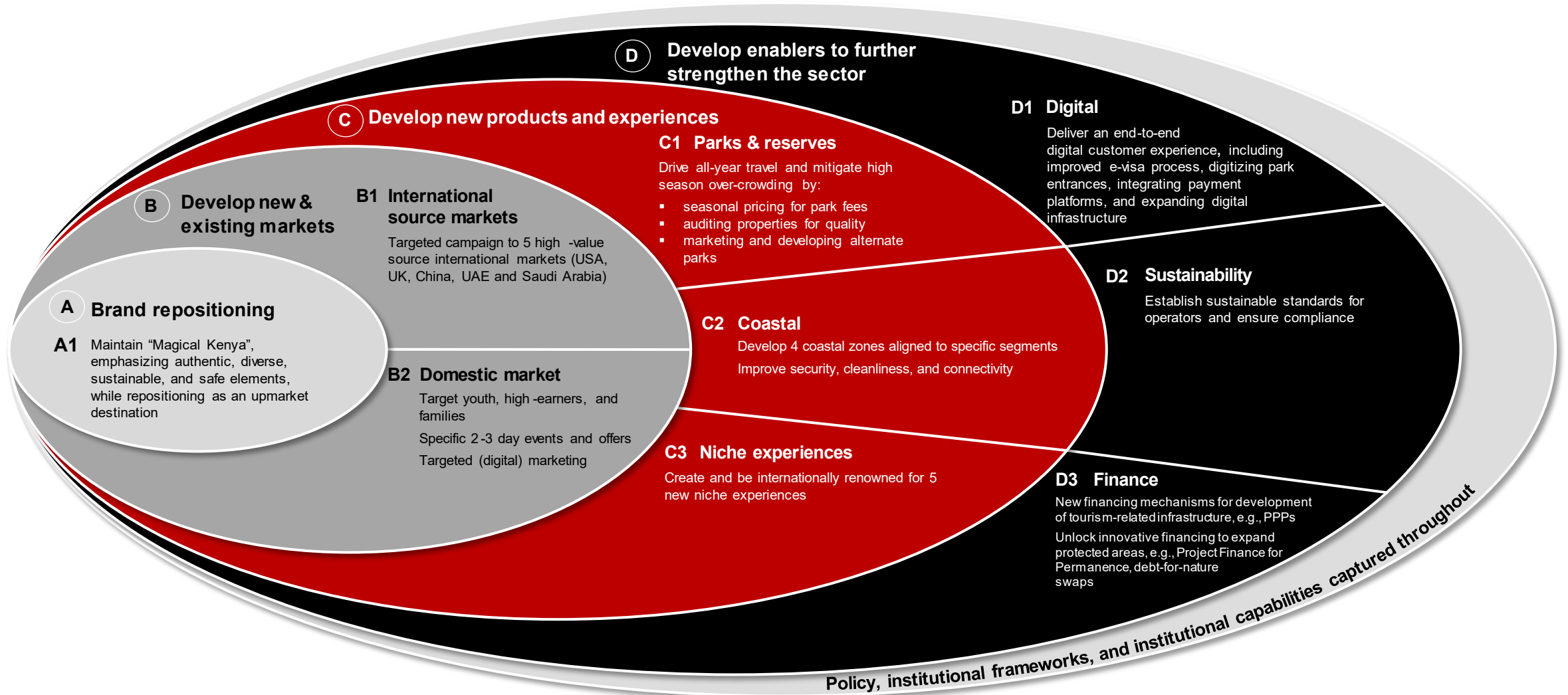
Source: Kenya TSA; Tourism recovery model

# Four components to deliver on the New Tourism Strategy...











# ...with nine initiatives



# These initiatives could deliver up to a 2x increase in tourism value by 2030

International 
  Domestic 
  Upside from increase in volumes 
  Upside from increase in average spend

TOP-DOWN ANALYSIS - NUMBERS MAY NOT SUM DUE TO ROUNDING

Potential leisure travel revenues by source market <sup>1</sup> , 2030, USD M	CAGR 24-30, %	# tourists, 2030, 000s
<b>Baseline 2019</b> 		~1,550 (only int'l)
<b>Traditional (US, Europe)</b> 	4-7%	~240 – 310
<b>Emerging high potential (China, India)</b> 	10-13%	~240 – 270
<b>High potential new (UAE, Saudi, S. Korea)</b> 	8-12%	5 – 10
<b>Other inbound source markets</b> 	6-7%	~400 – 410
<b>Domestic</b> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 5px auto;">                     Unclear data as current baseline of 6.5k travelers, includes all domestic travel (business, personal and tourism)                 </div>	n/a	n/a
<b>Expected total revenues, 2030</b> 	6-8%	2,430 – 2,550 (only int'l)

- Key assumptions on incremental upside versus expected baseline:  
 Volumes: 0.25-0.5% annual increase in volumes from 2024 driven by cross-cutting initiatives; additional 1-2% annual increase due to targeted marketing from 2022 in priority source markets and from 2025 in 2<sup>nd</sup> priority source markets  
 Value: 0.25-0.5% annual increase in average spending from 2024 driven by general efforts to raise tourism value; additional 0.25-2% annual increase due to targeted marketing from 2022 in priority source markets and from 2025 in 2<sup>nd</sup> priority source markets
- Proxy carrying capacity based on benchmarks from other ecological regions globally. May not represent Kenya's actual ecological/social carrying capacity; no such analysis has been done in Kenya recently
- Fair share based on benchmarks of capture rate of international outbound volumes from similar long-haul destinations
- Based on analysis of ~30 similar long-haul, adventure-based destinations

Source: KNBS, KTS, Kenya TSA; 2015 Data based on KTSA surveys in June and December; Euromonitor

Maximum proxy carrying capacity for Kenya is 7-7.5M<sup>2</sup>, but fair share potential suggests 3-4M<sup>3</sup> and most similar destinations<sup>4</sup> get <5M (and average of 3M) visitors

Achieving maximum potential is unlikely (considering seasonality of travel, COVID-19, etc.) so our ambitions are in line with a stretch but realistic goal on volume and value by 2030

# A1: Kenya has many competitive advantages it can leverage as a brand

Brand elements identified through discussions with 20+ agents and operators in core source markets

## Magical Kenya “Life Changing Experience”



### Diverse



Landscapes – mountain, lake, ocean, savannah, Rift Valley

### Authentic



Community connectivity

### All-Year



All-year travel-friendly weather

### Sustainable



Leader in conservation globally



People – tribes and cultures



Warm, friendly people



Different experiences for different seasons – winter sun, escaping desert summers, February birthing season for wildlife



National ban on hunting



History – African roots, Portuguese, Arab, Indian, British



Immersion into nature with experiences including walking with rangers



Caters for all ages, family friendly



Multilingual – English speaking with roots in Italian, Arabic

# B1: Kenya could focus on 5 source markets, with USA, UK, China, UAE, and Saudi Arabia as short-term priorities

Source markets can be prioritized along 2 main criteria

Kenya could thus prioritize 5 markets across 3 categories in the short-term

## Proximity



**Historical relationship** (i.e., long-lasting / relatively new / no significant penetration)

**Fair-share potential** (i.e., penetration versus other East African countries)

**Other proximity indicators** (e.g., geographical, cultural)

## Value-at-stake



**Total outbound market potential** (i.e., current market size in value and expected growth by 2030)



### Short-term priorities

### Medium-term priorities

#### Key traditional markets



USA



Canada



United Kingdom



Germany



France

#### Emerging high potential markets



China



India

#### High potential new markets



UAE



South Korea



Saudi Arabia

## Key takeaways

Kenya may start by launching **tailored marketing campaigns for the 1-2 countries with highest potential within each category**

Given limited marketing spend, **prioritizing** marketing budgets is critical to successful outreach. Other source markets should still be engaged but marketing focus should be in prioritized countries.

Traditional markets such as **Italy, Switzerland, and Japan** could be deprioritized in terms of specific initiatives given relative **saturation** (fair-share captured) and **slow growth expected** (i.e., ~1% expected average annual growth by 2030)

# B1: Kenya has 4 options to rethink its international marketing

BASED ON INTERVIEWS WITH CEOS OF TRAVEL AGENCIES / OPERATORS CHANNELING \$300-400M+ OF TOURISM SPEND FROM USA / EUROPE INTO AFRICA EVERY YEAR

## Challenges identified through interviews



## Insights from interviews with major source markets travel agents and operators

## Options to consider

### Unclear source-market focus and differentiation of strategy

*Nobody is doing effective marketing in this country; tourist marketing needs to radically change*  
*There definitely is an off-season market in our countries but you need to properly target these segments (e.g., honeymooners)*

**i** Develop tailored marketing plans and invest in local presence

### Reliance on traditional marketing approaches

*Roadshows are useless because the invited agents are not the highest selling ones in the source market*  
*We've often tried to onboard new marketing initiatives, but we've always been turned down because of a lack of funding.*

**ii** Expand non-traditional marketing approaches, especially digital

### Unclear strategy communicated to trade in terms of experiences/products to promote

*We've been selling Kenya for so many years, yet we've never been consulted; it's frustrating.*  
*They [KTB] should focus on the 10-15 companies who bring more business to Kenya; they will drive better ROI.*

**iii** Strengthen relationship with trade, providing richer content

### Lack of proactive reputational management during crises

*Kenya needs to better manage its reputation, leveraging good lobbyists and proactively communicating to media around its crisis management.*  
*...we have to use our own local contacts to get information on what is happening on the ground; it's very difficult to get consistent information*

**iv** Develop proactive crisis management strategy

# B1: Kenya could develop tailored marketing highlighting Kenya's authenticity and diversity (aligned to brand)

A diverse, authentic and sustainable all-year destination

## Core marketing messages



### The Migration, a *life changing* experience

Market anchor product using new channels to attract a more discerning, high value traveler



### Four coastal zones to attract a diverse beach tourist

- Market diverse coastal zones :
- Multi-experience itineraries in Mombasa
  - Eco-friendly exclusive and secluded getaways in Lamu
  - Adventure sporting in Malindi / Watamu
  - Family friendly, multi-entertainment offers in Diani



### Unique experiences within Kenya's non-traditional parks and conservancies

Market diverse unique nature and community-based experiences found in Kenya such as walking/ riding with rangers and endangered animal tagging

## Niche experience marketing



### Diverse and bespoke niche experiences

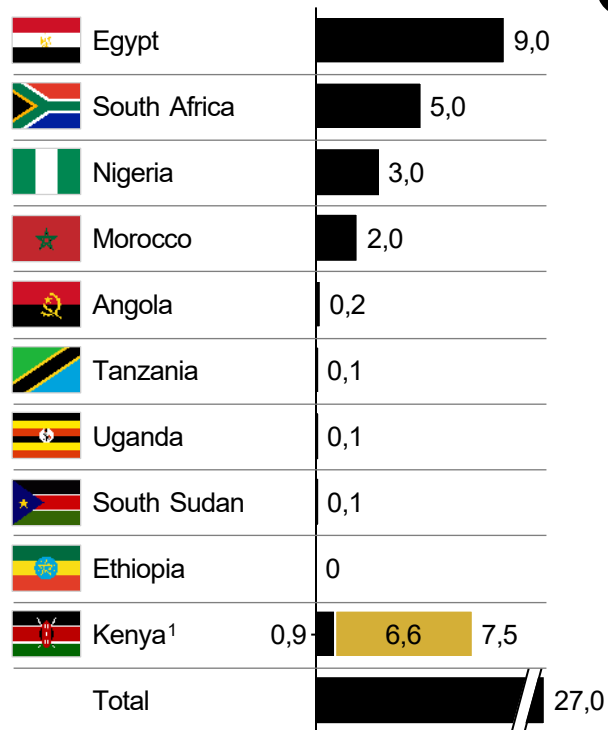
Market diverse and unique niche experiences through specialized channels (e.g., running with Kenyan Marathon runners)

*Refer to initiative C3*

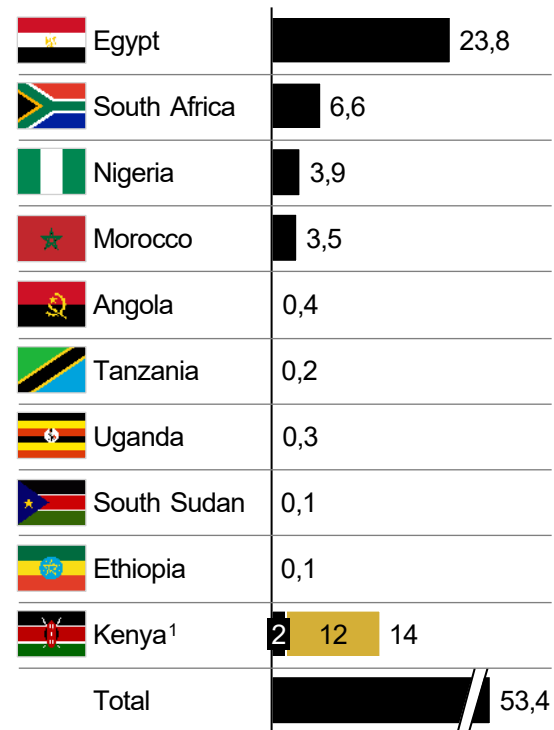
# B2: Though small, domestic markets provide resilience and social benefits; regional markets could be deprioritized due to size

■ Affluent travel ■ Budget domestic travel

2019 African countries by population who can afford to travel to Kenya, M individuals 2019



2030 African countries by population who can afford to travel to Kenya, M individuals 2030



Total addressable annual market<sup>2</sup>, M individuals annually 2020- 2030

Regional

3 - 4

Domestic

2 - 3

**Domestic market**, though small, is important to address given higher resilience during downturns and the social benefits associated with domestic travel (e.g., education, sports, greater awareness of protected areas)

**Regional market** is relatively small and fragmented, with total maximum addressable market of 3-4M (with likely a much smaller capture rate) and only 10% in Kenya's neighbors







**Regional market could be deprioritized**, particularly given investment required in flight connectivity / visa procedures might not have sufficient returns. However, smaller initiatives (e.g., offer discounts if regional MICE travelers extend their stays for leisure) could be considered

Note: Affordability defined by # individuals in households with USD 80k+ PPP household income

1. Kenya domestic budget affordability to travel defined by household income over USD 22k PPP

2. Assuming inbound travel to Kenya every 10 years, domestic affluent travel every 2 years, and domestic budget travel every 5 years

# B2: Kenyan domestic market could be segmented into 5 main profiles with different characteristics

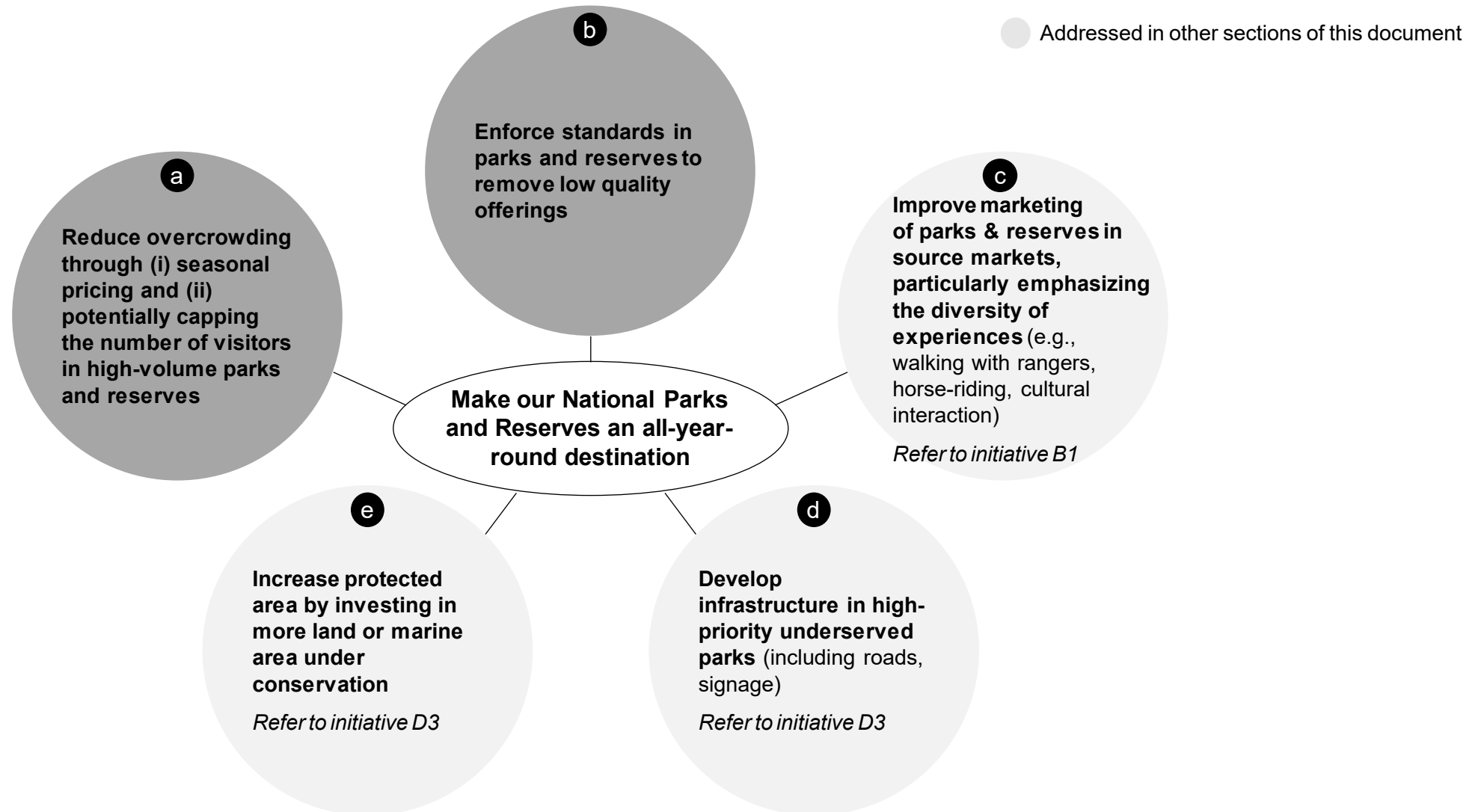
Category	Profile	Growth trajectory <sup>1</sup>	Options to consider
<b>Youth</b> 	<b>18-34</b> <b>Low budget</b> <b>Urban</b> <b>Relatively flexible</b> schedule		<b>Encourage more frequent travel, especially to underserved areas</b> by building a youth-oriented travel operator to develop and market end-to-end year-round youth offering (including adventurous activities, affordable bus-service, budget accommodations)
<b>Families</b> 	<b>Upper middle / Middle class</b> families (75-120 Ksh monthly household income) <b>Schedule constrained</b> by school holidays and availability of disposable income		<b>Encourage more frequent travel to underserved areas and during low-season</b> by creating dedicated packages, refurbishing KWS family-friendly cottages, giving more visibility over long week-ends and launching a dedicated marketing campaign
<b>FITs</b> 	<b>Upper middle class</b> (120K+ Ksh/month) <b>Urban</b> <b>Diversity</b> of sub-profiles: couples / single (including growing women traveler segment) <b>Relatively flexible</b> schedule		<b>Increase average spending per trip</b> by launching dedicated marketing campaign to showcase bespoke / low-season experiences and educating high-end travel agencies on new experiences
<b>School children</b>	<i>Not prioritized in the context of this study given relatively low -value  Catering to this segment could (i) encourage their parents to travel and (ii) build the future generation of travelers</i>		
<b>Regional MICE</b>	<i>Not prioritized in the context of this study given expected slow recovery from COVID -19 crisis  Initiatives could be implemented to drive more value from this segment in the longer term (e.g., air travel discounts for companion, rebate on extended stays)</i>		

1. Pre- COVID-19 crisis



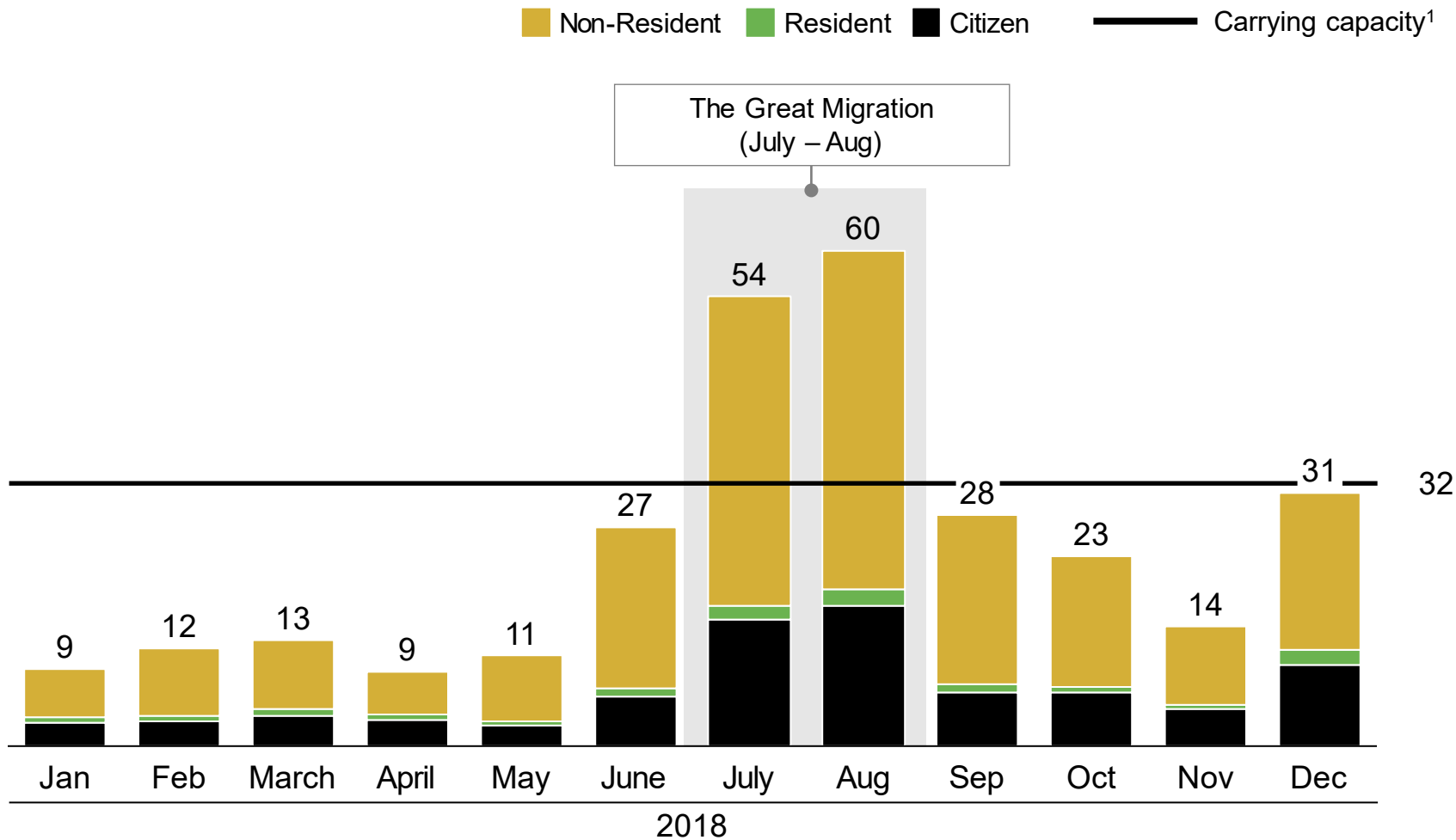
# C1: 5 initiatives could help make our National Parks and Reserves an all-year-round destination

Potential initiatives to consider



# C1a: Seasonal price differentiation during peak months could reduce peak season overcrowding

Monthly number of visitors in the Mara (2018), 000s



Using an indicative carry capacity analysis, MMNR **exceeds its carrying capacity by ~100% during peak months**

## Interviews insights

“The Mara is an excellent all-year destination. You will see a full range of wildlife at all times and we also have other events like the calving season. It is a matter of marketing strategically and being targeted in communication about off-season offers.”

- *International tour agent from a key source market*

“If the Mara plan had come through ten years ago we would have not had the poor media exposure last year [around overcrowding issues]”

- *Local conservancy leader*

1. Calculated as (area x correction coefficient) / normative area; Area: Park size in sqkm; Correction coefficient: Between 0.5 and 1, depending on assessed environmental sensitivity of a given region; Normative area: sq km per visitor, fixed at 1.4 sq km/visitor

# C1a: Seasonal pricing could have 4 main objectives

---

## Four main objectives

## How this translates into pricing options

---

**Reroute tourists (a) from over-crowded premium parks to other high-potential parks and (b) from high season to low season**

- **20-40% higher fees** charged in high season for residents and non-residents

**Strengthen branding and reduce over-crowding in selected premium parks**

- Pricing only applied in first phase **to over-crowded, premium-ready** parks (e.g., Amboseli and Nairobi NPs); once infrastructure and tourism is developed in other parks (e.g. Tsavo, Nakuru), pricing could apply there over time

**Secure resources for KWS conservation mandate by managing the total revenues**

- The seasonal pricing (in combination with cap on visits) would be **revenue neutral to positive** for KWS; however, primary intention is not to increase revenue in premium parks, but rather divert visitors to other parks and drive revenue gains there

**Maintain affordability of national parks to citizens to encourage their participation in tourism economy**

- Seasonal pricing to be given only to non-residents and residents while maintaining **lower prices for citizens**

# C1a: Option to introduce seasonal pricing for Maasai Mara, Amboseli and Nairobi National Parks

Current and potential new daily park fees<sup>1</sup>, USD

**OPTION FROM APRIL 2021 – MAY NOT REPRESENT LATEST**

**XX** Regular fees (outside of 2020-21 COVID-19 reductions), USD rounded **XX** Optional high season price (June-October) for 1<sup>st</sup> priority park

Second priority for seasonal pricing once product has been approved

Parks and reserves, by type	Citizen		Residents <sup>2</sup>		Non-Residents	
	Adults	Student/ Child	Adults	Student/ Child	Adults	Student/ Child
Maasai Mara NR	10	3	12 <b>50-70</b>	5 <b>25-30</b>	70 <b>150-400</b>	40 <b>80-200</b>
Amboseli NP	9	2	10 <b>20-25</b>	5 <b>10-15</b>	60 <b>80-110</b>	35 <b>40-60</b>
Nairobi NP	4	2	10 <b>20-25</b>	5 <b>10-15</b>	45 <b>60-100</b>	20 <b>30-50</b>
Tsavo East NP	5	2	10	5	50	35
Tsavo West NP	5	2	10	5	50	35
Lake Nakuru NP	9	2	10	5	45 <sup>8</sup>	35
Scenic/Special interest (A) <sup>3</sup>	3	2	6	3	25	15
Wilderness parks (B) <sup>4</sup>	3	2	10	5	45-50	25-35
Scenic/Special interest (B) <sup>7</sup>	3	1	6	3	20	15
Sanctuaries <sup>5</sup>	2	1	3	2	20	15
Marine parks <sup>6</sup>	1-2	1	3	2	15	15

1.Regular fees before temporary reductions for 2020-2021 due to COVID-19 crisis ; Single-entry fee valid for 24h of continuous uninterrupted stay inside a park / reserve / sanctuary 2. Including African Union 3. Hells Gate, Elgon, Ol-Donyo Sabuk, Mt. Longonot 4. Meru, Kora, Aberdare, Mt Kenya (Kihari gate) 5. Nairobi Orphanage, Kisumu Impala, Nairobi Safari Walk 6. Kisite Mpunguti, Malindi, Watamu, Mombasa, Kiunga 7. All other parks and reserves 8. KWS planned price reduction to 43 USD

**The three highlighted parks suffer from over-crowding, particularly during peak season**

**Lake Nakuru and Tsavo East/West** could also be candidates for seasonal pricing but with a weaker case:

- Increasing Tsavo fees could be considered once visitor numbers are up
- Due to reduction in flamingo numbers, Nakuru has become less of a premium in recent years

To make pricing truly seasonal, **at least 20-40% price differential for residents and non-residents** (and potentially up to 5 times) would need to be considered, in line with hospitality seasonal price differentials in Kenya (which vary 20-40% between low-and-high season)

# C1a: At a later stage, Kenya could cap daily number of visitors allowed in high-volume parks, using an online ticketing system

ILLUSTRATIVE, NOT EXHAUSTIVE

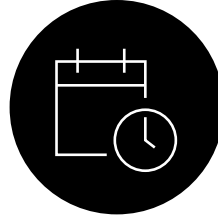


## Digital ticketing system development

Digital platform for National Parks and Reserves tickets booking

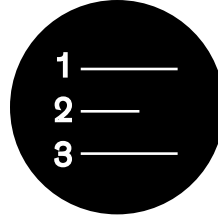
Tickets showing all relevant details of travelling party including unique ID, validity date

Cost showing breakdown of fees including portions allocated for conservation and park development



## Compulsory booking in advance

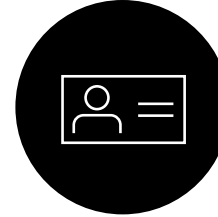
Obligation to book park entry tickets in advance to manage influx and prevent fraud at gate



## Cap on daily number of tickets

Cap on numbers determined against optimal park capacity

Split against number allocated for residents and non-residents



## Non-transferable booking

Non-transferable booking tagged against unique identification (Personal ID or Passport number) to prevent 'ticket scalping' by large tour operators to block book peak season allocations

## International examples



**Peru** – Limited number of half-day entry tickets to the Machu Picchu in an effort to protect the ruins



**China** – Maximum 80k daily visitors allowed in *The Forbidden City of Beijing* to limit overcrowding; online ticket purchase; discounted prices in low season



**Australia** – Maximum 400 tourists allowed to visit Lord Howe Island at any one time



**Bhutan** – ~140k tourists let in the country each year with compulsory visa/ trip booking through a licensed Bhutanese tour operator and minimum daily package price

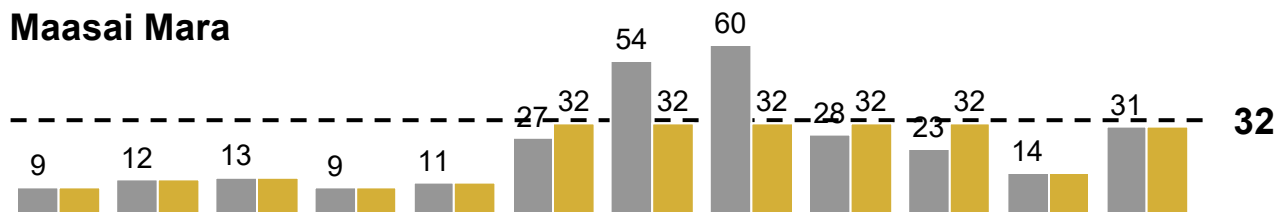
# C1a: Combined seasonal price increase and cap on visitor number could be revenue-neutral to positive

ESTIMATES

-- Carrying capacity(P)<sup>1</sup> ■ Current park visitors (as of 2019) ■ Modeled visitors based on new capping and pricing

## Current (2019) and expected monthly visitors by park, 000s visitors

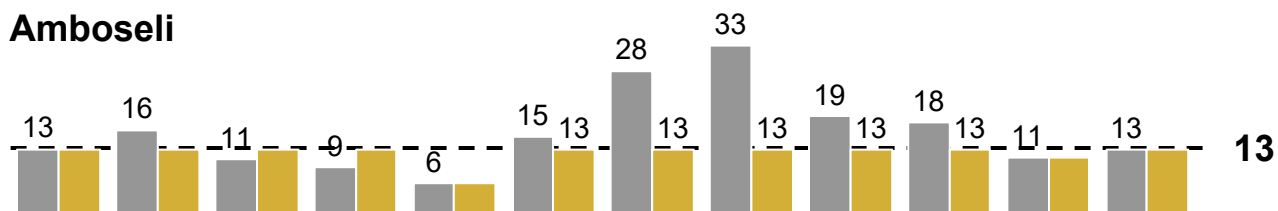
### Maasai Mara



**Total**, 000s  
**Associated revenue<sup>2</sup>**, M USD

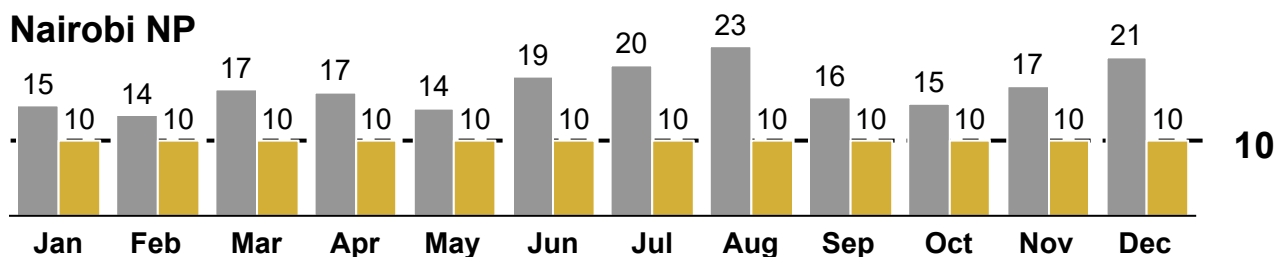
291	14.2
260	21.6 – 49

### Amboseli



192	7.6
143	6.4 – 7.6

### Nairobi NP



208	3.8
120	2.6 – 3.4

1. Proxy figures: Calculated as Park area / Normative area  
 a. Area: Park size in sq km  
 b. Normative area: 1.4 sq km / visitor for Mara, 0.7 for Amboseli (1.5 correction coefficient applied to account for the fact that ~50% of visitors only spend half a day in the park), 0.35 for Nairobi NP (4 correction coefficient applied as most visitors spend only 3-4 hours in the park, allowing for 4 shifts a day)  
 2. Range depending on price increase scenario

Capping volumes of visitors in priority parks could **reduce the overall number of visitors but should not negatively impact overall revenues** if combined with a seasonal increase in prices

### Main Assumptions

Visitor numbers **capped to carrying capacity**

**Maasai Mara:** volumes lost in July/August partially redistributed in shoulder months of June, September, and October. (up to maximum monthly carrying capacity)

**Amboseli:** volumes lost in February and in June to October partially redistributed in March and April (up to maximum capacity)

**Increase in prices** from June to October, for residents and non-residents (including African Union citizens) of 2-6 times in the Maasai Mara; and 30-150% in Amboseli and Nairobi NPs

Assuming no drop in visitor numbers due to increased prices

# C1b: Better standards in National Parks and Reserves could remove low quality offerings

## Potential initiatives to consider

ILLUSTRATIVE, NOT EXHAUSTIVE



### Strengthen development requirements for properties

#### Redefine requirements for property development:

- Maximum number of beds per acre
- No new properties greater than 30 beds
- Environmental standards (e.g., distance from protected areas, share of natural material and renewable energy, waste disposal)
- Community development and employment

#### Rigorously audit properties against these requirements using a multi-organizational team (including NEMA, KRA, TRA)

- Convene multi-party audit taskforce to review properties against agreed-upon requirements
- Close non-compliant properties or provide penalties



### Restrict type of vehicles allowed

#### Set-up criteria for the type of vehicles allowed in the parks:

- No 2-wheel vehicle drive
- No mini-vans
- Earth colored only; no white vehicles



### Upgrade guiding standards

#### Upgrade standards and adjust curriculum:

- Create a working group involving Ministry of Education, KWS, KATO, TRA, approved colleges, selected tour operators, and other relevant stakeholders to agree upon higher guiding standards
- Update curriculum and exams accordingly

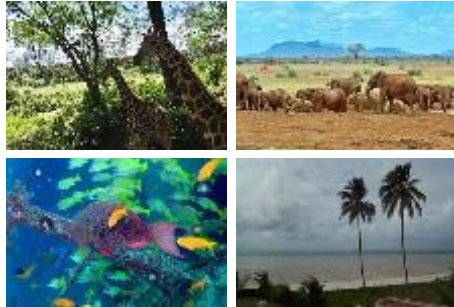
#### Ensure compliance:

- Systematically monitor guides' licenses upon entry
- Include regular capability evaluation for license renewal and conduct anonymous guide checks

Potentially create more **park / experience specific expert licenses** and curriculum and introduce minimum expert quotas for park guiding

**Strengthening requirements and better enforcing them is expected to reduce capacity, especially from 'bad actors' and thus improve visitors experience while better controlling environmental protection. Tanzania has similar restrictions and measures in its wildlife areas**

## C2: Kenya could prioritize four coastal zones



**Mombasa**



**Lamu**



**Malindi/Watamu**



**Diani Beach**

### Description<sup>1</sup>

Culture/beach/wildlife weekend trip

Authentic and eco -friendly experience

Marine adventure

An integrated beach and entertainment zone

Targeted at high value FIT<sup>2</sup> and honeymooners

Sun and beach tourists, families and FIT<sup>2</sup>

### Development needs

Seamless transport to optimize the journey time between the different attractions (Tsavo, Marine Parks)

Good signage in different languages (e.g., Chinese, Arabic)

Marketing emphasizing both the diversity of the city and the short distance between them

Highly regulated development of properties that will preserve the authenticity of the city and meet high international standards while being eco-friendly

Focus on high adrenaline water activities (e.g., parasailing, paddle boarding, waterskiing, wakeboarding, kitesurfing, scuba diving, sailing) developed to international standards with all the safety measures

Integrated coastal entertainment, restaurants, hotels, and water activities easily connected to each other with secure tourist friendly walking zones and clean high-standard public facilities

*Diani beach phase 1 and rest of South Coast phase 2*

1. Key difference from Coastal development plan is emphasis on developing each zone with a unique identity and marketing each to targeted segments  
2. Free Independent Traveler - an individual (or small group of < 10) traveling and vacationing with a self-booked itinerary



## C2: Ten potential priority initiatives for the coastal zone development

### Priority cross-cutting initiatives

Improve coastal connectivity by building **a ferry system connecting Mombasa port to Diani and Lamu**

**Accelerate the roll-out of the tourism protection service** and improve it by introducing more transparency on the complaints process

**Improve current beach cleanliness** through fines, zero-tolerance plastic mandates, and sponsored programs for cleaning beaches

**Resolve issues on perceived quality created by private accommodation** through better regulation of private booking platforms

### Focus on property and infrastructure

**Implement white land <sup>1</sup> tax or build or sell policies<sup>2</sup>** to stimulate development of prime beach frontage

**Extend runway and improve terminal facilities at Diani and Malindi airports** to open international connectivity.

### Other coastal developments by zone

**Mombasa: develop infrastructure** connecting nearby attractions (roads, signage, shuttle buses)

**Accelerate the development of Lamu** (including airport rehabilitation)

**Malindi/Watamu: develop and attract international water sports competitions** (e.g., the African Beach Games)

**Diani beach: Create internationally-recognized festivals**

1. White land is a global term referring to open land that has not been developed

2. As seen in Korea, Philippines, Columbia, the USA and Canada

# C2: Deep dive on white land or build/sell policies to drive property development and prevent underdeveloped prime land at the coast

## POLICIES TO INCENTIVIZE COASTAL OPERATIONALIZATION

	Description	Challenges (non-exhaustive)
<b>1 Implement White land tax</b>	<p>A tax on any entity or individual owning a vacant piece of land</p> <p>Requires owners of undeveloped land to pay a premium tax if they don't develop it within a certain period (e.g., within 12 months)</p> <p>This tax is normally higher than standard land tax and tends to increase with years of vacancy (e.g., in Seoul, every two years of vacancy, the rate increases by ~40%)</p>	<p><b>The definition of 'vacant land'</b> could be misunderstood</p> <p><b>Owners may prefer to own the vacant land despite the tax</b>, for example because the rate of increase in the value of their land could be higher than the tax</p> <p><b>Having a property tax system in place is a prerequisite</b></p> <p><b>Can be costly and would require resources</b> for assessment of both the land the building sites regularly (if any)</p>
<b>2 Create a build or sell policy</b>	<p>A policy to encourage operationalization of prime beach frontage properties in the three key zones</p> <p>Landowners would be given a fixed term in which they either rehabilitate or build on land in prime locations, after which the GoK could exercise its rights to buy the land back at market rates or auction the land to the best possible bidder</p>	<p><b>Risk of paying a higher price than the fair value of the land</b> due to speculation</p> <p>The development by private owners could be done in <b>a way that is not in line with the region's vision</b></p>

# C3: In addition to its existing safari and beach offerings, Kenya could develop and market 5 high-priority new experiences



**Discovering a myriad of rare birds**



**Watching rare and unique animals in the wild**



**Running with Kenya's world champions**



**Best kite-surfing in the world**



**Mountain-climbing over the savannah**

These 5 experiences could be scaled as a first priority as they appeal to large markets that Kenya is well-positioned to capture, given existing competitive advantage (already been proven through successful existing initiatives)

Several other experiences (e.g., cultural heritage tours) with high potential but stronger development requirements (e.g., infrastructures) could be developed in a second phase

# C3: Kenya could develop a dedicated offering and promotion strategy for each of these 5 priority new experiences

## Objectives



- a/b** Develop circuits to watch birds and rare animals in wild unexplored Kenyan parks
- c** Develop one of the world's best kite-surfing spots in Watamu and Che Shale
- d** Build world-famous mountain climbing over savannah
- e** Become a must-run marathon with Kenyan's world champions

## Potential initiatives to consider

- **Develop end-to-end experiences (“circuits”)** in partnership with the National Museums of Kenya and private sector and develop stories and circuits that are marketed through specialized niche channels and interest groups
- Improve **accessibility and infrastructure** along those circuits – *Refer to D2*
- **Develop regional competitions** in partnership with international organizations and the private sector, developing infrastructure in parallel
- Improve **beach accessibility and security** – *Refer to C2*
- License **private actors** to develop experiences and programs for domestic travelers and develop targeted marketing through specialized media channels
- Improve **accessibility and security** in the parks – *Refer to C2*
- **Organize series of world's must-run marathons** (beyond Lewa) and market these **once in a lifetime opportunities** engaging **Kenyan marathon champions** to promote sport competitions







# D1: Kenya could deliver an end-to-end digital traveler journey in joint collaboration between public and private stakeholders

Optional functions for public and private sector

XX Potential priority initiatives, detailed next

Sponsor	Awareness	Information	Booking	Arrival / exit	Traveling around	Stay / Activities
<b>KTB / MoTW</b>	Push digital marketing content to create awareness on what Kenya has to offer and trigger search	<p><b>Improve web/mobile sites</b></p> <ul style="list-style-type: none"> <li>• Ensure they are well structured, easy to navigate, display relevant content</li> <li>• Link to partner sites that add credibility and improve search (e.g., US travel department)</li> <li>• Remove unnecessary links / code to improve speed</li> </ul>	Ensure seamless redirection from Magical Kenya website to linked experiences providers (e.g., <i>Signature Experiences</i> )	<p><b>Improve e-VISA website</b></p> <p>Maintain updated COVID-19 information</p> <p><b>Partner with service providers to improve digital infrastructure</b></p>	N/A	<p><b>Partner with digital payment providers</b></p> <p><b>Digitize KWS park entrance</b></p>
<b>Experience providers / OTAs</b>	Develop digital marketing content to be pushed via KTB or proprietary / paid channels	Provide single-click access to information	<p>Simplify booking processes (# of fields, accepted payments means)</p> <p>Push ads to identified leads</p> <p>Align messaging with KTB/ MoTW</p>	Provide direct local data connectivity to incoming tourists (e.g., pre-loaded SIM with data/SMS)	<p>Provide Wi-Fi in transport including SGR</p> <p>Provide easy to use online transport booking including SGR</p>	<p>Ensure seamless network connectivity</p> <p>Connect to digital payments platforms</p> <p>Partner with travel sites to allow easy information access and reviews posting</p>

# D1: Six initiatives could be prioritized to improve digital customer experience in-country

Potential initiative	Description	Delivery approach
 <b>Keep Magical Kenya as single source of truth</b>	Ensure critical traveler information (e.g., visa protocols, health and safety information) is up to date and easy to find on the Magical Kenya website	Partner with digital provider <sup>1</sup>
 <b>Improve e-VISA website functionality</b>	Reduce website outages and long connections times <sup>2</sup>	Consider outsourcing
 <b>Improve Wi-Fi connectivity along major tourist hotspots</b>	Ensure access to good network connection along traveler journey, especially in strategic places (e.g., free Wi-fi hotspot at airport/railway stations or social media photo spots)	Partner with internet / infrastructure provider
 <b>Develop partnerships with digital payment providers</b>	Allow travelers to pay using their preferred digital payment apps by connecting them with local payment rails	Identify priority digital payment providers (e.g., WeChat, AliPay, Paypal) and work with service providers to create
 <b>Digitize KWS park entrance</b>	Develop a fully digitized payment and ticketing system for all KWS parks: booking, payment, receipts e.g., multiple cashless payment options, QR code scanning at park entrance ( <i>refer to C1</i> )	Design specifications and tender to digital provider
 <b>Create a full in-country tourist app</b>	A mobile app that provides recommendations, information on nearby attractions, connection to digitized guided tours etc., and is available offline	<i>Longer term initiative</i> – tender to digital provider

1. KTB supported by Google

2. This would need to be done in parallel with activities at customs and immigration to further improve traveler experience

## D2: To be a sustainable tourism leader, Kenya could implement minimum standards, issue sustainability badges directly, and raise incentives



### What

**Identify minimum requirements** (including transparency of reporting), with operators' licenses suspended otherwise

**Evaluate implementation of new, sustainability badges** and levels for the tourism industry (substituting Ecotourism Kenya or aligning more closely with it)

**Raise benefits of sustainability badges**



### Who

**NEMA** to monitor **minimum requirements**

**NEMA** to **reevaluate environmental audit licenses** based on additional sustainability requirements

**MoTW** to **evaluate** if **Ecotourism Kenya** is an adequate monitoring body for ecotourism accreditation

**MoTW** to **add benefits** to **sustainability badges**



### How

**Suspend licenses** if operators do not meet minimum requirements

**Downgrade badge levels** and **miss out on benefits** if levels of sustainability are not met

Options on non -financial benefits for badges:

- **KTB marketing** efforts tied to level
- Access to **distribution** channels and partners

Options on financial benefits for badges:

- **Tax rebates** for ecofriendly operations and capex
- Better **access to** local and international **loans** through public sector subsidies and advice

# D3: The tourism industry requires financing for infrastructure, conservation and sector-resilience

■ Detailed further



## A) Infrastructure

**What:** Development of tourism-related infrastructure

**How:**

- PPP concessions
- Government bonds

**Where:**

- Diani and Malindi airport
- A ferry water transport system along coast
- KICC
- Tsavo National Park
- Nairobi National Park



## B) Conservation

**What:** Funding for environmental and sustainable projects benefiting the tourism industry

**How:**

- Project finance for permanence
- Impact bonds
- Debt for nature swaps

**Where:**

- Chyulu Hills National Park
- Marine ecosystem
- Mau reforestation



## C) Resilience

**What:** Development of resilience and crisis-protection mechanisms

**How:**

- Parametric insurance
- Carbon markets
- Pension funds/Income protection

**Where:**

- Coral Reef
- Migration
- KWS parks
- Direct industry employees



# D3: Underserved parks development and management concession approach

OVERALL STRUCTURE FROM APRIL 2021 – MAY NOT REPRESENT LATEST

## Critical KWS park concession components

### Description

#### Clearly communicated sequence of concessions

Develop and communicate planned sequence of parks and reserves to be concessioned

Closed discussion with operators with proven record of park operations to identify requirements to grant management concession

Issue closed RFP to specialized park management entities for pilot case. Bidders may also bid on other parks in the plan

#### Long-term concession, potentially with combination flat fee and revenue share

10-20 year concession

Entity who would own, operate, develop and transfer the park(s)

Private entity keeps majority of revenue (70%+) and assumes development and management risks. Entity needs to be able to control revenue

GoK may need to provide minimum operating cost cover to ensure security

#### Terms and requirements well-defined for duration of concession

Clear requirements on dimensions such as:

- Security and ecology - improvement of security, minimized poaching, no-development ecological zones, maintenance of migratory routes
- Tourism development - road network, signage, capability building of service staff (guides; park rangers), attraction of private developers for high quality accommodation and ownership of marketing
- Community equity – employing local community in parks and financially contributing to community development

# Across all initiatives, there are policy, institutional frameworks, and institutional capabilities sub-initiatives

Consolidation of sub-initiatives on policy, institutional framework, or capabilities from across initiatives. Options – not exhaustive<sup>1</sup>

	Policy	Institutional frameworks	Capabilities
<b>Marketing</b>	<b>B2: Early gazette notification/</b> addition of 'long weekend' holidays to promote domestic tourism	<b>B1: Review of</b> marketing spend, digital marketing, and market prioritization of <b>KTB</b> as well as formation of <b>international marketing partnerships</b> with clear metrics to track ROI and performance	<b>B1: Expand service training standards</b> (e.g., languages like Mandarin, Arabic within Utalii curriculum) to be able to serve new source markets
<b>Products and experiences</b>	<p><b>C1: Seasonal pricing and/or park entry capping</b> policy for prioritized parks and reserves</p> <p><b>C1: Gazetting of standards in national parks/reserves</b> (e.g., vehicle types)</p> <p><b>C2: Revised policies for cleanliness</b> within tourist zones including zero-tolerance policies for plastic use</p> <p><b>C2: Policy and regulation for private booking platforms</b></p> <p><b>C2: White land tax policy OR Build or sell policy</b> to accelerate property development in the coast</p>	<p><b>C1: Development of multi -party audit committee</b> to enforce standards for properties within parks and reserves</p> <p><b>C1: Review of</b> operations, management, and revenue model of <b>KWS</b> in line with seasonal pricing and/or capping model and concessions/financing requirements</p>	<p><b>C1: Strengthen guiding standards and guidelines</b> in national parks and reserves including regular license renewal capability assessments</p> <p><b>C2: Security personnel talent development</b> within the Tourism Service Unit (TSU)</p>
<b>Enablers</b>	<b>D2: Sustainable development</b> standards and guidelines enforced through MoTW	<p><b>D2: Review of EcoTourism Kenya</b> standards</p> <p><b>D3: Implementation of PPP process</b> to support acceleration of development concessions</p>	<b>D1: Digital capability training</b> (across the tourist journey including park entry)

1. Additional options in addition to the current tourism policy

# Overview of next steps for execution

---

## GoK syndication and endorsement of strategy

April 2021-May 2022

**Execution team set-up**  
(e.g., set initiative owners in implementing institutions)

May – Sept 2021

**Launch of “quick wins”**  
(e.g., seasonal park fee pricing)

Sept 2021 – May 2022

## Implementation

**First ~20 priority milestone execution**  
(including rolling update of 6-month workplans)

May 2022 to 2025

## Strategy detail

# Abbreviations

<b>ADR</b>	Average daily rate	<b>KTB</b>	Kenya Tourism Board	<b>PR</b>	Public Relations
<b>ASEAN</b>	Association of Southeast Asian Nations	<b>KTF</b>	Kenya Tourism Federation	<b>RFP</b>	request for proposals
<b>B</b>	billions	<b>KTS</b>	Kenya Tourism Survey	<b>RMB</b>	Renminbi
<b>B2B</b>	business-to-business	<b>KTSA / Kenya TSA</b>	Kenya Tourism Satellite Account	<b>ROI</b>	return on investment
<b>B2C</b>	business-to-consumer	<b>KWS</b>	Kenya Wildlife Service	<b>RoW</b>	rest of world
<b>CAGR</b>	compound average growth rate	<b>M</b>	millions	<b>SGR</b>	Standard Gauge Railway
<b>CMP</b>	collaborative management partnership	<b>MICE</b>	meetings, incentives, conferences, and events	<b>SMS</b>	text message
<b>COGS</b>	cost of goods sold	<b>MMNR</b>	Maasai Mara National Reserve	<b>SOE</b>	state owned enterprise
<b>DMO</b>	destination management organization	<b>MoTW</b>	Ministry of Tourism and Wildlife	<b>sq km</b>	square kilometer
<b>EU</b>	European Union	<b>NEMA</b>	National Environment Management Authority	<b>TRA</b>	Tourism Regulatory Authority
<b>FiT</b>	Free independent traveler	<b>NGO</b>	non-government organization	<b>TRI</b>	Tourism Research Institute
<b>FX</b>	foreign exchange	<b>NP</b>	national park	<b>UAE</b>	United Arab Emirates
<b>FY</b>	fiscal year	<b>NR</b>	national reserve	<b>UK</b>	United Kingdom
<b>GDP</b>	gross domestic product	<b>NZ</b>	New Zealand	<b>UNESCO</b>	United Nations Education, Scientific, and Cultural Organization
<b>GoK</b>	Government of Kenya	<b>OECD</b>	Organisation for Economic Cooperation and Development	<b>UNWTO</b>	World Tourism Organization
<b>IATA</b>	International Air Travel Association	<b>OTA</b>	online travel agency	<b>US</b>	United States
<b>ID</b>	identification	<b>p.a.</b>	per annum	<b>USD</b>	United States dollar
<b>k</b>	thousands	<b>PA</b>	Protected Area	<b>VFR</b>	visiting family and relatives
<b>KICC</b>	Kenya International Conference Center	<b>PFP</b>	Project Finance for Permancne	<b>WTTC</b>	World Travel and Tourism Council
<b>km</b>	kilometer	<b>pp</b>	per person		
<b>KNBS</b>	Kenya National Bureau of Statistics	<b>PPP</b>	Public-Private-Partnership		
<b>KPI</b>	key performance indicator	<b>pppd</b>	per person per day		
<b>Ksh</b>	Kenyan shilling	<b>pppn</b>	per person per night		

# Contents

---

**Tourism in Kenya pre-COVID-19**

New Tourism Strategy ideas (detail)

## Fast facts on the Kenya tourism sector pre-COVID-19

**4.4%<sup>1</sup>**

Estimated direct GDP contribution of the sector (**9.3%** total contribution)

**126B<sup>1</sup>**

FX contribution making it the 2<sup>nd</sup> largest earner

**8.7%**

Total contribution to employment (1.08M people), most outside of the main urban areas

**2.04M**

Inbound visitors to Kenya

**1.5M**

Visitors citing holiday as primary reason for visiting Kenya

**93%**

Share of international tourism out of total tourism spend

1. Kenyan shillings; KTSA Report; largest FX earner is diaspora receipts

# ~70% of inbound travel expenditure is leisure, of which ~75% is safari

Inbound expenditure by purpose and segment <sup>1</sup> USD Billions, 2019	Share of expenditure % spend <sup>4</sup>	Share of visitors, % tourists <sup>4</sup>
Total Inbound	100%	100%
Independent business travel	21%	15%
Other Tourism <sup>2</sup>	10%	8%
Leisure travel	69%	77%
Safari		
Beach		
Other leisure travel <sup>3</sup>		

Detailed description of the waterfall chart: The chart shows the cumulative breakdown of inbound expenditure. It starts with 'Total Inbound' at 2.7. From this total, 'Independent business travel' (0.6) and 'Other Tourism' (0.3) are subtracted to reach 'Leisure travel' at 1.8. The 'Leisure travel' segment is further broken down into 'Safari' (1.0 - 1.4), 'Beach' (0.2 - 0.3), and 'Other leisure travel' (0.1).

1. Segments estimated from industry interviews and exit surveys; inbound expenditure only (excludes domestic tourism)
2. Includes transit, medical and academic travel.
3. Includes culture, mountains, shopping and events.
4. Non-domestic segments, estimated from exit surveys

Source: Kenya TSA report, KNBS, World Bank; Industry interviews (Feb – March 2021)

## Focus of this effort is on “leisure travel”











Independent **business travel** is driven by general **economic activity** (often directly correlated to GDP growth). While there is some opportunity to target business travelers for some short-term tourism offerings, **this is typically a low-value segment** (because of inability to spend time visiting higher-value areas).

**Leisure travel** is by far the **largest segment**, mainly driven by **safari**, estimated to generate **USD 1.0 – 1.4 B** in inbound expenditure and representing **75% of leisure expenditure**. The remaining 25% goes towards beach and other leisure activities.



# Over 70% of inbound spend is contributed by the top 10 source markets (50% by the top 4)...

**Kenya: top 10 sources contribute ~70% of inbound spend**  
2019, % contribution to inbound leisure spend

 USA	19%
 Rest of Europe <sup>2</sup>	13%
 United Kingdom	11%
 China <sup>1</sup>	7%
 India	6%
 Germany	5%
 Scandinavia	4%
 Canada	3%
 Italy	3%
 France	3%
Other	~29%

1. Assuming 70% of other Asia market

2. Not including UK, Germany, Scandinavia, Italy, France, Switzerland

Note: 2015 Data based on KTSA surveys in June and December

Source: KNBS, KTSA

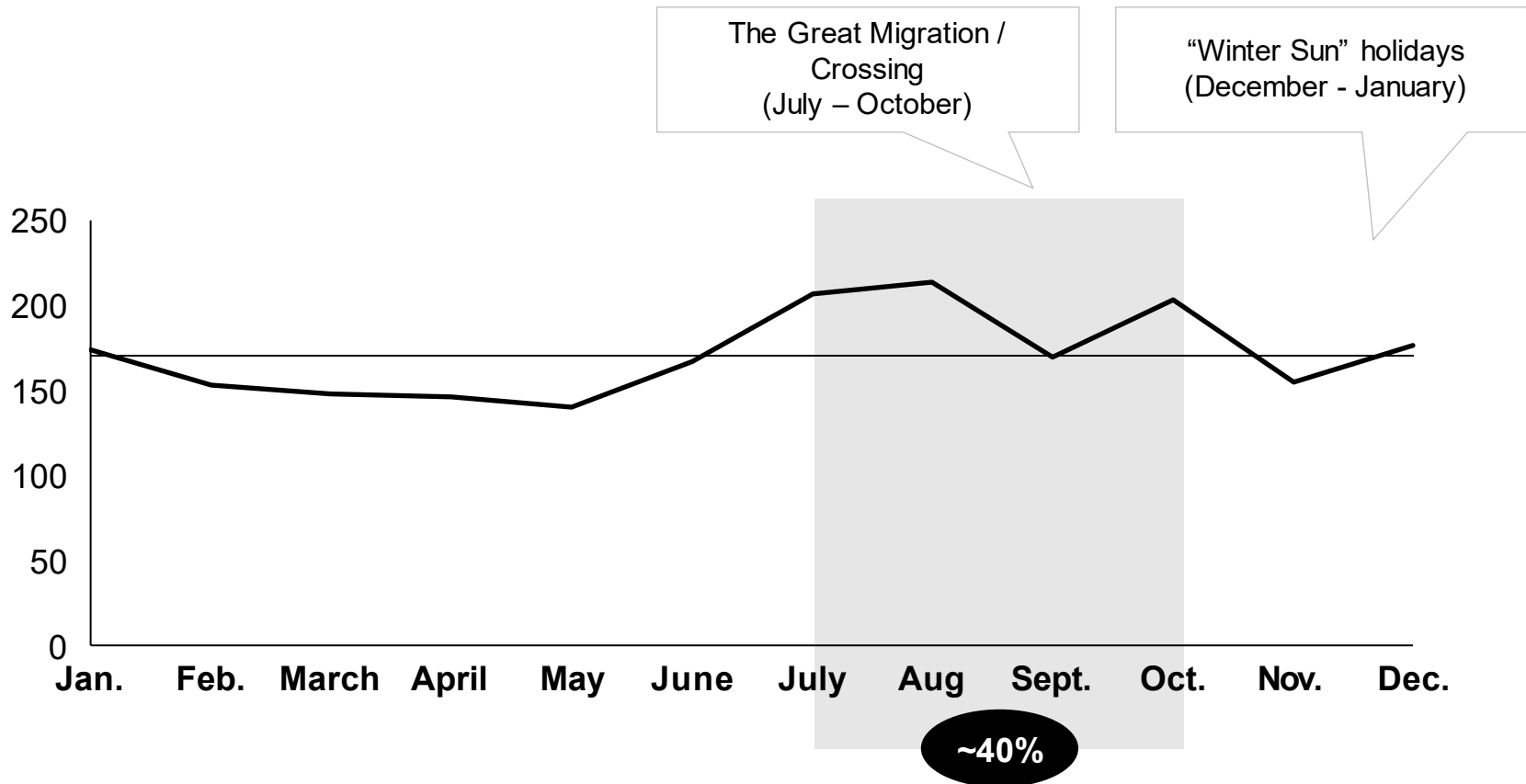
# ...with strong growth coming from China, India, and Scandinavia

xx – highest growth source markets

Expenditure, USD M, 2019	CAGR, expenditure %, 2015-2019	# of travelers 000s	CAGR, travelers %, 2015- 2019
350	28%	198	28%
231	23%	143	32%
194	18%	148	22%
130	<b>65%</b>	85	70%
103	<b>35%</b>	97	48%
84	-13%	58	-3%
74	<b>40%</b>	46	21%
51	31%	34	30%
49	-9%	41	17%
48	28%	44	30%
528	~35%	659	13%
<b>~1,850</b>		<b>~1,550</b>	

# Tourism is highly seasonal: ~ 40% inbound tourists visit Kenya between July and October

Monthly number of inbound tourists, 2019, 000s



“” Interviews insights highlight that Kenya has the potential to be an all-year destination

“The Crossing” has been over-marketed as the only Safari experience, despite the migration and animal viewing being available year-round

- Local tourism operator

Understanding what we have as a destination is key. We have a huge abundance of natural assets. We need to make them relevant to a broader set of tourists and markets .

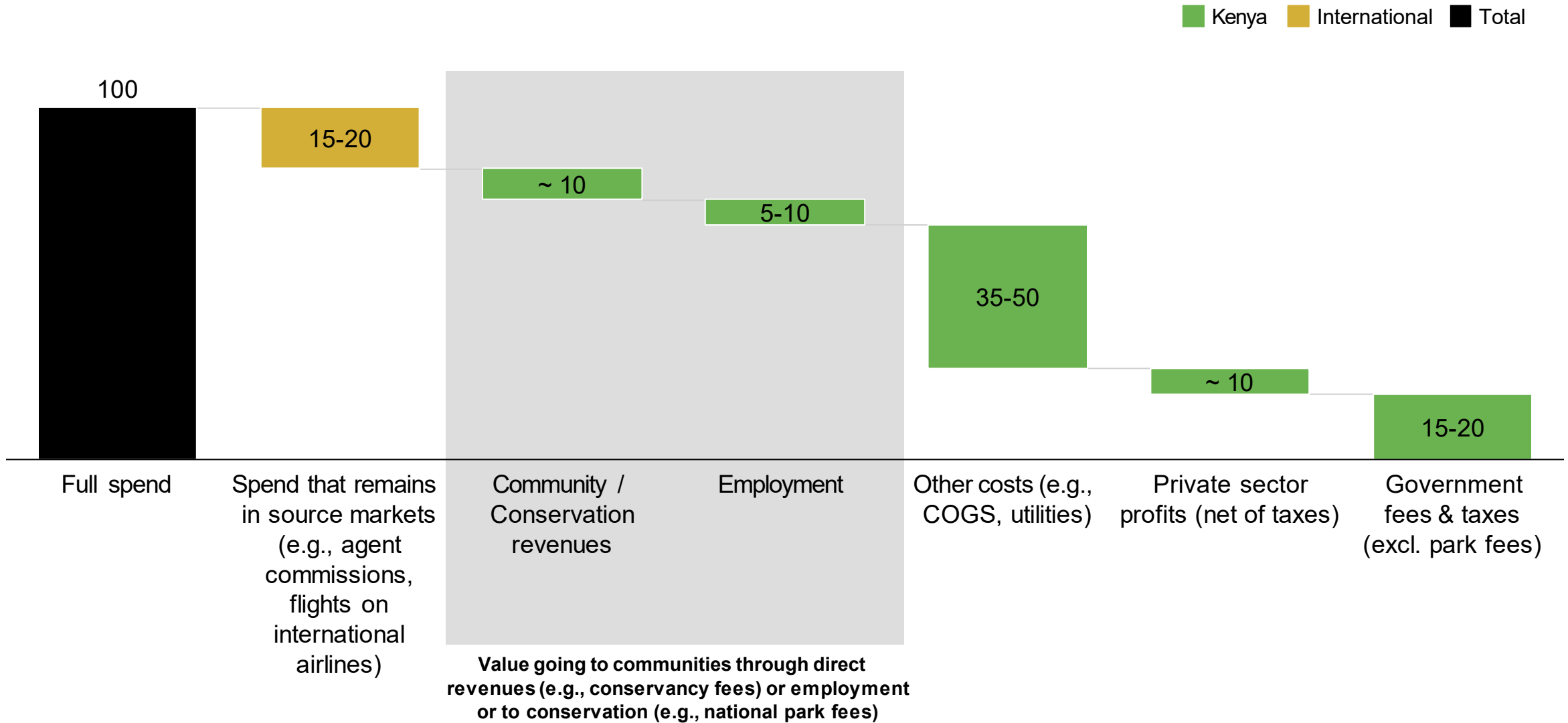
- Local industry expert

We have a lot to offer beyond safari including multiple animal migrations, cultural and geographical diversity, history and four different conservation models

- Local industry expert

# On average, 80-85% of total value generated by tourists stays within Kenya and 10-15% supports local communities

Example spend breakdown for a typical safari trip and where that spend accrues, %



Source: Expert interviews with industry players to establish the cost components of a typical trip (Feb. 2021)

# Going forward, how should Kenya think about its ambition as a sector in terms of number of tourists and value?

Three approaches to size tourism ambition

## ① Carrying capacity

The maximum amount of visitors an environment can sustain, given its resource availability and sensitivity

Please note that no carrying capacity analysis has been conducted in Kenya, so academic literature was used to derive benchmarks. This should be considered an outside-in estimate and true ecological or social carrying capacity may be different

**~7-7.5 million tourists**

Proxy carrying capacity of Kenya

## ② Fair share capture

The percentage of the total available market that a destination can capture, based on its distance to market source markets

Kenya benchmark based on similar outbound long-haul travel destinations and fair share capture from international averages

**~3-4 million tourists**

Fair share capture

## ③ Benchmarks from other countries

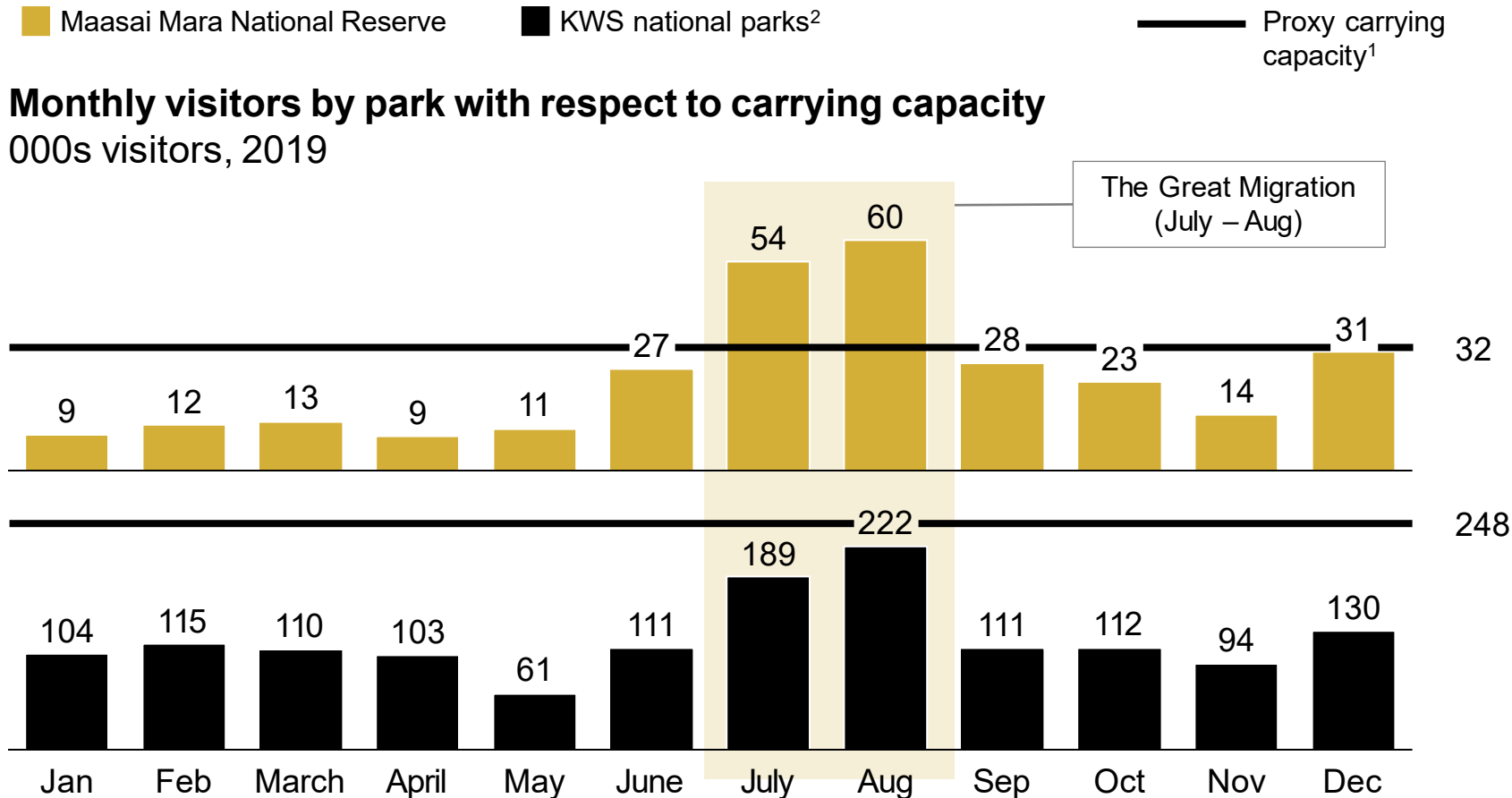
Benchmarks from other, similar countries on visitor numbers

Kenya benchmark based on adventure destinations that are medium-to-long haul from major source markets

**~3-5 million tourists**

Averages achieved by similar destinations

# 1: Kenya has limitations on number of tourists it can absorb while sustaining ecological health



The proxy carrying capacity of the **Maasai Mara National Reserve** is exceeded by ~100% during peak months

**KWS parks** are in aggregate **below carrying capacity**, reaching their **highest utilization of 90%** in August (although specific parks – like Amboseli and Nairobi National Park – do exceed their carrying capacity during peak season)

1. Calculated as (area x correction coefficient)/ normative area. Proxy using benchmarks from literature and may not represent true ecological and social carrying capacity. No carrying capacity analysis has been done recently for any wildlife areas in Kenya so used proxies and corrections as below

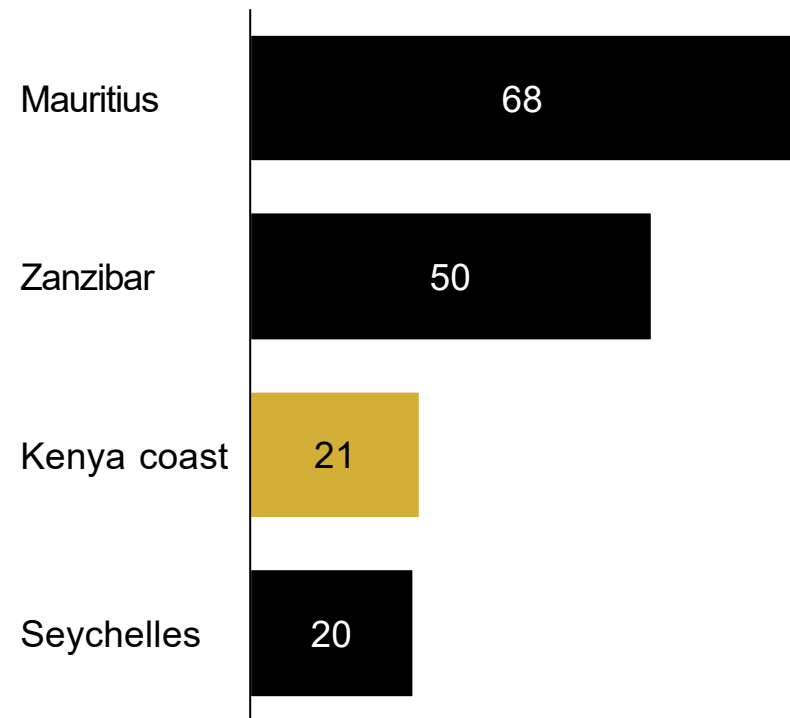
- Area: Park size in sq km
- “Environmental sensitivity” correction coefficient: Between 0.5 and 1, depending on outside-in assessment of relative environment sensitivity of a PA
- Normative area: Sq km per visitor, fixed at 1.4 sqkm/visitor for Mara and KWS and 2.8 for private conservancies

2. Excluding Nairobi Mini Orphanage, Nairobi Safari Walk, Kisumu Impala Sanctuary

# 1: The coastal region could have carrying capacity comparable to other coastal destinations

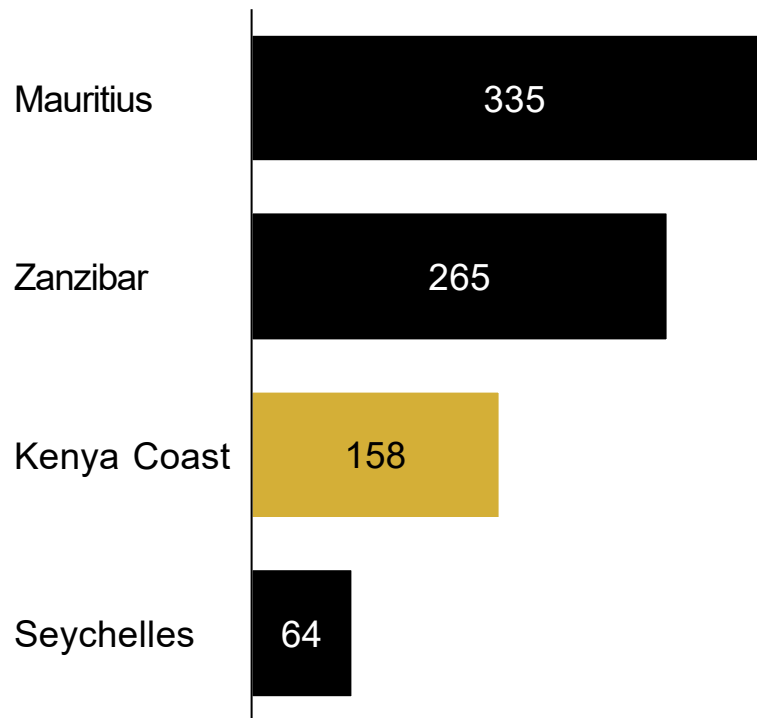
## Hotel supply by location

Beds per km of coastline



## Hotel demand by location

Monthly visitors per km of coastline



Kenya’s coastal offerings are underdeveloped compared to international peers

Seychelles has a luxury and upscale focus, but still accounting for 20 beds/km

Zanzibar attracts 265 visitors per km of coastline in a given month, while Kenya only gathers 158 tourists

~70% of Kenya’s coastal visitors are centered around Mombasa

Note: Assumed 80% of air visitors to all international locations are leisure travelers; Leisure split for Kenya: 80% Lamu, 80% Malindi, 50% Mombasa, 80% Vipingo, 80% Diani; 5k beds at Kenya’s coasts; 252km of usable Kenyan coastline

Source: IATA PaxIS; Booking.com; web search

# 1: Kenya's carrying capacity could be ~7-7.5M annual visitors, with ~80% in parks and reserves

PROXY CARRYING CAPACITY USING BENCHMARKS – MAY NOT REPRESENT TRUE SOCIAL OR ECOLOGICAL CARRYING CAPACITY AS ANALYSIS HAS NOT BEEN DONE FOR KENYA. HOWEVER, USED BENCHMARKS FROM OTHER REGIONS

## Kenya carrying capacity by segment visitors, millions

### Key assumptions

### Current utilization rate<sup>1</sup>

KWS parks <sup>3</sup>	3.0	Size of park multiplied by environmental sensitivity <sup>4</sup> , divided by normative area for visitors (1 bed per 350 acres <sup>2</sup> )	~50%
Maasai Mara	0.4		~75%
Private conservancies	2.5	Environmental sensitivity in MMNR taken as medium; KWS parks and private conservancies are high	
Coast	0.8	Zanzibar's beds per km of coast applied to 252km of Kenyan coast	60%
Other leisure travel	0.7	Assumed 5% of total capacity	
<b>Total carrying capacity</b>	<b>~7 – 7.5</b>		

**~40%** of Kenya's carrying capacity is in **KWS parks**

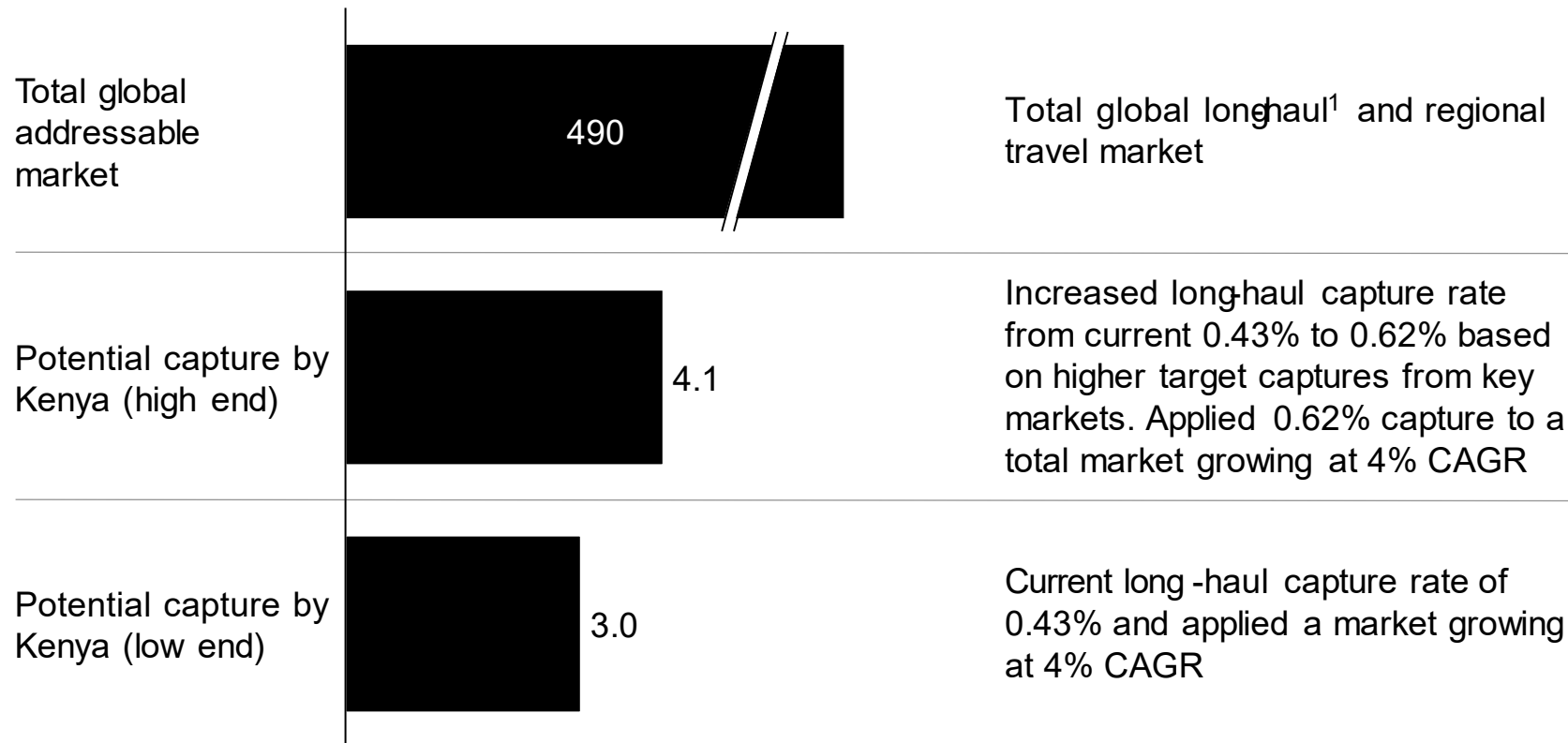
The **coast** has close to **1M carrying capacity**, with **less than 500k visitors today**

1. Number of visitors divided by carrying capacity
2. Normative area for visitors based on benchmarks at 1 bed per 350 acres for national parks/reserves and 1 bed per 700 acres in private conservancies
3. Excluding high-volume but short visit areas (e.g. <2-3 hours typically spend) such as Nairobi Mini Orphanage, Nairobi Safari Walk, and Kisumu Impala Sanctuary
4. "Environmental sensitivity" is a coefficient (value from 0.5 to 1.0) applied to account for environmental sensitivity based on the type of protected area, based on expert interviews

## 2: Using a fair share analysis, Kenya could theoretically capture ~4M international visitors by 2030 in a high case

### Outbound leisure market, 2030

visitors, millions



1. Including Middle East, and APAC

Note: Total Number of outbound trips 2030 taken as the base, subtracted 58% short haul trips and 20% medium-haul as they are not a target for Kenya; 22% long-haul trips remain and capture rates were applied; added regional travel of 1.1-1.3M

Total outbound travelers in 2030 are expected to be 2B, of which ~80% are short- and medium-haul trips to neighboring European, Asian, or North American countries. The remaining, combined with M regional travel, is the available global addressable market of ~490M visitors by 2030

**Kenya currently captures 0.43%** of the long-haul total addressable market. If its capture rate would increase to 0.62%, it **could add 2.1M visitors** to the industry

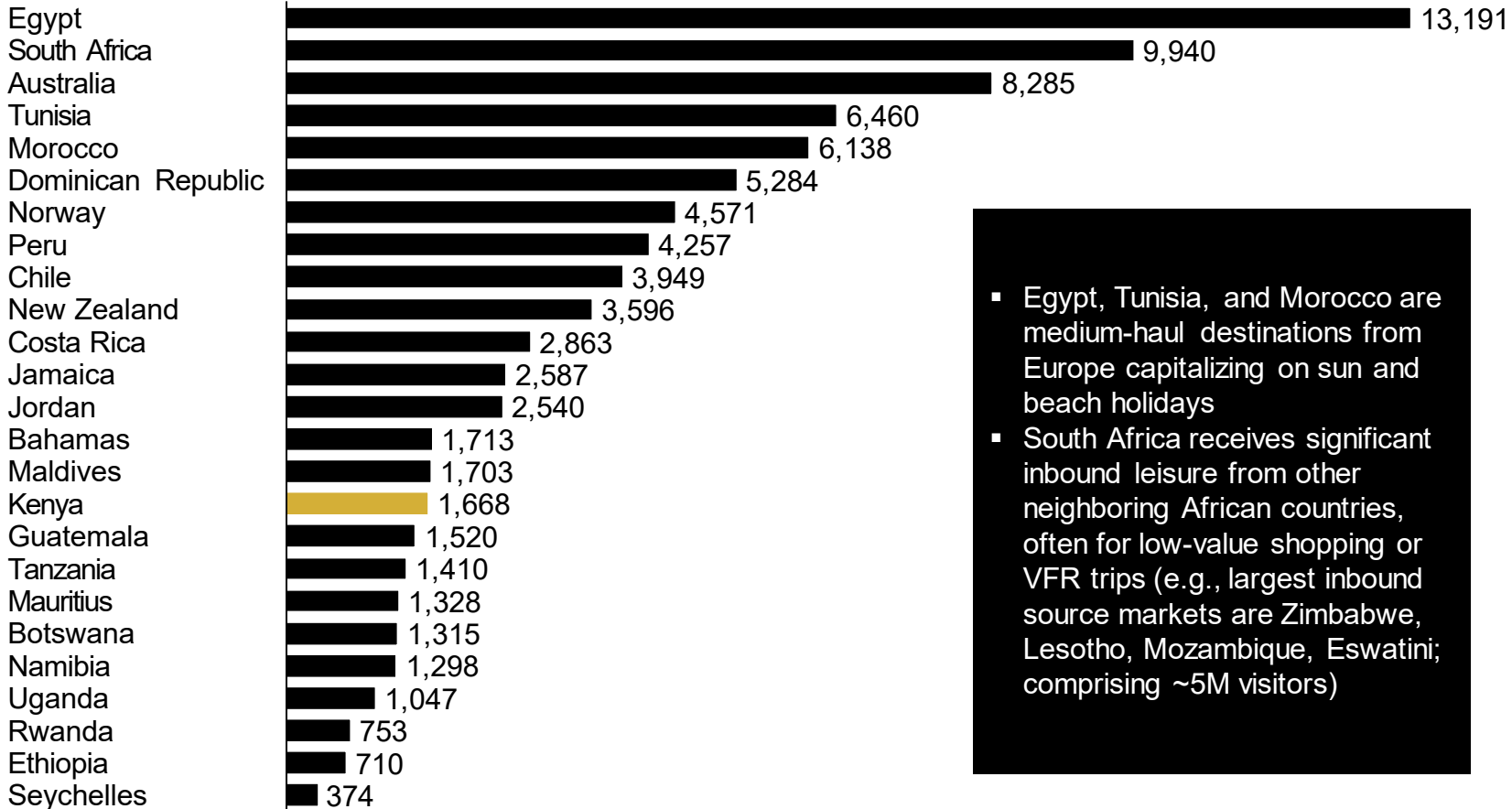
Domestic tourists would be in addition and could add up to 2-3M in 2030 (but this is assumes nearly 100% capture rate of the domestic market)



# 3: Most medium/long-haul adventure travel destinations see <5M visitors per year

## Inbound leisure visitors for sample peer countries

visitors, 000s, 2019



- Egypt, Tunisia, and Morocco are medium-haul destinations from Europe capitalizing on sun and beach holidays
- South Africa receives significant inbound leisure from other neighboring African countries, often for low-value shopping or VFR trips (e.g., largest inbound source markets are Zimbabwe, Lesotho, Mozambique, Eswatini; comprising ~5M visitors)

## Key Takeaways

There are **34 countries** that received **>10M inbound leisure visitors in 2019**. Of those, **17 were in Europe and 10 in Southeast and East Asia**. Almost all have dominantly **regional tourism**. For example:

- France (the country with the highest tourism volumes globally) has 79M tourists of which 73M came from other European countries
- Thailand has 38M tourists per year, but 26M of those came from ASEAN countries and China

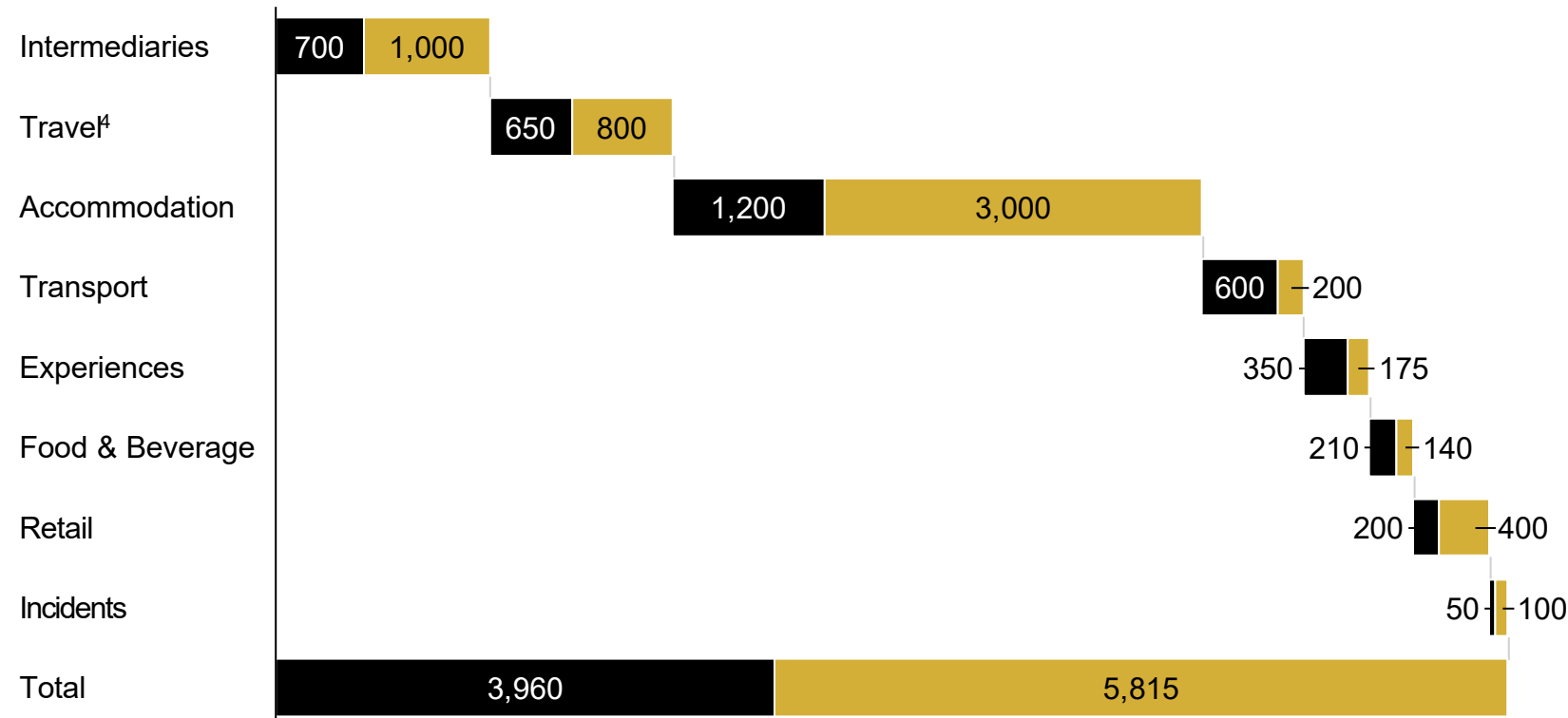
Most countries that are **medium or long-haul and adventure-based destinations without large regional source markets tend to fall in the <5M visitor range** (see peer group at left)

# Given limitations on growing volume, sector ambition could focus on growing value through attracting upmarket tourists

TYPICAL 7-DAY TRIP

■ Low-value traveler<sup>2</sup> ■ Additional spend high-value traveler<sup>3</sup>

## Average spend per person for non-business visit to East Africa<sup>1</sup>, USD, 2019



1. East Africa includes Kenya, Tanzania, Burundi, Rwanda, Uganda; average beach/safari combined trip  
 2. Young couple (<45) from UK used as proxy  
 3. Older couple (>45) from USA used as proxy  
 4. Includes air fare

## Key Takeaways

An average **high-value traveler spends 5000-6000 USD more per trip** to East Africa, with **~4000USD** of that **staying in the destination country**

High-value travelers **spend more on segments that stay in-country** as flight and international intermediary share of expenditure fall, while **retail (including tips) and accommodation spend increase drastically**

## Interview insights

“...we can grow value without sacrificing employment and economic activity along the way”  
**- CEO of leading travel organisation**

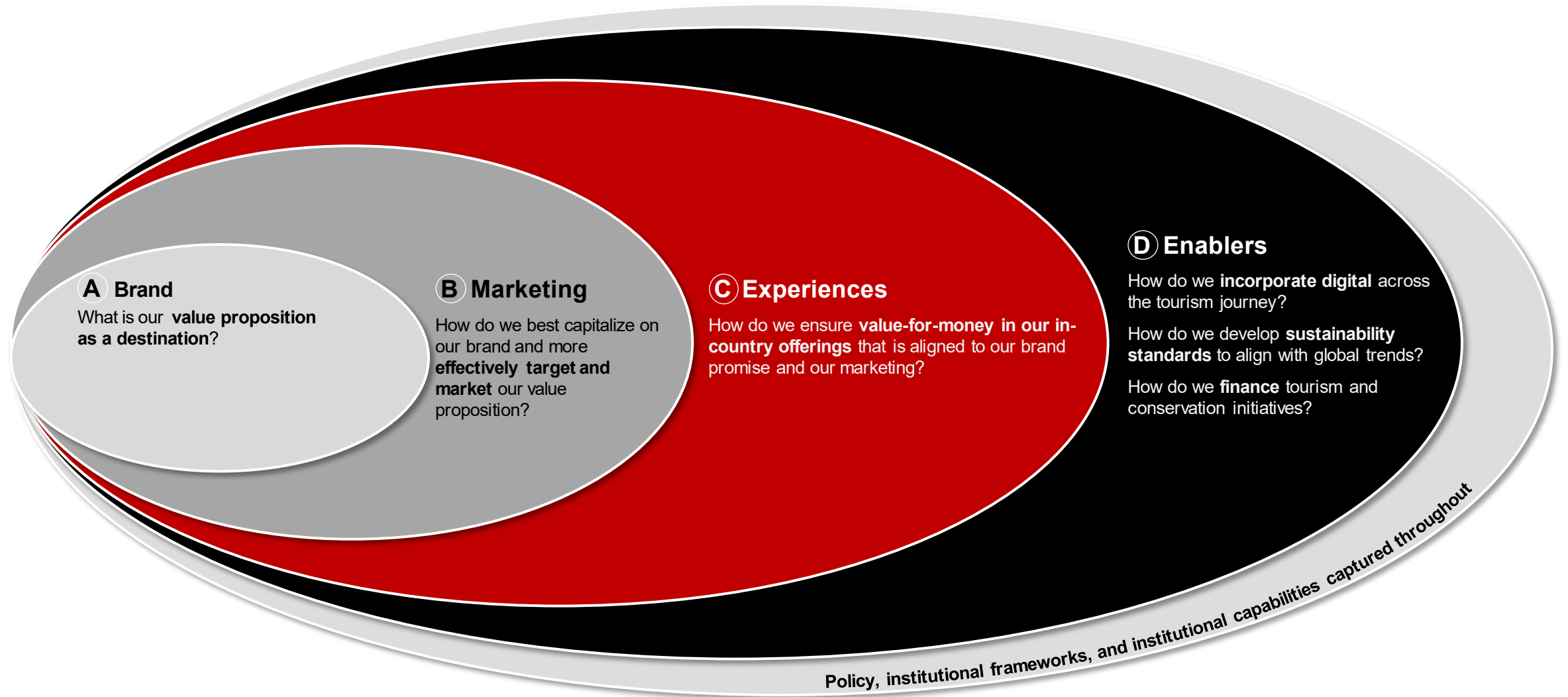
# Contents

---

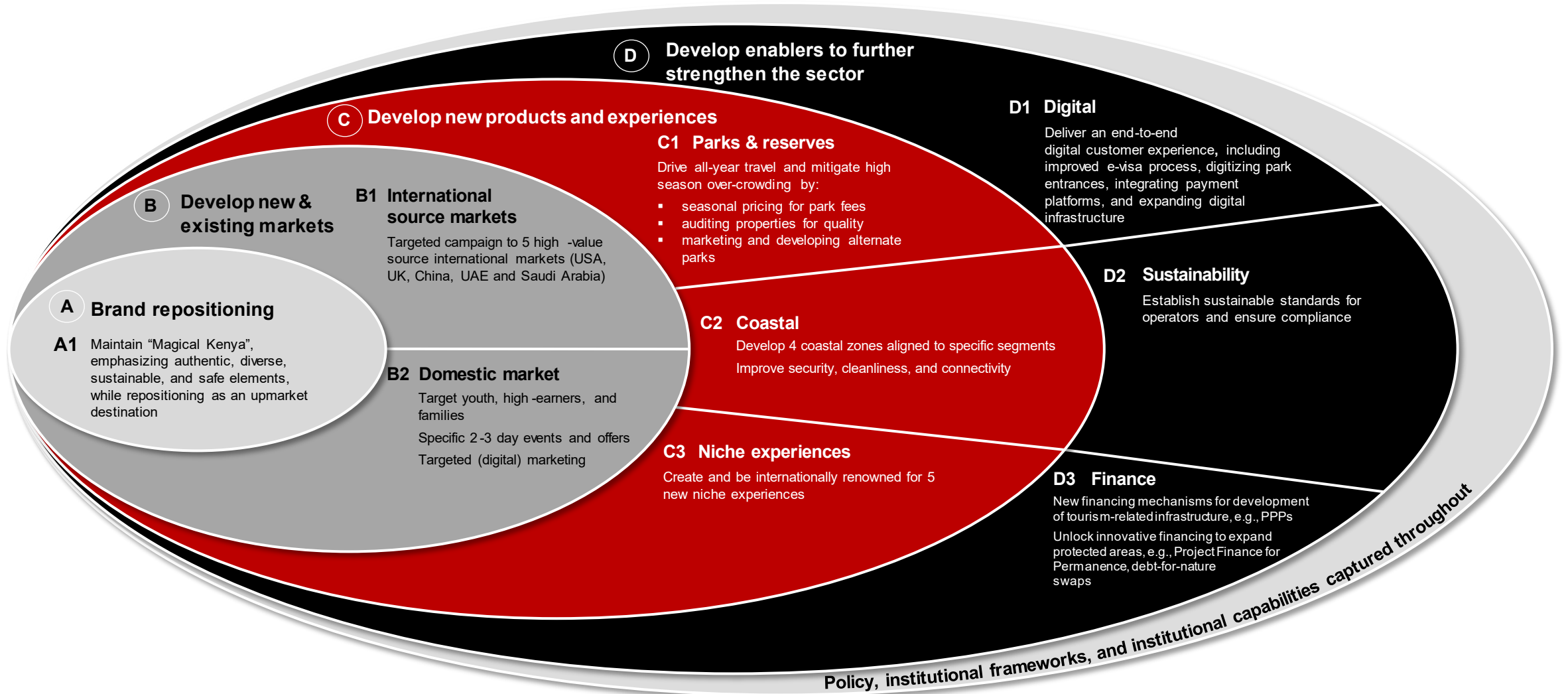
Tourism in Kenya preCOVID-19

**New Tourism Strategy ideas (detail)**

# Four components to deliver on the New Tourism Strategy...



# ...with nine initiatives



# These initiatives could deliver up to a 2x increase in tourism value by 2030

International 
  Domestic 
  Upside from increase in volumes 
  Upside from increase in average spend

TOP-DOWN ANALYSIS - NUMBERS MAY NOT SUM DUE TO ROUNDING

**Potential leisure travel revenues by source market** <sup>1</sup>, 2030, USD M

**CAGR** 24-30, %    **# tourists**, 2030, 000s

Source Market	Revenue (USD M)	CAGR (24-30, %)	# tourists (2030, 000s)
<b>Baseline 2019</b>	1,970		~1,550 (only int'l)
<b>Traditional (US, Europe)</b>	~430-750	4-7%	~240 – 310
<b>Emerging high potential (China, India)</b>	~320 – 470	10-13%	~240 – 270
<b>High potential new (UAE, Saudi, S. Korea)</b>	~5 – 10	8-12%	5 – 10
<b>Other inbound source markets</b>	~330 – 370	6-7%	~400 – 410
<b>Domestic</b>	n/a	n/a	
<b>Expected total revenues, 2030</b>	~3,060 – 3,600	6-8%	2,430 – 2,550 (only int'l)

Unclear data as current baseline of 6.5k travelers, includes all domestic travel (business, personal and tourism)

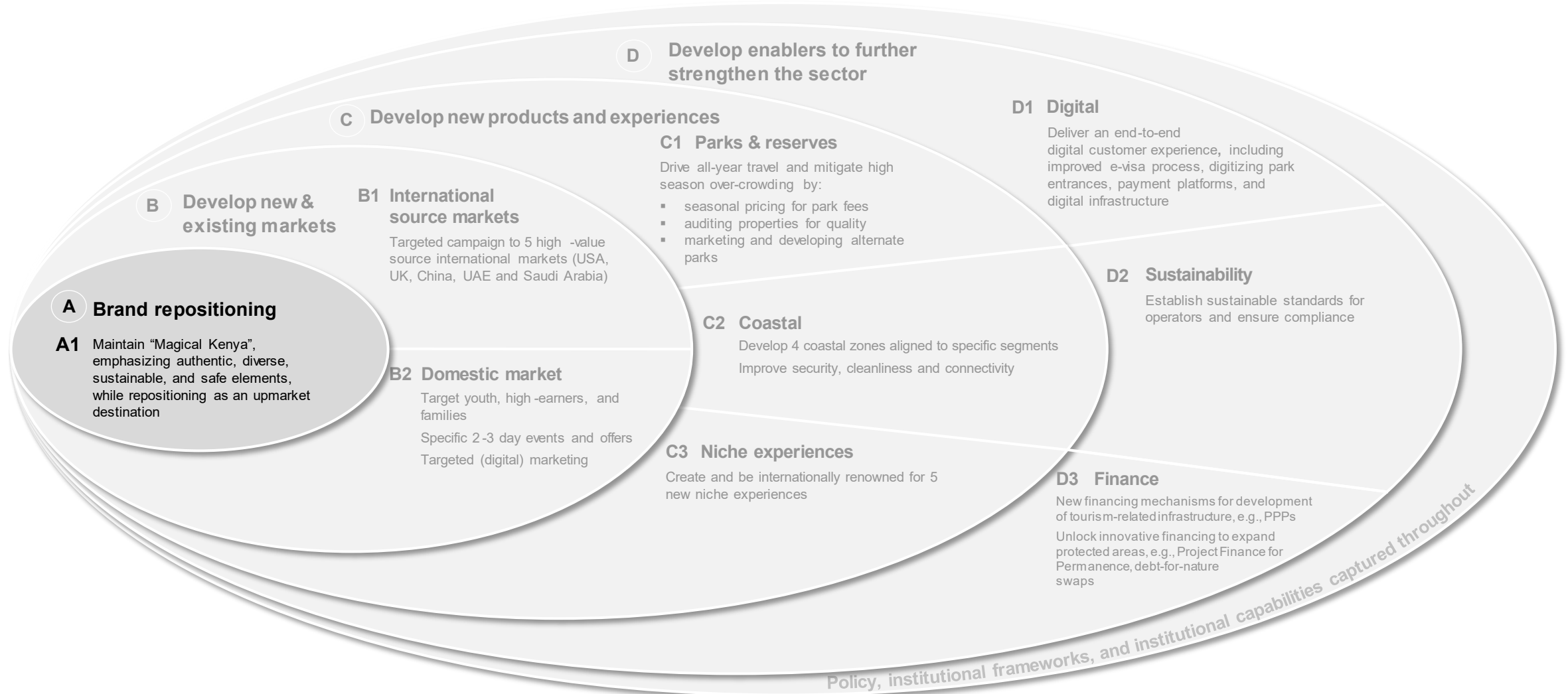
- Key assumptions on incremental upside versus expected baseline:  
 Volumes: 0.25-0.5% annual increase in volumes from 2024 driven by cross-cutting initiatives; additional 1-2% annual increase due to targeted marketing from 2022 in priority source markets and from 2025 in 2<sup>nd</sup> priority source markets  
 Value: 0.25-0.5% annual increase in average spending from 2024 driven by general efforts to raise tourism value; additional 0.25-2% annual increase due to targeted marketing from 2022 in priority source markets and from 2025 in 2<sup>nd</sup> priority source markets
- Proxy carrying capacity based on benchmarks from other ecological regions globally. May not represent Kenya's actual ecological/social carrying capacity; no such analysis has been done in Kenya recently
- Fair share based on benchmarks of capture rate of international outbound volumes from similar long-haul destinations
- Based on analysis of ~30 similar long-haul, adventure-based destinations

Source: KNBS, KTS, Kenya TSA; 2015 Data based on KTSA surveys in June and December; Euromonitor

Maximum proxy carrying capacity for Kenya is 7-7.5M<sup>2</sup>, but fair share potential suggests 3-4M<sup>3</sup> and most similar destinations<sup>4</sup> get <5M (and average of 3M) visitors

Achieving maximum potential is unlikely (considering seasonality of travel, COVID-19, etc.) so our ambitions are in line with a stretch but realistic goal on volume and value by 2030

# New Tourism Strategy for Kenya: 9 initiatives



# A1: Kenya's tourists tend to be first time visitors who stay less than 10 days for safari tourism

## Current tourist profile

**57%** First time visitors

**61%** Visit for wildlife viewing

**70%** Stay less than 10 days

## Common negative visitor perceptions

Flight **delays** and cancellation

**Traffic** and highway congestion

Secondary attractions not easily **accessible**

Poor cleanliness and **environmental** protection

Unfriendly and **unprofessional** staff

Lack of **security** personnel

Police demanding payment

Beach harassment

### “” Visitor Quotes

“I want to relax but **did not feel safe** at the beach”

“Train service staff with **service skills** (politeness, courtesy, empathy, speed)”

“Collect and dispose off **garbage** appropriately”

**Kenya needs to reposition its brand to evoke diversity, safety, all-year availability, family friendliness and value**



# A1: Kenya has many competitive advantages it can leverage as a brand

Brand elements identified through discussions with 20+ agents and operators in core source markets

## Magical Kenya “Life Changing Experience”



### Diverse



Landscapes – mountain, lake, ocean, savannah, Rift Valley

### Authentic



Community connectivity

### All-Year



All-year travel-friendly weather

### Sustainable



Leader in conservation globally



People – tribes and cultures



Warm, friendly people



Different experiences for different seasons – winter sun, escaping desert summers, February birthing season for wildlife



National ban on hunting



History – African roots, Portuguese, Arab, Indian, British



Immersion into nature with experiences including walking with rangers



Caters for all ages, family friendly



Multilingual – English speaking with roots in Italian, Arabic

# A1: Brand matters: Malaysia's "Truly Asia" brand increased tourist value to the industry by 17% annually following its launch in 1999

## Background:

- "Truly Asia" brand
- Created in 1999
- Won 30 awards in a decade

## Positioning:

- **Rich cultural** heritage
- A country that **epitomizes Asia**
- **Melting pot** of races and religions

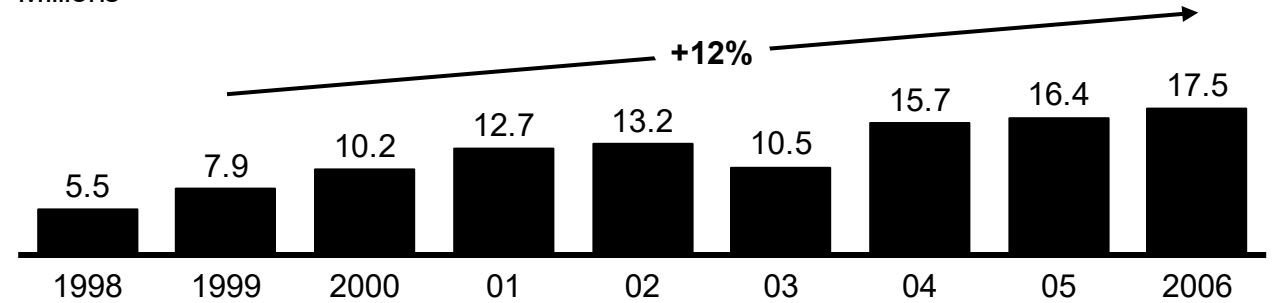
## Messages:

- **Radiant** with color, **throbbing** with life
- **Incomparable Asian** feast for the senses
- **Gentleness** and tolerance of locals
- Spirit of **peace and harmony**
- Like going on a trip around the region in one single country



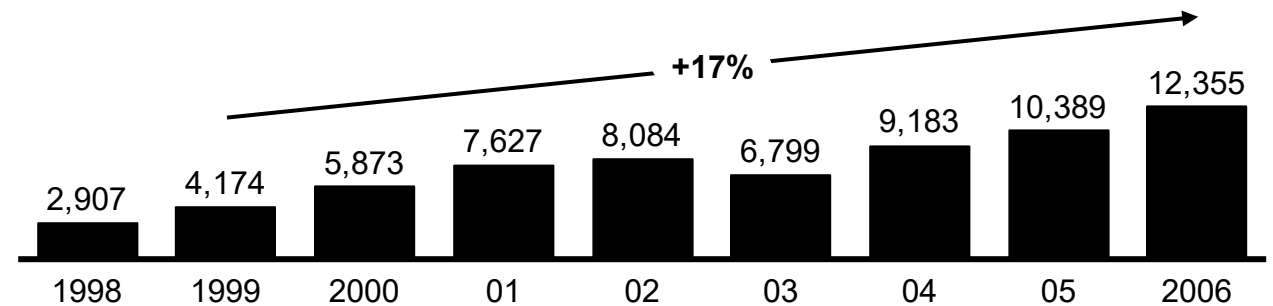
## Tourist arrivals

Millions



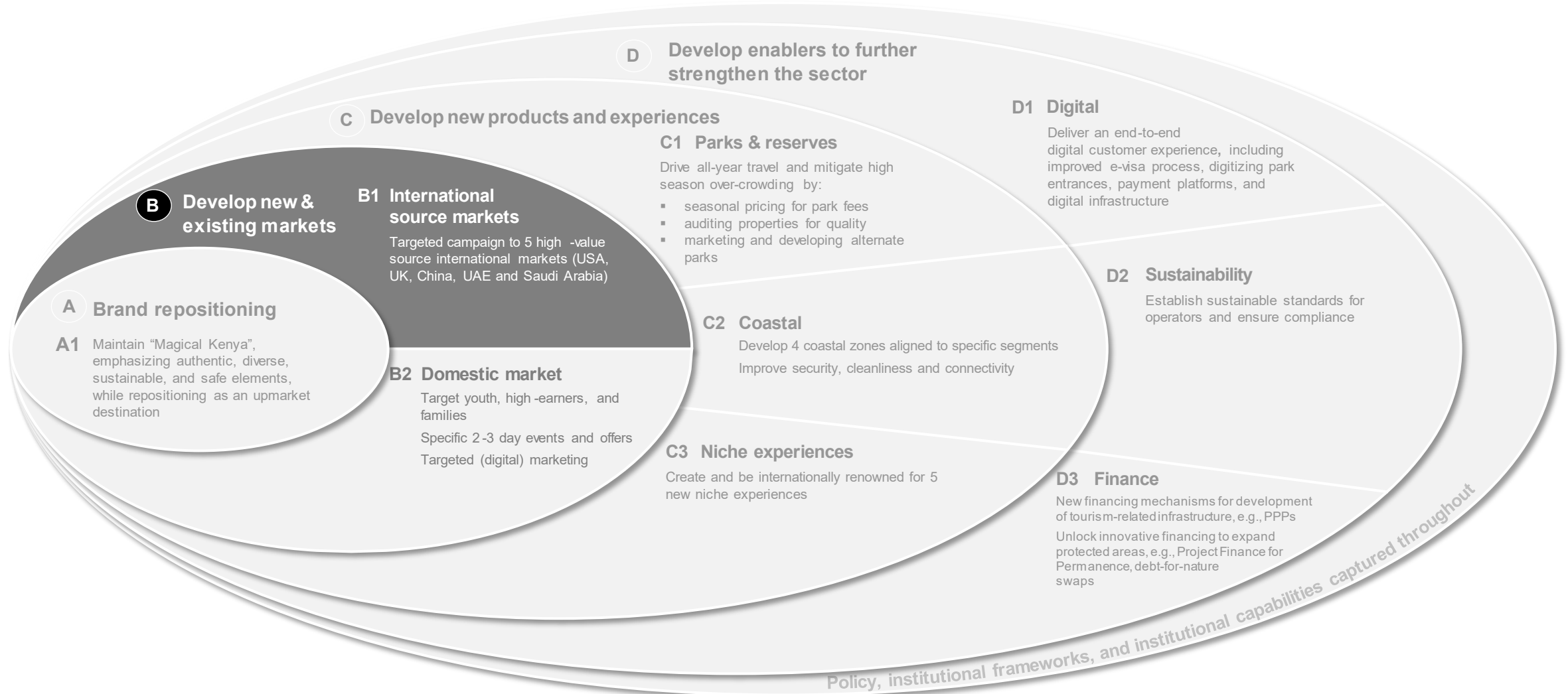
## Travels expenditure

USD Millions



Launched "Truly Asia" Brand

# New Tourism Strategy for Kenya: 9 initiatives



# B1: Kenya’s current destination marketing faces several challenges

## Challenges identified through interviews with in-source market agents and operators<sup>1</sup>



## Insights from interviews with CEOs from major source market travel actors

**Unclear source-market focus and differentiation of strategy**

Source market coverage done equally (e.g., one person for US, UK, and EU), with limited differentiation on campaigns and market-specific strategies

*Nobody is doing effective marketing in this country; tourist marketing needs to radically change*  
*There definitely is an off-season market in our countries but you need to properly target these segments (e.g., honeymooners)*

**Reliance on traditional marketing approaches**

Approach mainly based on marketing development representatives, trade visits / familiarization trips, destination marketing website, and airline marketing

*Roadshows are useless because the invited agents are not the highest selling ones in the source market*  
*We’ve often tried to onboard new marketing initiatives, but we’ve always been turned down because of a lack of funding.*

**Unclear strategy communicated to trade agents in terms of experiences / products to promote**

Trade agents’ education initiatives such as webinars, familiarization trips not reaching the most relevant audience (i.e., key trade agents have never been approached by KTB)

*We’ve been selling Kenya for so many years, yet we’ve never been consulted; it’s frustrating.*  
*They [KTB] should focus on the 10-15 companies who bring more business to Kenya; they will drive better ROI.*

**Lack of proactive reputational management during crises**

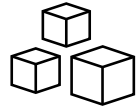
Vulnerability to travel warnings, but no dedicated strategy to preemptively manage reputational risk

*Kenya needs to better manage its reputation, leveraging good lobbyists and proactively communicating to media around its crisis management.*  
*...we have to use our own local contacts to get information on what is happening on the ground; it’s very difficult to get consistent information*

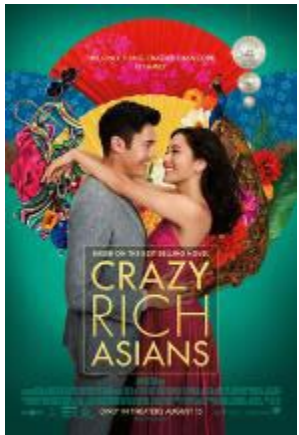
1. Including international and local private sector

# B1: What great destination marketing looks like

International best practices examples

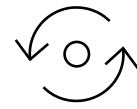


## Building an admired tourist destination brand



Singapore **shifted country's perception away from solely being a business destination** through **marketing luxury holidays**, capitalizing on success of Crazy Rich Asians

+60% increase in annual visitors

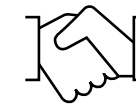


## Executing end-to-end traveler campaigns



Italy **dispersed tourism demand** beyond main national tourism hubs through **itinerary creation, supported by online content, and agent/ public education**

+40% increase in annual visitors



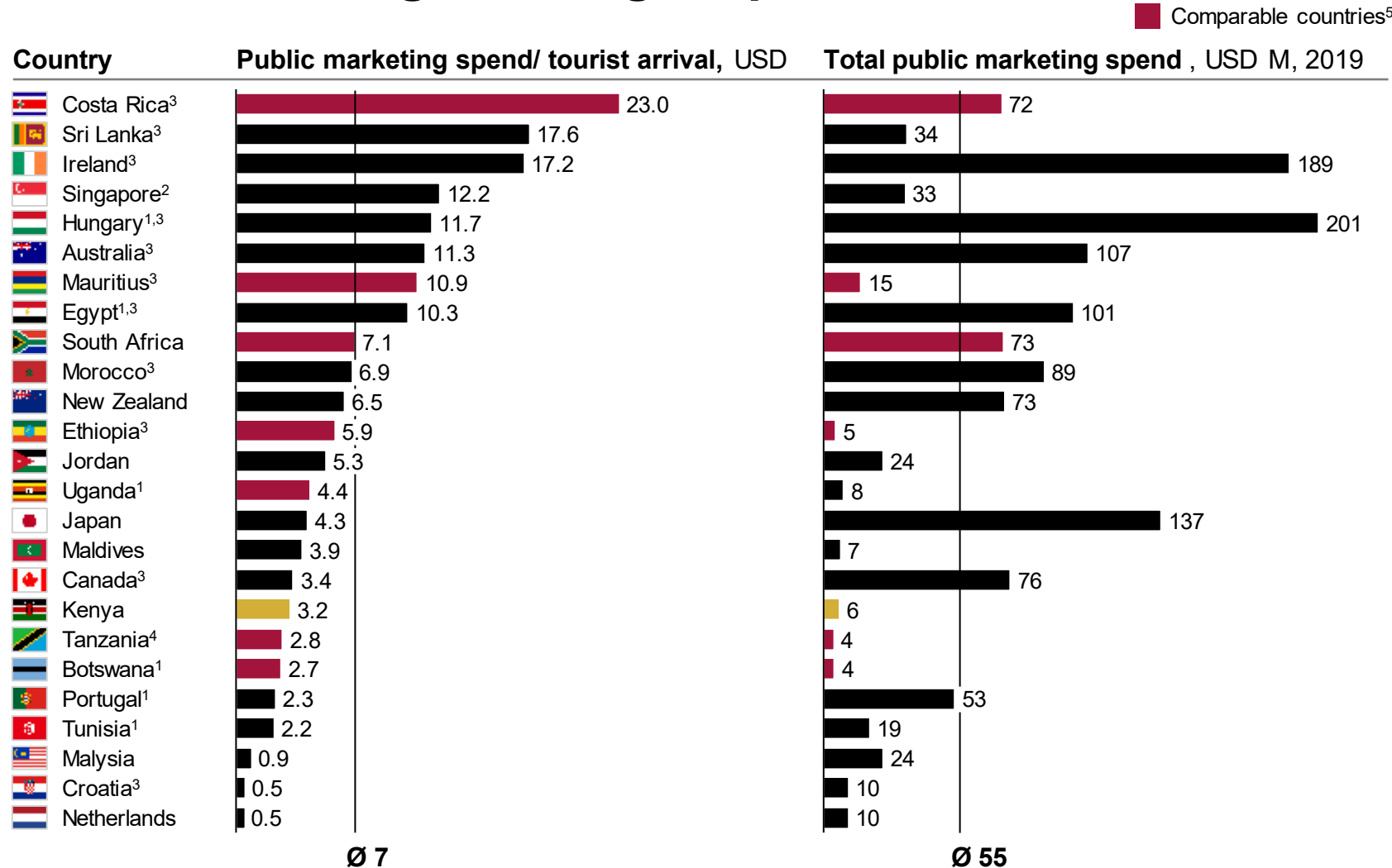
## Enabling agency partners



New Zealand found and **enabled B2B brand ambassadors** to “sell” to their peers by giving them the experience to encourage other agents

Growth of 70% in bookings, visitors, and revenue

# B1: Tourism departments typically spend \$7 per tourist on destination marketing; less mature tourism sectors have higher budgets per tourist



East and Southern African countries have a **significantly lower marketing spend** compared to global destinations

Countries that have recently reviewed their tourism strategies (e.g., Costa Rica, Singapore, Sri Lanka) have a marketing spend per visitor that is **almost 6x greater than Kenya's**

## “ ” Interviews insights

“Marketing in this country has been poor, with limited online presence in our market, where digital platforms are a key B2C connector

**- International tour agent from a key source market**

1. FY2018 – 2. FY2020 – 3. Refers not only to marketing expenses, but mostly includes the entire tourism budget – 4. FY2014 – 5. Based on maturity / offering

# B1: Kenya could focus on 5 source markets, with USA, UK, China, UAE, and Saudi Arabia as short-term priorities (1/2)

Source markets can be prioritized along 2 main criteria

Kenya could thus prioritize 5 markets across 3 categories in the short-term

## Proximity



**Historical relationship** (i.e., long-lasting / relatively new / no significant penetration)

**Fair-share potential** (i.e., penetration versus other East African countries)

**Other proximity indicators** (e.g., geographical, cultural)

## Value-at-stake



**Total outbound market potential** (i.e., current market size in value and expected growth by 2030)



### Short-term priorities

### Medium-term priorities

#### Key traditional markets



USA



Canada



United Kingdom



Germany



France

#### Emerging high potential markets



China



India

#### High potential new markets



UAE



South Korea



Saudi Arabia

## Key takeaways

Kenya may start by launching **tailored marketing campaigns for the 1-2 countries with highest potential within each category**

Given limited marketing spend, **prioritizing** marketing budgets is critical to successful outreach. Other source markets should still be engaged but marketing focus should be in prioritized countries.

Traditional markets such as **Italy, Switzerland, and Japan** could be deprioritized in terms of specific initiatives given relative **saturation** (fair-share captured) and **slow growth expected** (i.e., ~1% expected average annual growth by 2030)

# B1: Kenya could focus on 10 source markets, with USA, UK, China, UAE, and Saudi Arabia as short-term priorities (2/2)

High Medium Low

Country	Historical relationship <sup>1</sup>	% Kenya inbound leisure revenues, 2019	Volumes CAGR 15-19	Fair-share potential <sup>2</sup>	Other proximity	Expected total outbound market, 2030, USD B <sup>3</sup>	Exp. CAGR 19-30 <sup>3</sup>	Final prioritization
USA	Traditional	19%	28%	High		416	2%	High
UK	Traditional	11%	22%	Medium	Historical	112	2%	High
China	Emerging	7%	60%	High		451	7%	High
India	Emerging	6%	48%	Low	Historical	37	7%	Medium
Germany	Traditional	5%	-3%	Low		153	2%	Medium
Scandinavia	Traditional	4%	21%	Low		53	2%	Low
Canada	Traditional	3%	30%	Low		57	2%	Medium
Italy	Traditional	3%	17%	Low		25	1%	Low
France	Traditional	3%	30%	Low		54	1%	Medium
Australia and NZ	Traditional	1%	n/a	Low		53	3%	Low
Switzerland	Traditional	1%	n/a	Low		25	1%	Low
Israel	Traditional	0%	n/a	Low		15	4%	Low
Japan	Traditional	0%	n/a	Low		38	1%	Low
Netherlands	Traditional	2%	n/a	High		40	2%	Low
South Korea	New	1%	n/a	Medium		42	2%	Medium
UAE	New	0%	n/a	High	Geog.	5	2%	High
Saudi Arabia	New	0%	n/a	Medium	Geog.	41	3%	High
Kuwait	New	0%	n/a	Medium	Geog.	n/a	n/a	Medium
Rest of Europe	Traditional	10%	32%	Low		n/a	n/a	Low
Other Asia	Emerging	3%	n/a	Low		n/a	n/a	Low

1. Indicated by (i) current share of revenues and (ii) historical CAGR (i.e., higher CAGR indicating emerging markets)


2. Realistic target market share based on what peer-countries currently capture

3. Based on Tourism Recovery Model

Source: KTSA ; Euromonitor



# B1: 5 initiatives could maximize value captured from each type of priority source markets

 Addressed in other sections of this document

## Objectives



**Protect and maximize value from key traditional markets** (e.g., US, UK)

**Boost penetration in emerging high potential markets** (e.g., China)

**Diversify into high potential new markets** (e.g., UAE, Saudi)

**Attract source market-agnostic niche experiences travelers**


## Potential initiatives to consider

- |  |  |
|--|--|
| <p><b>a</b> Rethink marketing approach</p>   | <ul style="list-style-type: none"> <li>• <b>Develop tailored plans and invest in local presence</b>, disclosing agenda in advance to create transparency</li> <li>• <b>Expand non-traditional marketing approaches</b>, focusing on social media and niche influencers</li> <li>• <b>Strengthen relationship with trade, providing richer content on experiences to promote</b></li> <li>• <b>Develop proactive crisis management</b> (e.g., establish Magical Kenya as single source of truth, better communicate with industry and media, engage with embassies to preempt advisories, hire PR company in source-markets during crisis)</li> </ul> |
| <p><b>b</b> Develop dedicated end-to-end marketing and offering campaign for China</p> | <ul style="list-style-type: none"> <li>• Focus on <b>segments combining highest discretionary spend and appetite</b> for Kenya: sophisticated travelers, wealthy parents with children, elite young professionals</li> <li>• <b>Build partnership</b> with most relevant distribution partners (e.g., WeChat, luxury agencies) and work closely with local communication agency (e.g., Dragon Trail) to push tailored marketing content through social media / other relevant channels</li> <li>• Encourage actors to develop an <b>authentically Kenyan yet distinctly Chinese offering</b></li> </ul>  |
| <p><b>c</b> Develop awareness-raising campaign in new markets</p>                      | <ul style="list-style-type: none"> <li>• <b>Run market analysis</b> to identify priority segments (e.g., local families and high-income expatriates) and their preferences and pain points, combined with international best practices on how to capture them</li> <li>• Launch tailored <b>marketing campaign to gain visibility</b> (e.g., showcase Arabic heritage, focus on religious holidays) and engage with communication / distribution partners (i.e., those driving most business to Africa / comparable destinations)</li> <li>• Encourage <b>private sector to tailor its offering</b> (e.g., halal food)</li> </ul>                    |
| <p><b>d</b> Launch niche experiences-specific communication</p>                        | <ul style="list-style-type: none"> <li>• Engage with <b>specialized media and trade partners to market niche experiences</b> (e.g., international marathon-runner associations, local bird watching clubs) and provide content and contacts for classic trade partners to sell those experiences or redirect their clients to the right expert agents – <i>Refer to initiative C3</i></li> </ul>   |
| <p><b>e</b> Set up the enablers</p>  | <ul style="list-style-type: none"> <li>• <b>Improve e-visa website functionality</b>, minimize visa queue, consider <b>visa exemptions</b> (e.g., through bi-lateral agreements)</li> </ul>  |

# B1a: Rethink marketing approach: four initiatives

ILLUSTRATIVE CASE EXAMPLES

 Detailed further

Actions	Details	International examples
<p><b>i</b> Develop tailored plans and invest in local presence</p>	<p>Provide <b>visibility on marketing strategy</b> to major channels</p> <p><b>Tailor marketing plan</b> for each priority source market, based on <b>impact-monitoring</b></p> <p>Invest in <b>more consistent presence</b> in priority markets</p>	<p> <b>South Africa</b> – South Africa Tourism maintains an office in New York</p>
<p><b>ii</b> Expand non-traditional marketing approaches, especially digital</p>	<p>Partner with <b>international marketing agencies</b>, explicitly measuring converted leads</p> <p>Potentially invest in <b>joint promotion campaigns</b></p> <p>Increase <b>investment in digital channels</b> (especially social-media) and buzz-oriented initiatives (e.g., high visibility influencers for market promotion)</p> <p><b>Measure marketing campaigns ROI</b> through surveys, page hits, conversion analysis</p>	<p> <b>Singapore</b> – Activated influencers to bring luxury itinerary to life (sent 4 influencers to Singapore with Singapore Tourism Board)</p>
<p><b>iii</b> Strengthen relationship with the trade, providing richer content</p>	<p>Identify <b>top 30 operators</b> that drive the most revenues to Kenya / Africa in each high-priority source market</p> <p>Provide <b>targeted materials on new experiences to market</b> (e.g., underserved parks)</p> <p>Maintain <b>co-creation relationship</b>: create business opportunities and involve trade partners in creating go-to-market plans</p>	<p> <b>Italy</b> – Dispersed tourism demand beyond main hubs through itinerary creation, supported by online content, and agent/public education</p> <p> <b>South Africa</b> – Reinforced relationship with trade, offering spots in travel shows</p>
<p><b>iv</b> Develop proactive crisis management strategy</p>	<p>Establish <b>MoTW and KTB as single sources of truth</b></p> <p><b>Proactively engage with embassies, media, and industry players</b> to preempt advisories and biased communication during crisis</p>	<p> <b>Sri Lanka</b> – Launched mass campaigns following 2009 bombings to protect the industry</p>

# B1: Deep dive: developing a tailored marketing messaging

A diverse, authentic, and sustainable all-year destination

## Core marketing messages



### The Migration, a *life changing* experience

Market anchor product using new channels to attract a more discerning, high value traveler



### Four coastal zones to attract a diverse beach tourist

- Market diverse coastal zones :
- Multi-experience itineraries in Mombasa
  - Eco-friendly exclusive and secluded getaways in Lamu
  - Adventure sporting in Malindi / Watamu
  - Family friendly, multi-entertainment offers in Diani



### Unique experiences within Kenya's non-traditional parks and conservancies

Market diverse unique nature and community-based experiences found in Kenya such as walking/ riding with rangers and endangered animal tagging

## Niche experience marketing



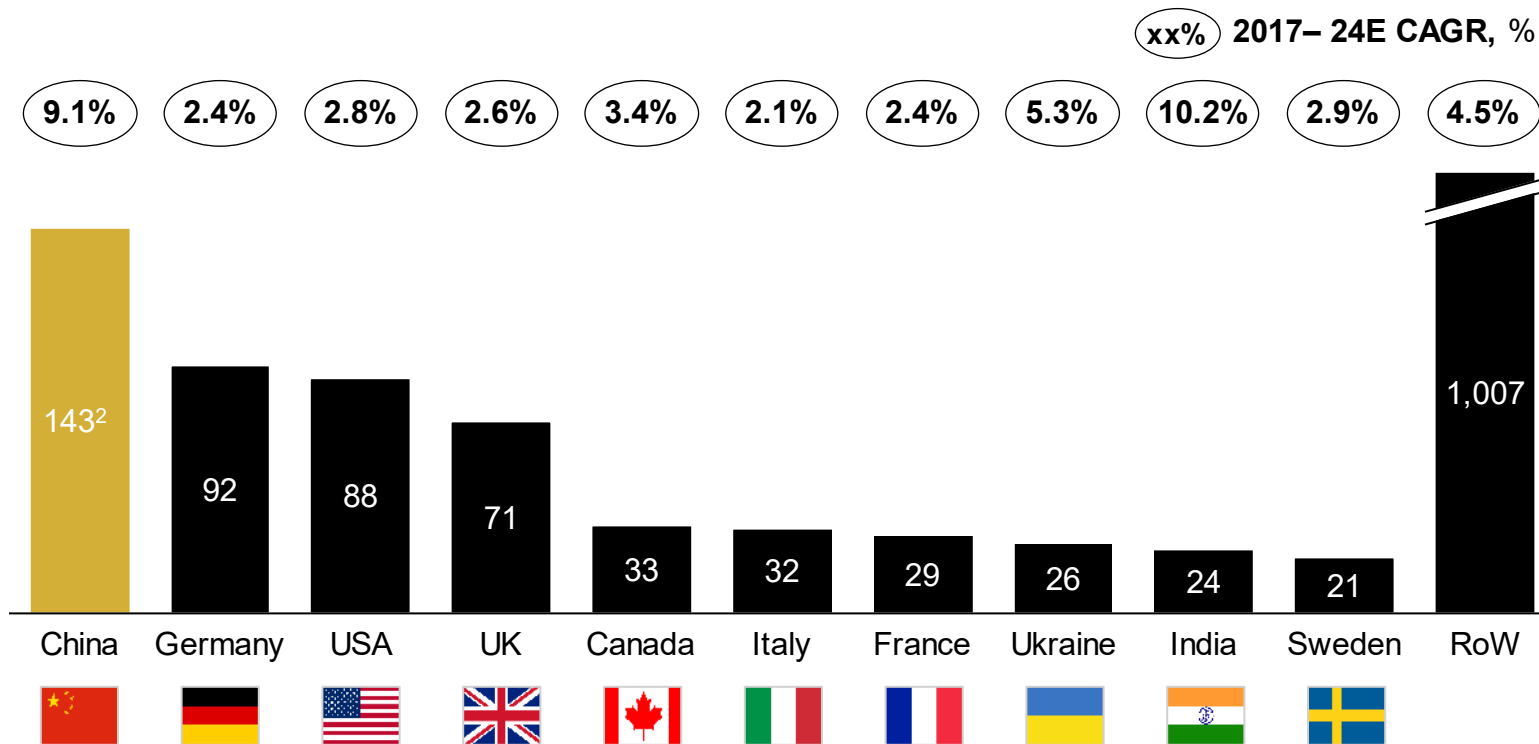
### Diverse and bespoke niche experiences

Market diverse and unique niche experiences through specialized channels (e.g., running with Kenyan Marathon runners)

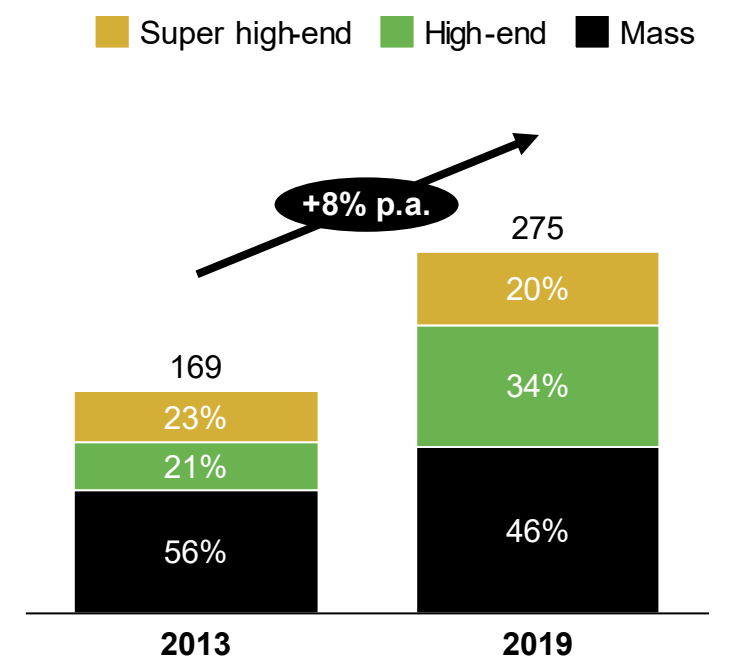
*Refer to initiative C3*

# B1b: China is the biggest and one of the fastest growing outbound markets, with a growing high-end segment

Top 10 outbound travel markets globally, 2017<sup>1</sup>, million trips



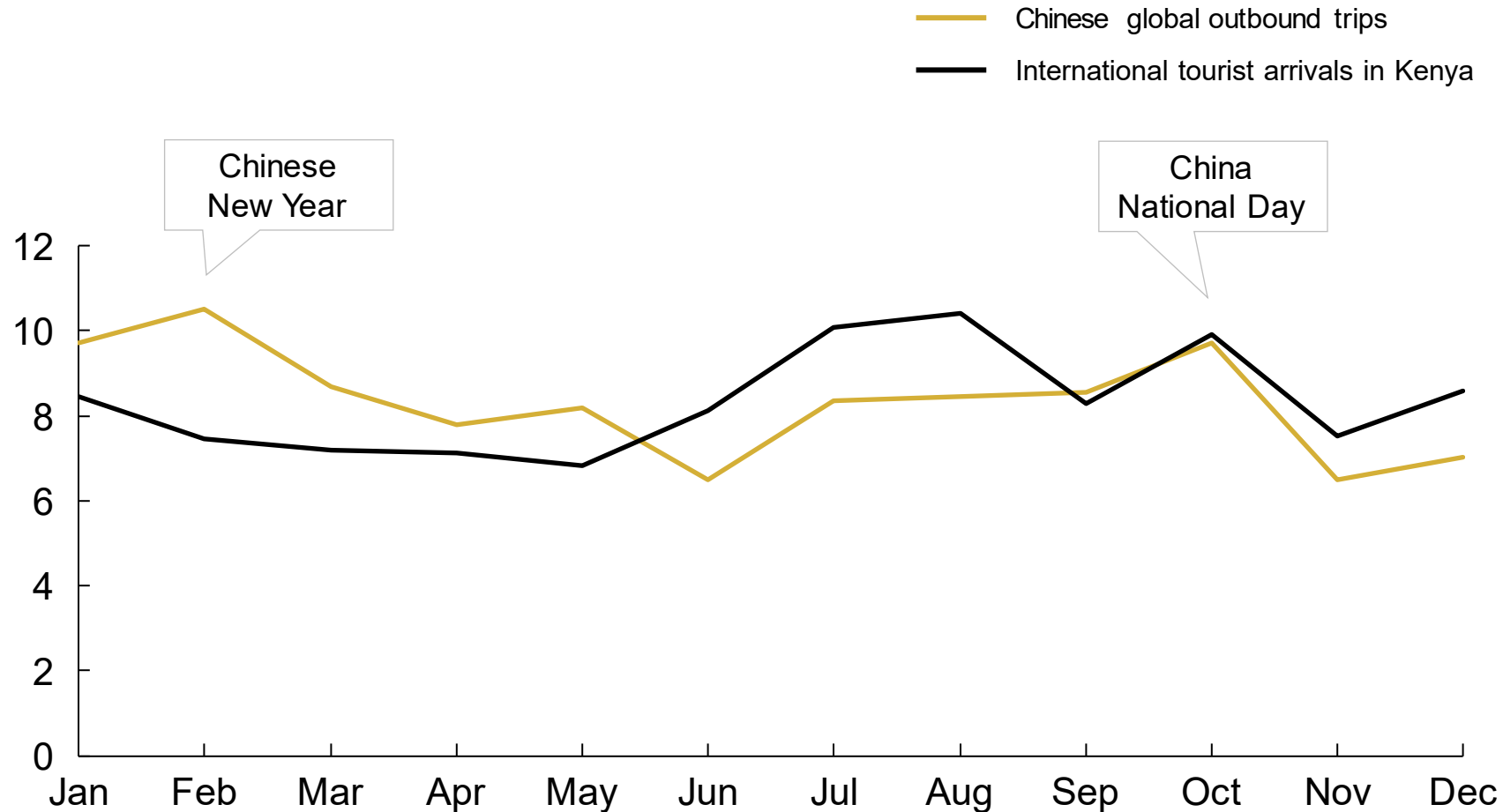
China outbound travel market,<sup>3</sup> \$B



1. Numbers include business trips  
 2. Includes trips to Hong Kong, Macau and Taiwan  
 3. Super high-end market refers to individuals with an investable asset > 10 M RMB (\$1.4M); high-end market refers to individuals whose household disposable income > 222k RMB (\$31,000), mass refers to the remaining market

# B1b: China travel cycles differ from traditional peak, creating opportunity to bridge low season capacity

Monthly trip volume as % of total annual volume, 2019



## Key insights

Chinese tourists typically travel internationally during longer holidays i.e., around Chinese New-Year in Jan/Feb, National Day in October, and school holidays

Their travel cycles thus differ from Kenya’s traditional source markets like the US, which could help mitigate current seasonality

# B1b: International efforts to target Chinese tourists have been successful by building on specificities of the source market

Key success factors derived from international experiences

## Success factors

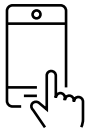


Understand Chinese market to target the **most relevant segments** and create an **authentically local yet distinctly Chinese** offering

## International case examples (illustrative)



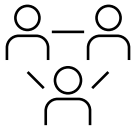
**Abu Dhabi** – +32% Chinese visitors 2016-18 thanks to tailored measures (e.g., free tourist visa on arrival, dedicated staff trainings)



Spoil the digitalized Chinese with a **seamless digital-enabled traveler experience**



**Mauritius** – Allowing Chinese travelers to pay through Alipay



Leverage Chinese **travel-related social media platforms** (e.g., Weibo, WeChat) to reach a broad audience



**Singapore, Dubai, New Zealand** – About 30 Tourism Boards from top Chinese outbound tourism destinations have set up WeChat mini programs



Scale with the **right channel partners**, engage users with direct channel (e.g., WeChat)

# B1b: Kenya is under-explored by Chinese tourists, given 4 main barriers

NON-EXHAUSTIVE

## Identified barriers

### Awareness / Perception

*“Many Chinese still view Africa as underdeveloped and don’t realize the amazing things it has to offer. Kenya needs to paint a different picture.”*

### Accessibility

**Sub-optimal connectivity** (e.g., ~50 flights per month on average vs ~120 for Ethiopia)

### Offering relevance

**Lack of tailored services and amenities** (e.g., Mandarin is a must have)

### Marketing relevance

**Low marketing differentiation**, yet mass market usually cannot afford the **cost** (e.g., minimum USD 3k per person packages excluding flight) nor the **time** to travel to Kenya (long holidays are rare in China, except around Chinese New Year in Jan/Feb and National Day in October)



## Implications for Kenya

Conduct **strong communication efforts**, especially through partnerships with local communication specialists / influencers and travel agencies

Improve **flight connectivity** (e.g., more slots to alternate airlines) and facilitate entry (e.g., facilitated visa procedures)

Identify Chinese travelers needs and **adapt offering accordingly**, either directly or through private actor incentivization

Design **“intensive” packages** to make the most of the trip (e.g., multiple countries in one trip)

Specifically **target higher-end** travelers (e.g., high quality and niche offerings, form dedicated partnership with luxury travel agencies)

Specifically **target segments with greater ownership on their schedule or long holidays** (e.g., carefully time major marketing campaigns)

Kenya is currently attracting **less than 0.05%** of Chinese outbound tourists

**Strong and targeted communication efforts** are key to increase attractiveness

# B1b: How Kenya could attract Chinese travelers

## Focus on the more affluent Chinese travelers

Focus on sophisticated travelers, wealthy parents with children, elite young professionals

Develop **tailored marketing content** (e.g., campaign emphasizing family-friendly destination, “once-in-a-lifetime adventure” for the elite)

## Leverage local partners for a dedicated go-to-market strategy

**Run China-centric direct-to-consumer marketing** campaign:

- Ensure **Chinese version of Magical Kenya is active and up-to-date**
- Increase presence on **local social media** with high market penetration (e.g., WeChat mini program, Mafengwo)
- Engage and offer ‘proto’ trips to **influencers**
- Partner with a **local communication agency** (e.g., Dragon Trail partner)

**Partner with local luxury / trendy agencies** to drive indirect sales

Collaborate with private sector to **align messaging**

## Encourage the development of an authentically Kenyan yet distinctly Chinese offering

**Translate travel information** – especially around COVID-19 – and signage in Mandarin

**Pilot development of an end-to-end Chinese-tailored** experience in collaboration with selected KWS parks and 2-3 private actors

**Maximize opportunities around China’s peak** travel times (e.g., create a special event around Chinese New-Year)

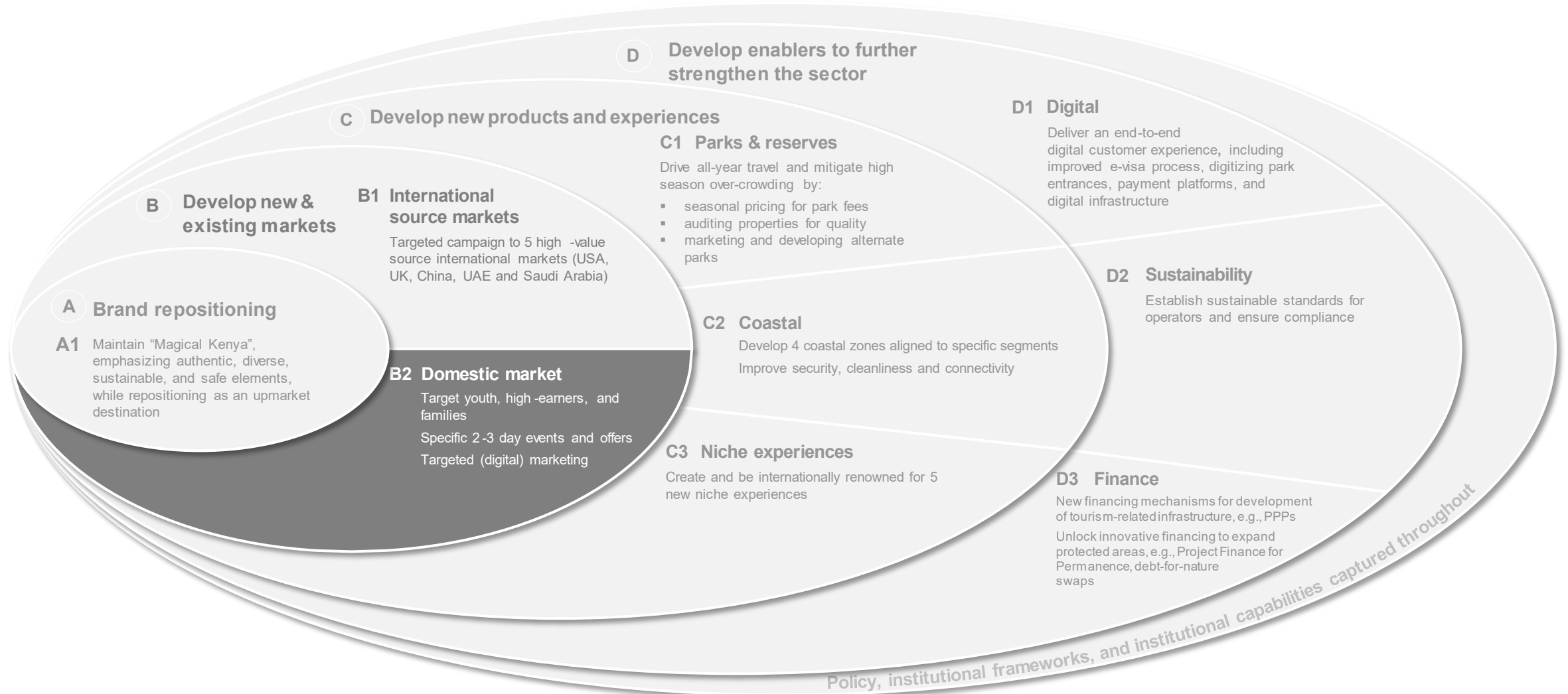
**Support capability building** (e.g., special training programs for rangers, reinforced Mandarin at Utalii)

**Design guidelines** to help local stakeholders adapt their offering to appeal to Chinese (e.g., through public-private working group)

**Identify incentives** to encourage local private stakeholders to cater to Chinese (e.g., incentivize infrastructure refurbishment)



# New Tourism Strategy for Kenya: 9 initiatives



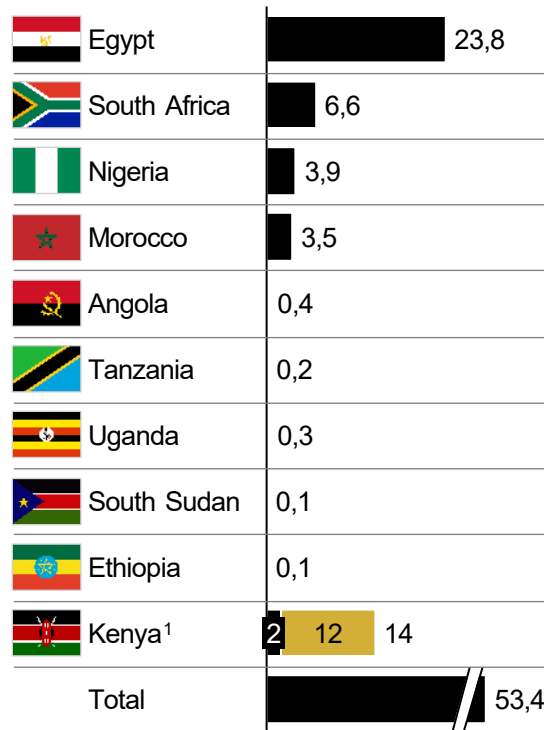
# B2: Though small, domestic markets provide resilience and social benefits; regional markets could be deprioritized due to size

■ Affluent travel ■ Budget domestic travel

**2019 African countries by population who can afford to travel to Kenya,**  
M individuals 2019



**2030 African countries by population who can afford to travel to Kenya,**  
M individuals 2030



**Total addressable annual market<sup>2</sup>,**  
M individuals annually 2020- 2030

Regional

**3 - 4**

Domestic

**2 - 3**

**Domestic market**, though small, is important to address given higher resilience during downturns and the social benefits associated with domestic travel (e.g., education, sports, greater awareness of protected areas)

**Regional market** is relatively small and fragmented, with total maximum addressable market of 3-4M (with likely a much smaller capture rate) and only 10% in Kenya's neighbors

**Regional market could be deprioritized**, particularly given investment required in flight connectivity / visa procedures might not have sufficient returns. However, smaller initiatives (e.g., offer discounts if regional MICE travelers extend their stays for leisure) could be considered

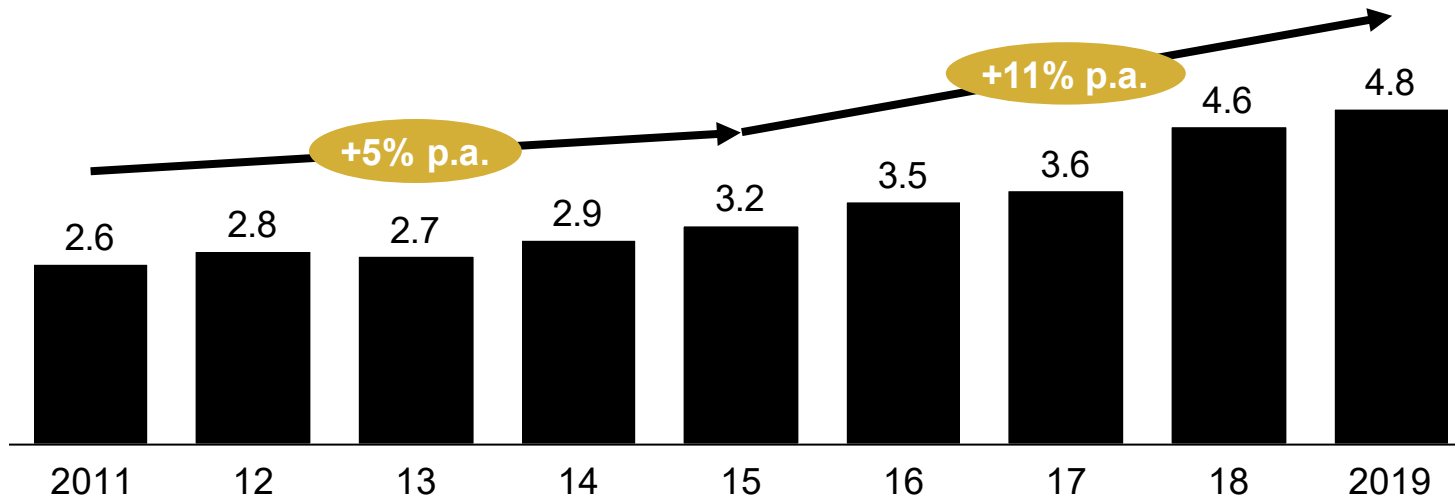
Note: Affordability defined by # individuals in households with USD 80k+ PPP household income

1. Kenya domestic budget affordability to travel defined by household income over USD 22k PPP

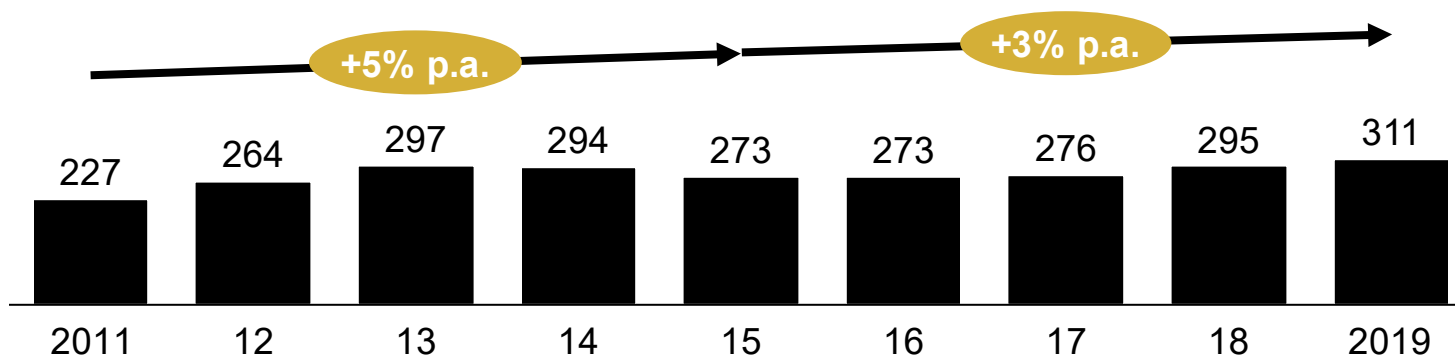
2. Assuming inbound travel to Kenya every 10 years, domestic affluent travel every 2 years, and domestic budget travel every 5 years

## B2: Domestic tourism has been growing in recent years in Kenya

### Annual domestic bed nights<sup>1</sup>, millions



### Domestic expenditure, USD millions, current prices



1. Key indicator considered by KTB to measure domestic tourism volume

### Key takeaway

Growth in domestic tourism could be explained by:

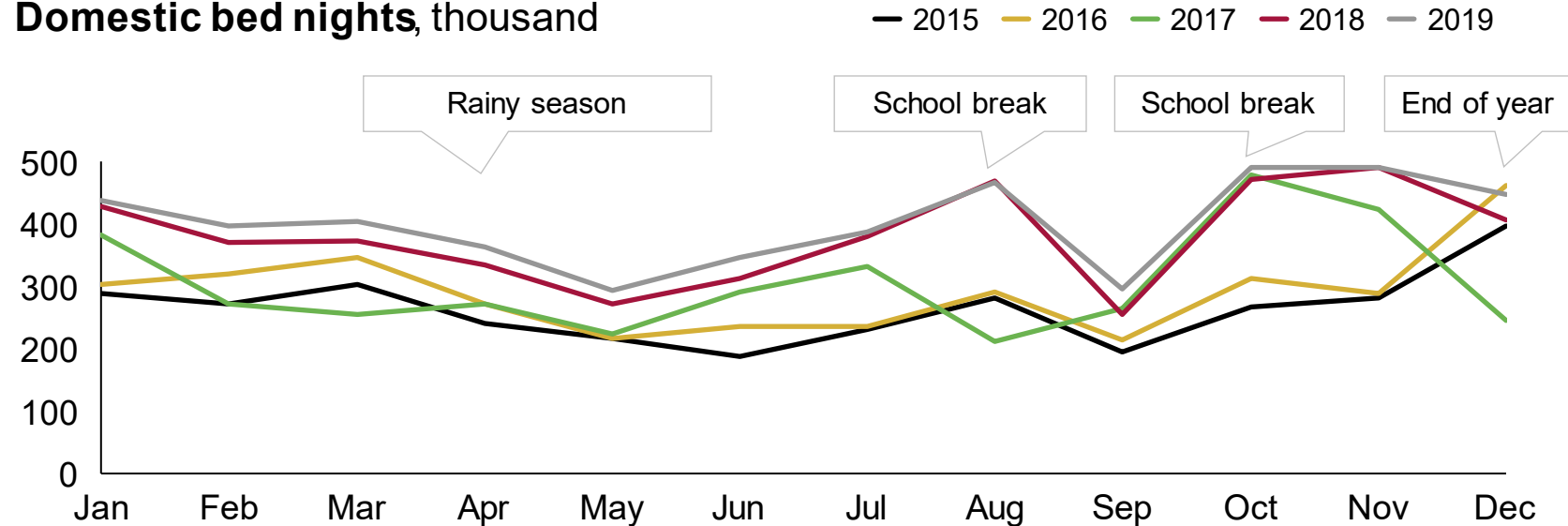
- Growing **middle class** and young employed population
- Increased **accessibility** (e.g., car ownership, domestic airline capacity from 1.95M departures seats in 2010 to 5.18M in 2019)
- Uptick in local packaged tours

However, real growth might have been partially inflated by improved data collection

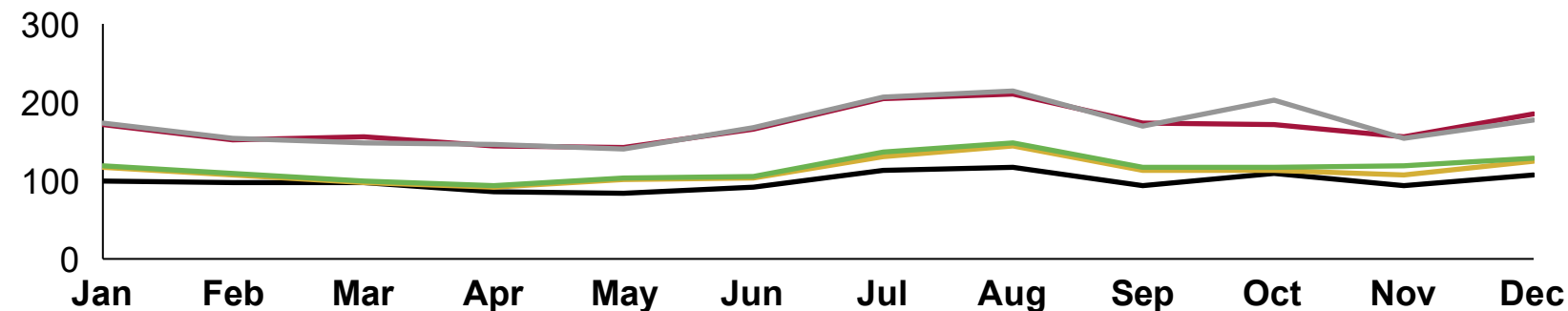
# B2: The seasonality of domestic tourism differs from that of international tourism

## Kenya

### Domestic bed nights, thousand



### International tourist arrivals thousand



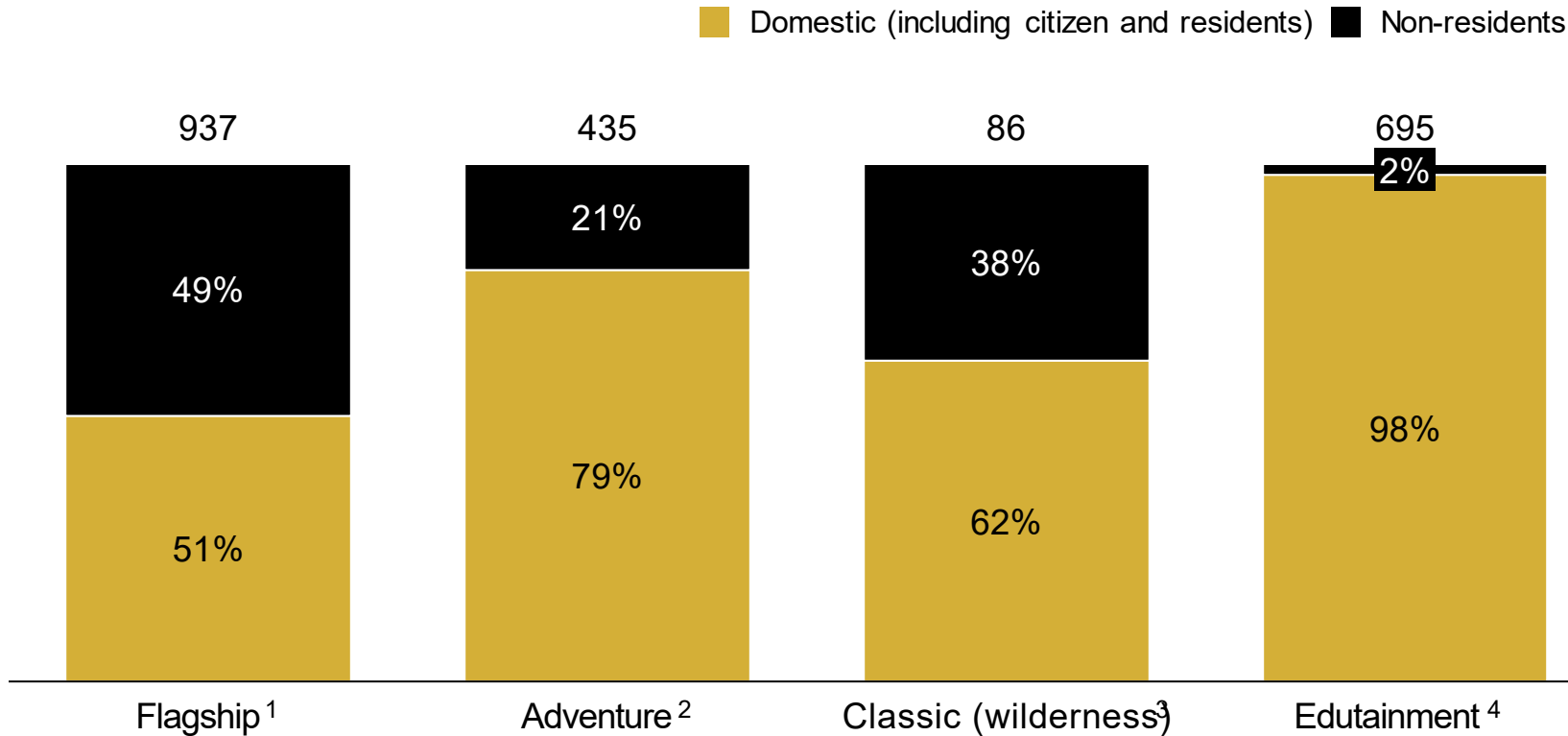
### Key takeaway

Domestic tourism seasonality is mainly driven by **school holidays**, **weather conditions** and availability of disposable income

Targeting domestic tourists could represent an **opportunity for Kenya to bridge occupancy gaps** during lower seasons for international markets (e.g., March, November)

# B2: Domestic tourists travel more to alternative parks than international visitors

Number of entries in KWS parks, 2019, 000s



**Creating and marketing new experience “circuits” (e.g., adventure, cultural, eco-warrior) could help further increase domestic tourism while supporting growth of underserved parks**



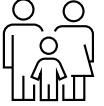
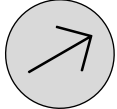
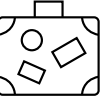
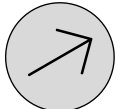
## “” Interviews insights

The adventure segment is picking-up very fast, especially amongst younger domestic tourists

– KWS

1. Lake Nakuru NP, Nairobi NP, Amboseli NP, Tsavo East NP, Watamu Marine Park and Reserve, Kisite Marine P.
2. Hell’s Gate NP, Mt. Longonot, Aberdare NP, Mombasa Marine NP, Malini Marine NP, Mt. Kenya NP, Shimba Hills NR, Oldonyo NP, Mt Elgon NR, Kakamega Forest NR, Marsabit NR, Mwea NR, Kiunga Marine NR, Chyulu Hills NP, Central Island NP, South Island NP
3. Tsavo West NP, Meru NP, Ruma NP, Ndere Island NP, Sibiloi NP
4. Nairobi Mini Orphanage, Kisumu Impala Sanctuary, Nairobi Safari Walk, Saiwa Swamp NP – NB: this is driven largely due to large group school trips without an overnight stay

# B2: The Kenyan domestic market could be segmented into 5 main profiles with different characteristics

Category	Profile	Specific travel preferences	Growth trajectory <sup>1</sup>	Avg. annual spend, Ksh
<b>Youth</b> 	<b>18-34</b> <b>Low budget</b> <b>Urban</b> <b>Relatively flexible</b> schedule <b>Fastest growing segment</b> in terms of demographics	<ul style="list-style-type: none"> <li>• <b>Budget accommodation</b> (e.g., dormitories, camping)</li> <li>• <b>Public transport</b> (e.g., bus, minivan)</li> <li>• <b>Day trips</b>, within vicinity of main cities</li> <li>• <b>Exploration of new places, fun and adventure, cultural immersion, relative environmental awareness</b></li> <li>• <b>Digital channels / social media</b> for awareness, information, and booking</li> </ul>		<b>1,500 – 10,500</b> per person, assuming 500 – 3,500 pppd and average trips 3 day-trips / year
<b>Families</b> 	<b>Upper middle / Middle class</b> families (75-120 Ksh monthly household income) <b>Schedule constrained</b> by school holidays and availability of disposable income	<ul style="list-style-type: none"> <li>• <b>Relatively low-budget and family friendly accommodation</b> (e.g., self-catering cottages, family rooms)</li> <li>• <b>Experiences tailored</b> to both the family and individual needs: educational activities for children, rest for parents</li> <li>• <b>Comfort-zone</b> (e.g., well-known parks, ease of travel)</li> <li>• <b>Accessibility with own private car</b></li> </ul>		<b>55,000 – 90,000</b> per family, assuming 15-20k for a week-end park trip and 40-70k for 4 days holiday at the beach
<b>FITs</b> 	<b>Upper middle class</b> (120K+ Ksh/month) <b>Urban</b> <b>Diversity</b> of sub-profiles: couples / single (incl. growing women traveler segment) <b>Relatively flexible</b> schedule	<ul style="list-style-type: none"> <li>• <b>High quality service</b> (similar to mid/high tier international travelers) that needs to be competitive with international offering</li> <li>• <b>Bespoke experiences</b> with appetite for <b>wellness and cultural</b> experiences</li> </ul>		<b>150,000 – 300,000</b> , assuming average spend of 100-200k for new-year trip abroad, and 50-100k for a 4-day beach holiday
<b>School children</b>	<i>Not prioritized in the context of this study given relatively low -value</i> <i>Catering to this segment could be important to (i) encourage their parents to travel and (ii) build the future generation of travelers</i>			
<b>Regional MICE</b>	<i>Not prioritized in the context of this study given expected slow recovery from COVID -19 crisis</i> <i>Initiatives could be implemented to drive more value from this segment in the longer term (e.g., discounts on air travel for companion, rebate on extended stays)</i>			

1. Pre- COVID-19 crisis

# B2: Kenya could encourage domestic travel through different initiatives tailored to each segment

PRELIMINARY, FOR DISCUSSION

## Objectives



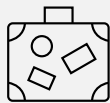
**a** Encourage youth to travel more often, especially to underserved areas



**b** Encourage families to travel more often to underserved areas and during low-season



**c** Increase local FIT's average spending per trip



## Potential initiatives to consider

Build a **popular youth-oriented travel operator** to develop and market end-to-end year-round youth offering in partnership with experience providers (including adventure activities, affordable and convenient bus services, budget accommodations)

Create **2-3 days packages** during long week-ends / school holidays

Refurbish **KWS family-friendly cottages**

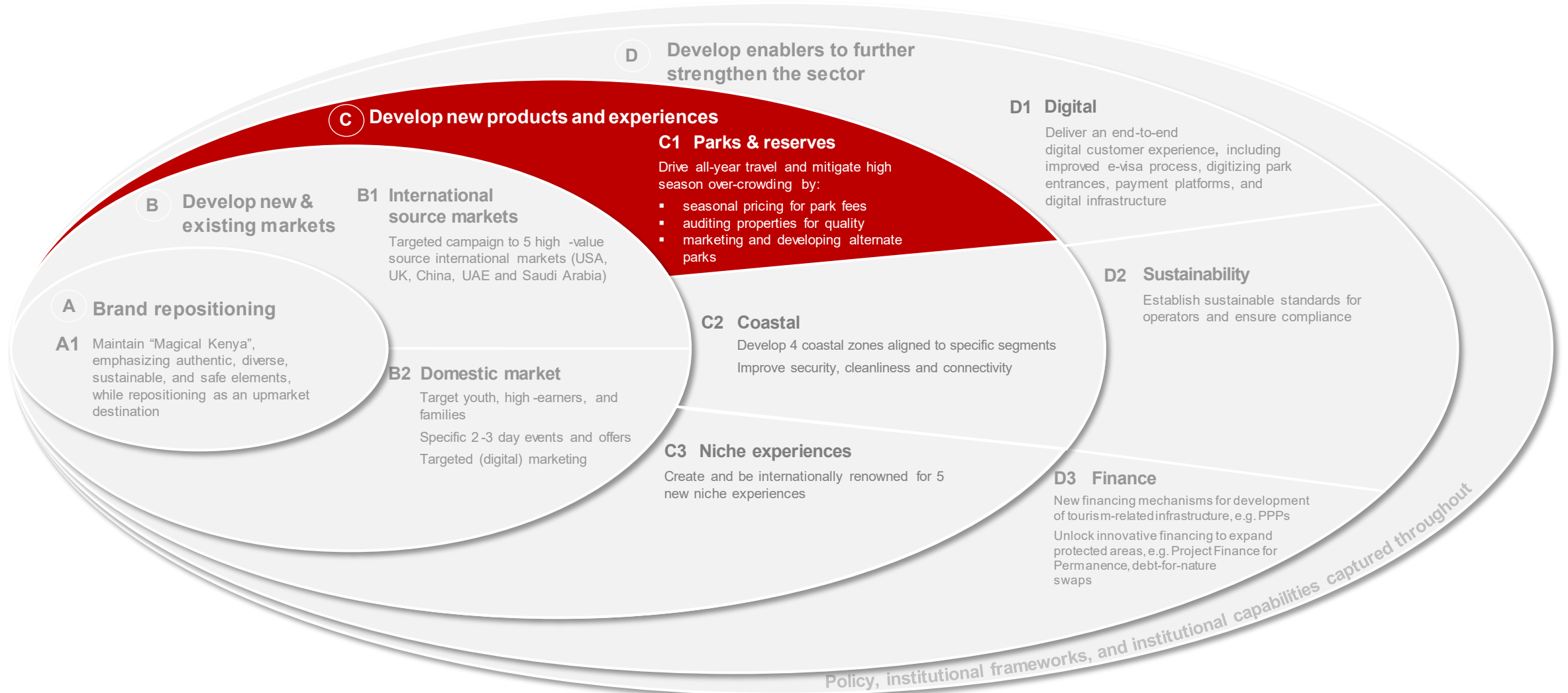
**Disclose holidays** in advance and push to create **new long weekends**

Launch **marketing campaign** to promote diversity and accessibility of natural / cultural heritage

Launch a **dedicated marketing campaign** to showcase diverse and bespoke experiences and encourage low-season trips

Partner with and educate **high-end travel agencies** on new experience offering

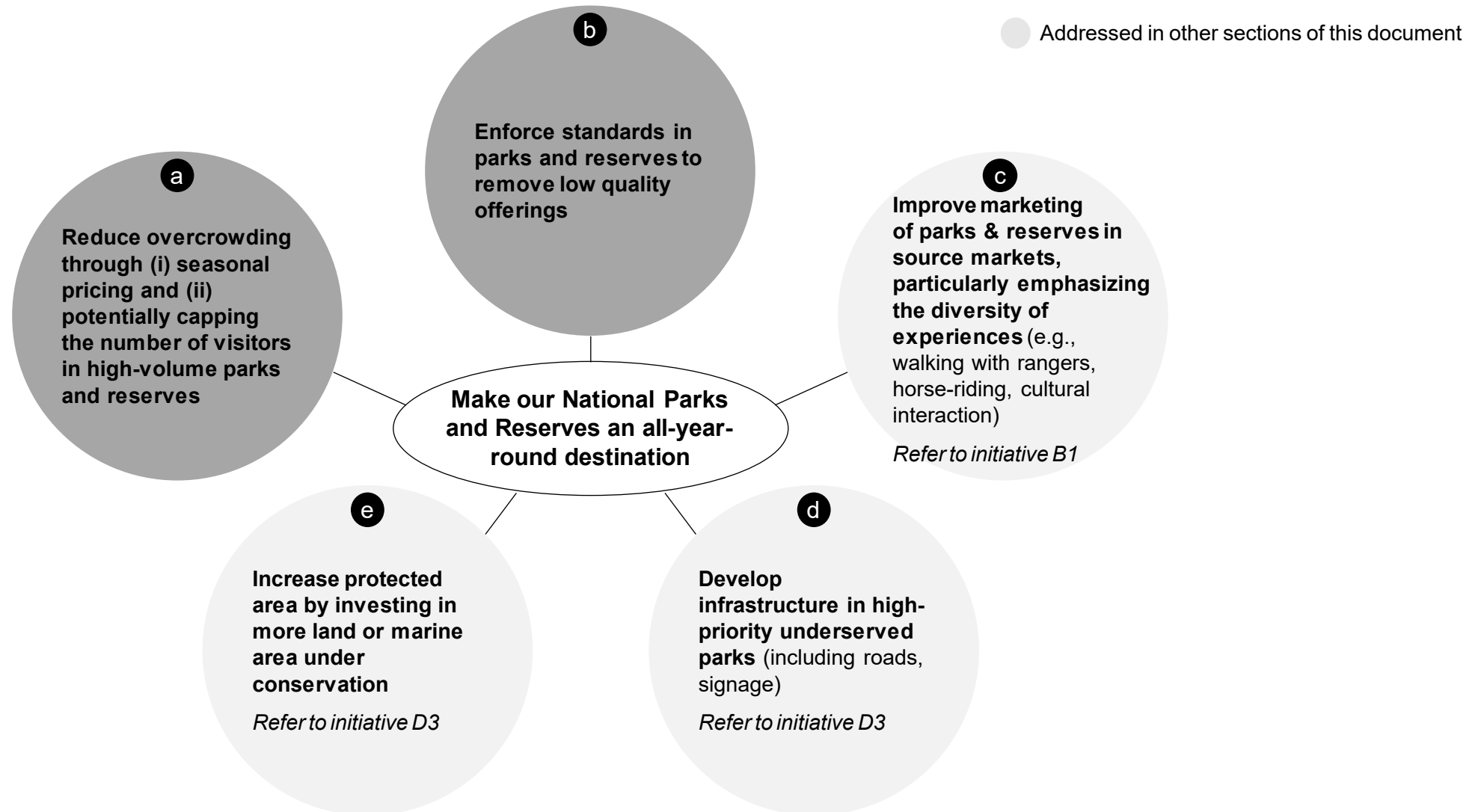
# New Tourism Strategy for Kenya: 9 initiatives





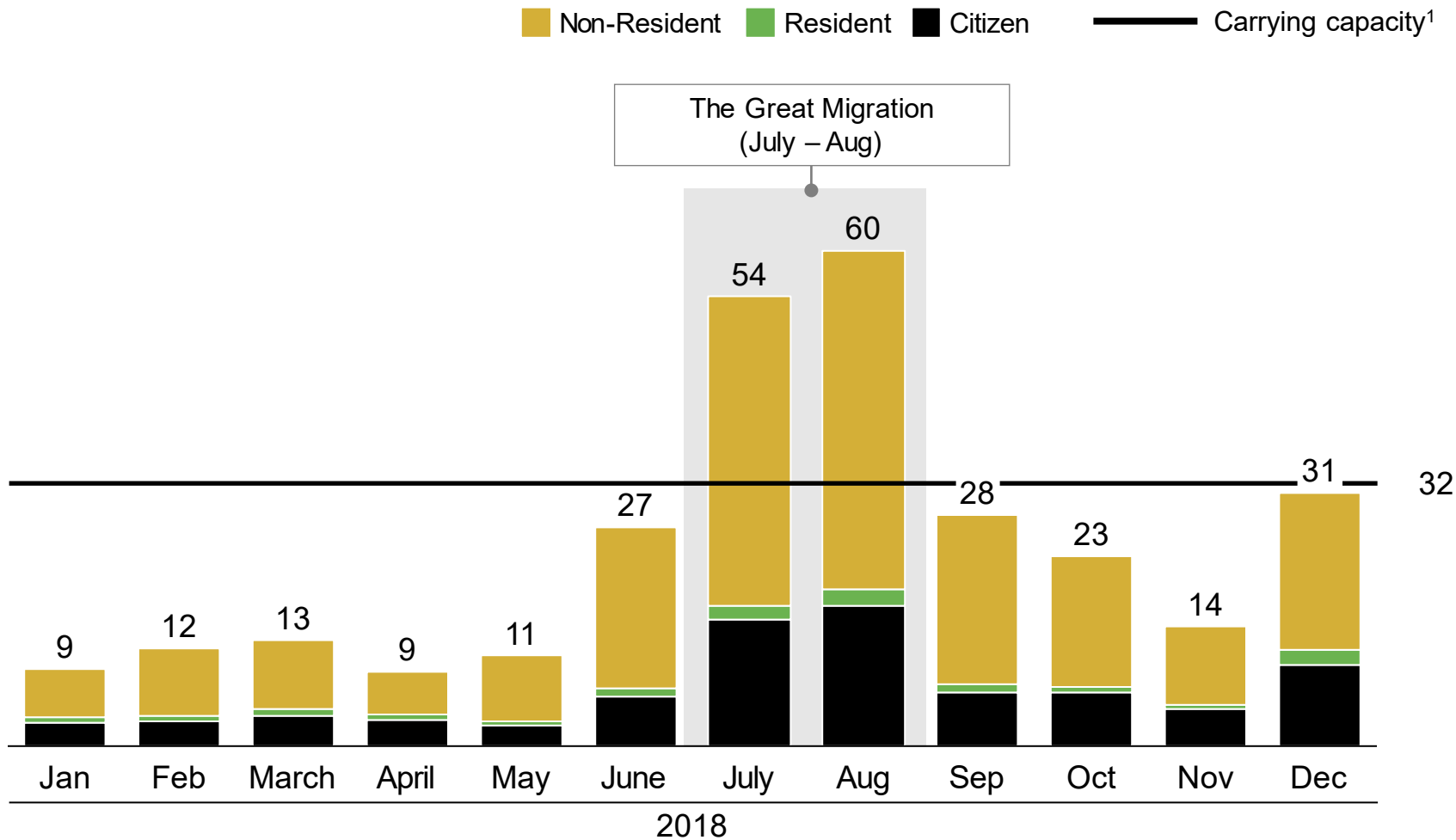
# C1: 5 initiatives could help make our National Parks and Reserves an all-year-round destination

Potential initiatives to consider



# C1a: Seasonal price differentiation during peak months could reduce peak season overcrowding

Monthly number of visitors in the Mara (2018), 000s



Using an indicative carry capacity analysis, MMNR **exceeds its carrying capacity by ~100% during peak months**

## Interviews insights

“The Mara is an excellent all-year destination. You will see a full range of wildlife at all times and we also have other events like the calving season. It is a matter of marketing strategically and being targeted in communication about off-season offers.”

- *International tour agent from a key source market*

“If the Mara plan had come through ten years ago we would have not had the poor media exposure last year [around overcrowding issues]”

- *Local conservancy leader*

1. Calculated as (area x correction coefficient) / normative area; Area: Park size in sqkm; Correction coefficient: Between 0.5 and 1, depending on assessed environmental sensitivity of a given region; Normative area: sq km per visitor, fixed at 1.4 sq km/visitor

# C1a: Moreover, 5 KWS parks generate ~80% of revenues

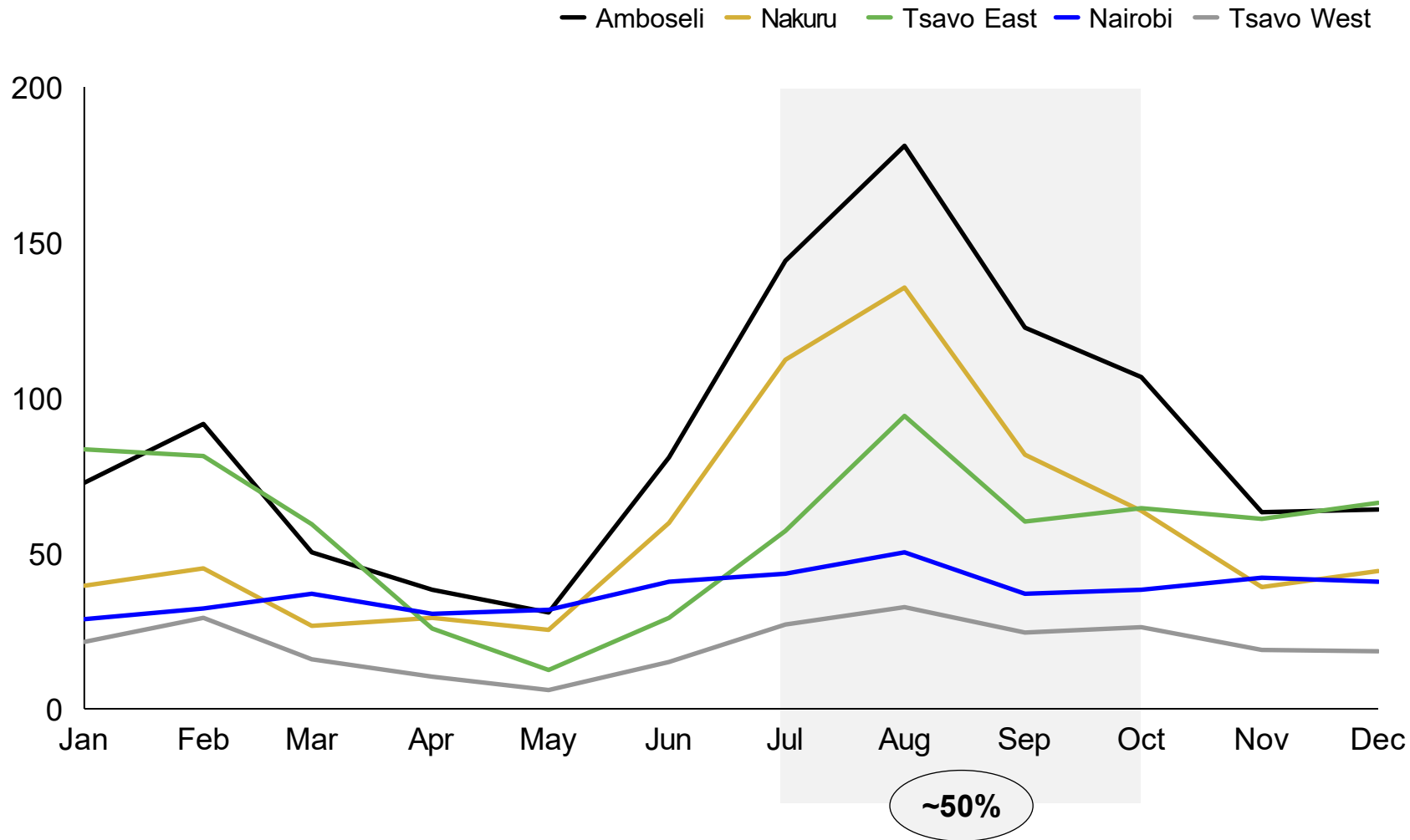
■ Top 5 parks by revenues

Park revenues, 2019, 000 Ksh	Visitors #, 2019 (000s)	Share of international
Amboseli N.P.	1,045,238	64%
Lake Nakuru N.P.	701,774	35%
Tsavo East N.P.	695,021	61%
Nairobi N.P.	452,793	37%
Tsavo West N.P.	245,544	48%
Aberdares N.P.	154,707	48%
Hell's Gate N.P.	137,817	17%
Mt. Kenya N.P.	108,475	34%
Nairobi Mini Orphanage	86,053	3%
Watamu Marine Park and R.	74,457	53%
Kisite Marine Park	52,667	50%
Kisumu Impala Sanctuary	50,652	1%
Meru N.P.	42,727	14%
Nairobi Safari Walk	40,999	7%
Mt. Longonot N.P.	30,357	10%
Shimba Hills N.R.	26,171	35%
Mombasa Marine N.P. & R.	17,959	19%
Malindi Marine N.P. & R.	13,828	18%
Others <sup>1</sup>	23,711	5%

1. Mt. Elgon, Oldonyo, Kakamega, Ruma, Marsabit, Sibiloi, Saiwa, Mwea, Ndere, Chyulu, Central Island, South Island, Kiunga

# C1a: Top 5 KWS parks also show strong seasonality, with ~50% revenues generated over July-October

Monthly revenues, 2019, M Ksh



## Key takeaways

30% revenues of the top 5 KWS parks by revenues are generated in July-August and another 20% between September and October

And important part of addressing overcrowding issues therefore needs to involve **shifting visitors to more underserved parks**

1. Pre-COVID-19 daily entrance fee for non-residents

# C1a: Seasonal pricing could have 4 main objectives

## Four main objectives

## How this translates into pricing options

**Reroute tourists (a) from over-crowded premium parks to other high-potential parks and (b) from high season to low season**

- **20-40% higher fees** charged in high season for residents and non-residents

**Strengthen branding and reduce over-crowding in selected premium parks**

- Pricing only applied in first phase **to over-crowded, premium-ready** parks (e.g., Amboseli and Nairobi NPs); once infrastructure and tourism is developed in other parks (e.g. Tsavo, Nakuru), pricing could apply there over time

**Secure resources for KWS conservation mandate by managing the total revenues**

- The seasonal pricing (in combination with cap on visits) would be **revenue neutral to positive** for KWS; however, primary intention is not to increase revenue in premium parks, but rather divert visitors to other parks and drive revenue gains there

**Maintain affordability of national parks to citizens to encourage their participation in tourism economy**

- Seasonal pricing to be given only to non-residents and residents while maintaining **lower prices for citizens**

# C1a: Option to introduce seasonal pricing for Maasai Mara, Amboseli and Nairobi National Parks

Current and potential new daily park fees<sup>1</sup>, USD

**OPTION FROM APRIL 2021 – MAY NOT REPRESENT LATEST**

**XX** Regular fees (outside of 2020-21 COVID-19 reductions), USD rounded **XX** Optional high season price (June-October) for 1<sup>st</sup> priority park

Second priority for seasonal pricing once product has been approved

Parks and reserves, by type	Citizen		Residents <sup>2</sup>		Non-Residents	
	Adults	Student/ Child	Adults	Student/ Child	Adults	Student/ Child
Maasai Mara NR	10	3	12 <b>50-70</b>	5 <b>25-30</b>	70 <b>150-400</b>	40 <b>80-200</b>
Amboseli NP	9	2	10 <b>20-25</b>	5 <b>10-15</b>	60 <b>80-110</b>	35 <b>40-60</b>
Nairobi NP	4	2	10 <b>20-25</b>	5 <b>10-15</b>	45 <b>60-100</b>	20 <b>30-50</b>
Tsavo East NP	5	2	10	5	50	35
Tsavo West NP	5	2	10	5	50	35
Lake Nakuru NP	9	2	10	5	45 <sup>8</sup>	35
Scenic/Special interest (A) <sup>3</sup>	3	2	6	3	25	15
Wilderness parks (B) <sup>4</sup>	3	2	10	5	45-50	25-35
Scenic/Special interest (B) <sup>7</sup>	3	1	6	3	20	15
Sanctuaries <sup>5</sup>	2	1	3	2	20	15
Marine parks <sup>6</sup>	1-2	1	3	2	15	15

1.Regular fees before temporary reductions for 2020-2021 due to COVID-19 crisis ; Single-entry fee valid for 24h of continuous uninterrupted stay inside a park / reserve / sanctuary 2. Including African Union 3. Hells Gate, Elgon, Ol-Donyo Sabuk, Mt. Longonot 4. Meru, Kora, Aberdare, Mt Kenya (Kihari gate) 5. Nairobi Orphanage, Kisumu Impala, Nairobi Safari Walk 6. Kisite Mpunguti, Malindi, Watamu, Mombasa, Kiunga 7. All other parks and reserves 8. KWS planned price reduction to 43 USD

**The three highlighted parks suffer from over-crowding, particularly during peak season**

**Lake Nakuru and Tsavo East/West** could also be candidates for seasonal pricing but with a weaker case:

- Increasing Tsavo fees could be considered once visitor numbers are up
- Due to reduction in flamingo numbers, Nakuru has become less of a premium in recent years

To make pricing truly seasonal, **at least 20-40% price differential for residents and non-residents** (and potentially up to 5 times) would need to be considered, in line with hospitality seasonal price differentials in Kenya (which vary 20-40% between low-and-high season)

# C1a: At a later stage, Kenya could cap daily number of visitors allowed in high-volume parks, using an online ticketing system

ILLUSTRATIVE, NOT EXHAUSTIVE

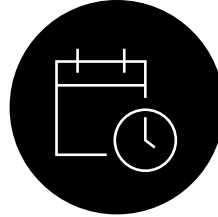


## Digital ticketing system development

Digital platform for National Parks and Reserves tickets booking

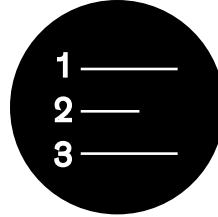
Tickets showing all relevant details of travelling party including unique ID, validity date

Cost showing breakdown of fees including portions allocated for conservation and park development



## Compulsory booking in advance

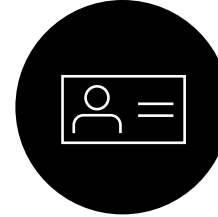
Obligation to book park entry tickets in advance to manage influx and prevent fraud at gate



## Cap on daily number of tickets

Cap on numbers determined against optimal park capacity

Split against number allocated for residents and non-residents



## Non-transferable booking

Non-transferable booking tagged against unique identification (Personal ID or Passport number) to prevent 'ticket scalping' by large tour operators to block book peak season allocations

## International examples



**Peru** – Limited number of half-day entry tickets to the Machu Picchu in an effort to protect the ruins



**China** – Maximum 80k daily visitors allowed in *The Forbidden City of Beijing* to limit overcrowding; online ticket purchase; discounted prices in low season



**Australia** – Maximum 400 tourists allowed to visit Lord Howe Island at any one time



**Bhutan** – ~140k tourists let in the country each year with compulsory visa/ trip booking through a licensed Bhutanese tour operator and minimum daily package price

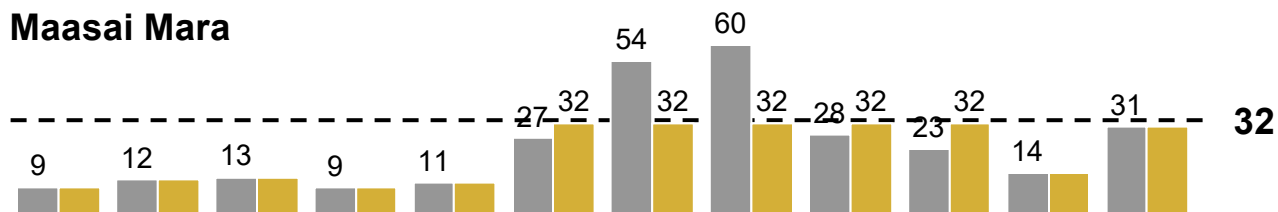
# C1a: Combined seasonal pricing and cap on visitor number could be revenue-neutral to positive

ESTIMATES

-- Carrying capacity(P)<sup>1</sup> ■ Current park visitors (as of 2019) ■ Modeled visitors based on new capping and pricing

## 2019 and modeled monthly visitors by park/reserve 000s visitors

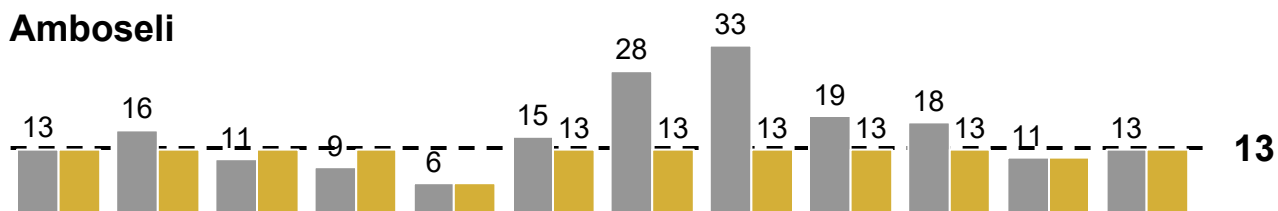
### Maasai Mara



**Total**, 000s  
**Associated revenue<sup>2</sup>**, M USD

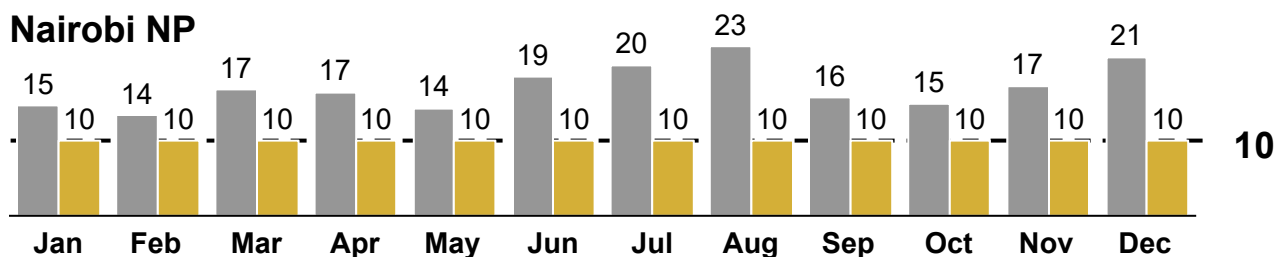
291	14.2
260	21.6 – 49

### Amboseli



192	7.6
143	6.4 – 7.6

### Nairobi NP



208	3.8
120	2.6 – 3.4

1. Proxy figures: Calculated as Park area / Normative area  
 a. Area: Park size in sq km  
 b. Normative area: 1.4 sq km / visitor for Mara, 0.7 for Amboseli (1.5 correction coefficient applied to account for the fact that ~50% of visitors only spend half a day in the park), 0.35 for Nairobi NP (4 correction coefficient applied as most visitors spend only 3-4 hours in the park, allowing for 4 shifts a day)  
 2. Range depending on price increase scenario

Source: TRI, Tourism Sector Performance Report 2019, Industry interviews (March 2021), De Gruyter, Fruska Gora, KWS

Capping volumes of visitors in priority parks could **reduce the overall number of visitors but should not negatively impact overall revenues** if combined with a seasonal increase in prices

### Main Assumptions

Visitor numbers **capped to carrying capacity**

**Maasai Mara:** volumes lost in July/August partially redistributed in shoulder months of June, September, and October. (up to maximum monthly carrying capacity)

**Amboseli:** volumes lost in February and in June to October partially redistributed in March and April (up to maximum capacity)

**Increase in prices** from June to October, for residents and non-residents (including African Union citizens) of 2-6 times in the Maasai Mara; and 30-150% in Amboseli and Nairobi NPs

Assuming no drop in visitor numbers due to increased prices



# C1a: An increase in park fees and/or cap needs to be accompanied with strong and on-time communication efforts

## Potential initiative components



**Provide advance notice to avoid confusion with bookings already made**

## Related actions

Inform main stakeholders as soon as possible (e.g., hotels, trade partners) **at least 1 year in advance of price change** (as booking typically happens 6-9 months in advance)

**Regularly advertise** in media and on Magical Kenya and KWS websites

Make sure that new park fees are updated on KWS and partner websites and documentation

**Consider a staged increase** – for example, ½ of increase in July 2022 and next ½ a year later



**Clearly state underlying reasons**

Launch a **dedicated communication campaign** through press and social media, based on facts proving the necessity to reduce parks overcrowding for ecological purpose

Permanently **shift marketing messaging** to position current high-volumes parks as premium destinations (*and upgrade experience accordingly<sup>1</sup>*) with a “once in a lifetime” experience



**Create transparency around how park fees are spent and contribute to conservation / communities**

Provide **clear percentage / dollar** amount that is given back to conservation and communities on each park entry fee

Communicate on specific investments made thanks to entry fees (e.g., school building)

**Issue audit reports** publicly available on KWS website

1. Refer to C1b

# C1b: Better standards in National Parks and Reserves could remove low quality offerings

## Potential initiatives to consider

ILLUSTRATIVE, NOT EXHAUSTIVE



### Strengthen development requirements for properties

#### Redefine requirements for property development:

- Maximum number of beds per acre
- No new properties greater than 30 beds
- Environmental standards (e.g., distance from protected areas, share of natural material and renewable energy, waste disposal)
- Community development and employment

#### Rigorously audit properties against these requirements using a multi-organizational team (including NEMA, KRA, TRA)

- Convene multi-party audit taskforce to review properties against agreed-upon requirements
- Close non-compliant properties or provide penalties



### Restrict type of vehicles allowed

#### Set-up criteria for the type of vehicles allowed in the parks:

- No 2-wheel vehicle drive
- No mini-vans
- Earth colored only; no white vehicles



### Upgrade guiding standards

#### Upgrade standards and adjust curriculum:

- Create a working group involving Ministry of Education, KWS, KATO, TRA, approved colleges, selected tour operators, and other relevant stakeholders to agree upon higher guiding standards
- Update curriculum and exams accordingly

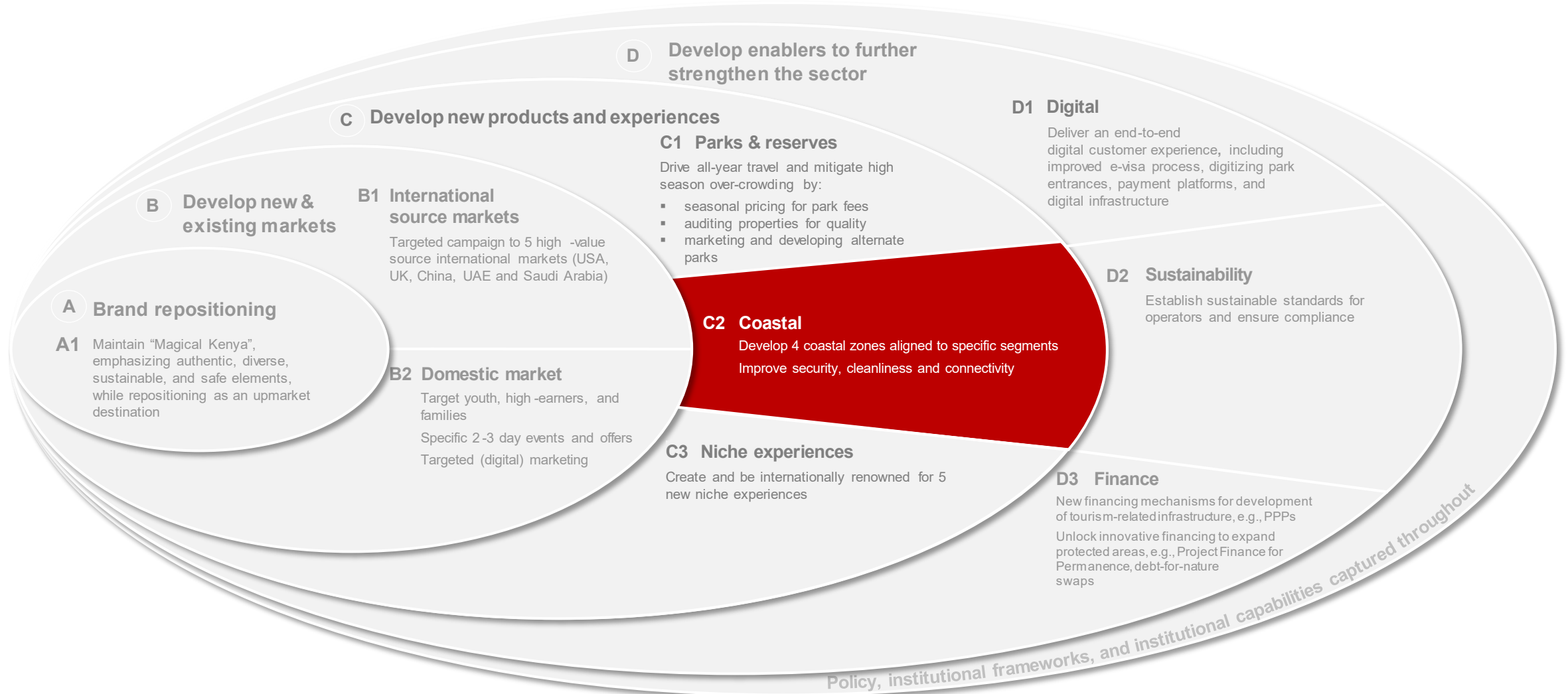
#### Ensure compliance:

- Systematically monitor guides' licenses upon entry
- Include regular capability evaluation for license renewal and conduct anonymous guide checks

Potentially create more **park / experience specific expert licenses** and curriculum and introduce minimum expert quotas for park guiding

**Strengthening requirements and better enforcing them is expected to reduce capacity, especially from 'bad actors' and thus improve visitors experience while better controlling environmental protection. Tanzania has similar restrictions and measures in its wildlife areas**

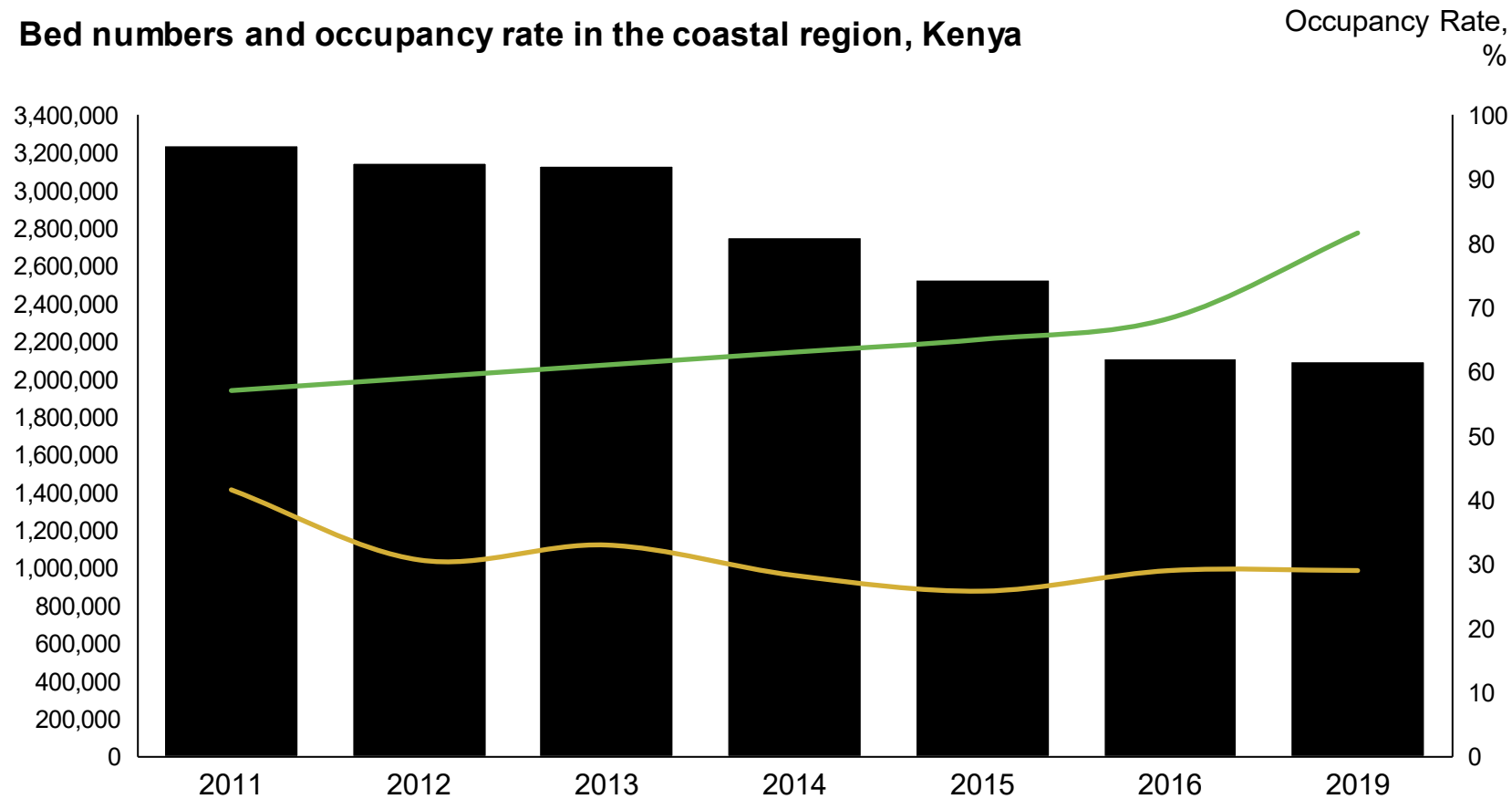
# New Tourism Strategy for Kenya: 9 initiatives



## C2: Kenya's coast has seen a decline in tourist numbers<sup>1</sup> and a steady loss of market share to peers

■ Hotel bed-nights available at the Kenyan coast — Occupancy rate at the Kenyan coast — Occupancy rate in Zanzibar

### Bed numbers and occupancy rate in the coastal region, Kenya



Key reasons for this decline based on tourist exit surveys and industry feedback include:

- **security issues** – both perception that coast is a high-risk destination due to international travel advisories and also perception of lack of security on the beach itself (due to harassment)
- **poor infrastructure** – lack of international flight connectivity, congested roads
- **beach cleanliness** – litter on beach
- **deteriorated tourism assets** – derelict properties on prime beachfront

Source: CEIC, Zanzibar Commission for Tourism - Tourism Statistical Release 2019, Jumia - Hospitality Report Africa 2019, Tourism Regulatory Authority - Coast Tourism Transformation Strategy 2017, Cytonn - Kenya Hospitality Sector Report 2016, Mathematica - Evaluation of the Zanzibar Interconnector Activity: Findings from the Hotel Study 2015, Zanzibar Coastal and Marine Tourism Plan 2012

# C2: Zanzibar succeeded in becoming a flagship tourism destination (although recent growth is threatening overall experience)



## Value proposition

Top attractions<sup>1</sup> : scenic beauty (45%), marine activity (14%), UNESCO World Heritage Old Stone Town (8%), arts and culture (8%), and friendly people (7%)

Development of various activities (e.g., deep sea fishing)

**500+** hotels totaling **~7.5K** rooms, with a mix of asset class and a few brands (e.g., new 5-star opened in Jan.)

**100+** tour operators

**International airport**, among biggest in East Africa (27 direct flights to 15 countries in Africa, Europe, Middle East)

## Performance, 2019

**500K +** tourist arrivals, 90% for leisure purpose

**USD 320** ADR

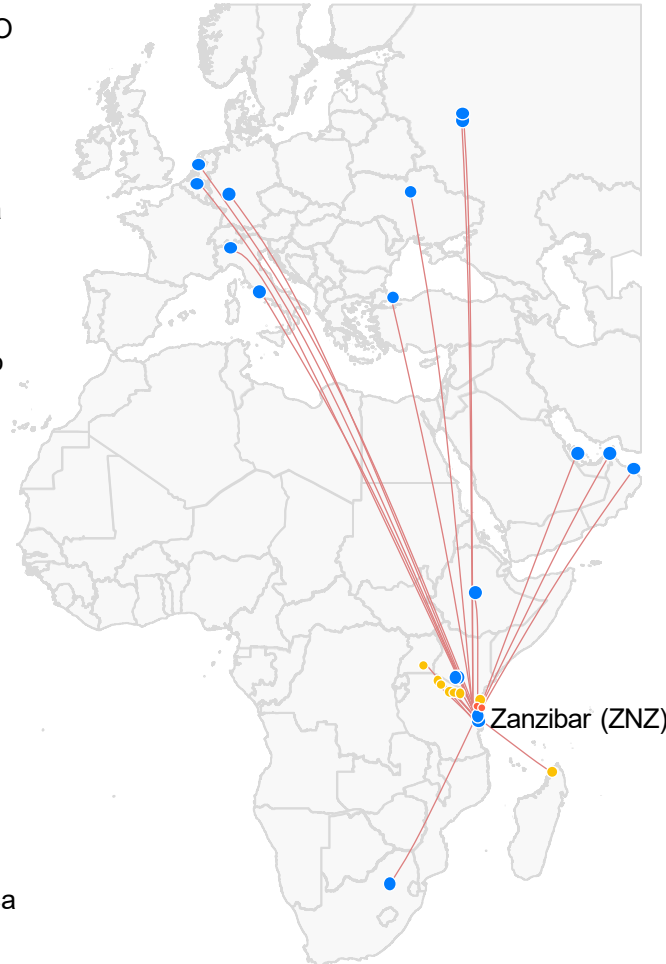
**65%** Occupancy rate, with low seasonality

**30%** contribution to GDP, 80% to FX

**7** night average length of stay for foreigners; typically one to two in Stone Town and the remaining by the beach

**Top source markets** : Italy (150k), other Europe, US, UK, South Africa

Number of direct flights per month : ● >50 ● >10 ● <10



1. International Visitors' Exit Survey 2017

Source: Local press search ; International Visitors' Exit Survey 2017

## Key success factors

**Investment attraction** (e.g., Zanzibar Investment Promotion Authority, Diaspora homecoming conferences)

**Active brand-building** (including UNESCO, ecotourism)

**Infrastructure improvement** (5-star hotels, roads)

**Good connectivity** through international airport

**Synergies** with other segments, as many tourists also go on safaris in mainland Tanzania

**Source markets diversification** (e.g., Poland, Russia, Israel)

**Emphasis on safety** (increased patrols in tourist attractions, diplomatic police unit)

**Strong government support** along with private sector implication

## Challenges

**Negative environmental impact**, drainage system, waste disposal

**Complaints around business environment** (incl, staffing challenges given difficulties to obtain work permits for non- locals, high utilities and labor costs)

**Safety issues** (beach boys, unsafe areas)

# C2: Kenya's coastal region's competitive advantage is its diversity in culture, beaches, and experiences

There are several tourist locations in a short proximity along the coastal region...



... that are diverse both in terms of the rich cultural history and nature

## Features (non-exhaustive)



Source: UNESCO; Google Maps

### 1 Cultural richness

Architecture and urban structure that **demonstrate the cultural influences that have come together over 700 hundred years** from Europe, Arabia, and India, utilizing traditional Swahili techniques (e.g., **Fort Jesus** a place which is inscribed as a UNESCO World Heritage Site)

Several memorable places such as **Mombasa Old Town** with craft and antique shops specializing in Swahili, Indian and Arabian furniture,



### 2 Picture - postcard beaches

Beaches that are **picture-postcard-perfect, with white sand and coconut palms**  
**Protected natural reserves** home to unique species

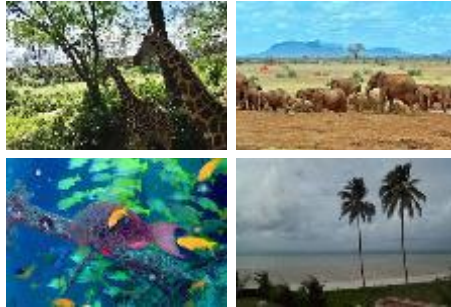


### 3 Unique and diverse experiences

**National parks and reserves** in close proximity (e.g., Tsavo, Arabuko-Sokoke forest)  
**Marine National Parks** where tourists can watch fish and coral from a glass-bottom boat or snorkel  
 Numerous activity options including **fishing, scuba diving, kite surfing, etc.**



# C2: Kenya could prioritize four coastal zones



**Mombasa**



**Lamu**



**Malindi/Watamu**



**Diani Beach**

## Description<sup>1</sup>

Culture/beach/wildlife weekend trip

Authentic and eco -friendly experience

Marine adventure

An integrated beach and entertainment zone

Targeted at high value FIT<sup>2</sup> and honeymooners

Sun and beach tourists, families and FIT<sup>2</sup>

## Development needs

Seamless transport to optimize the journey time between the different attractions (Tsavo, Marine Parks)

Good signage in different languages (e.g., Chinese, Arabic)

Marketing emphasizing both the diversity of the city and the short distance between them

Highly regulated development of properties that will preserve the authenticity of the city and meet high international standards while being eco-friendly

Focus on high adrenaline water activities (e.g., parasailing, paddle boarding, waterskiing, wakeboarding, kitesurfing, scuba diving, sailing) developed to international standards with all the safety measures

Integrated coastal entertainment, restaurants, hotels, and water activities easily connected to each other with secure tourist friendly walking zones and clean high-standard public facilities

*Diani beach phase 1 and rest of South Coast phase 2*

1. Key difference from Coastal development plan is emphasis on developing each zone with a unique identity and marketing each to targeted segments  
 2. Free Independent Traveler - an individual (or small group of < 10) traveling and vacationing with a self-booked itinerary

## C2: Ten potential priority initiatives for the coastal zone development

Detailed further

### Priority cross-cutting initiatives

Improve coastal connectivity by building **a ferry system connecting Mombasa port to Diani and Lamu**

**Accelerate the roll-out of the tourism protection service** and improve it by introducing more transparency on the complaints process

**Improve current beach cleanliness** through fines, zero-tolerance plastic mandates, and sponsored programs for cleaning beaches

**Resolve issues on perceived quality created by private accommodation** through better regulation of private booking platforms

### Focus on property and infrastructure

**Implement white land <sup>1</sup> tax or build or sell policies<sup>2</sup>** to stimulate development of prime beach frontage

**Extend runway and improve terminal facilities at Diani and Malindi airports** to open international connectivity.

### Other coastal developments by zone

**Mombasa: develop infrastructure** connecting nearby attractions (roads, signage, shuttle buses)

**Accelerate the development of Lamu** (including airport rehabilitation)

**Malindi/Watamu: develop and attract international water sports competitions** (e.g., the African Beach Games)

**Diani beach: Create internationally-recognized festivals**

1. White land is a global term referring to open land that has not been developed

2. As seen in Korea, Philippines, Columbia, the USA and Canada







# C2: Deep dive on white land or build/sell policies to drive property development and prevent underdeveloped prime land at the coast

## POLICIES TO INCENTIVIZE COASTAL OPERATIONALIZATION

	Description	Challenges (non-exhaustive)
<b>1 Implement White land tax</b>	<p>A tax on any entity or individual owning a vacant piece of land</p> <p>Requires owners of undeveloped land to pay a premium tax if they don't develop it within a certain period (e.g., within 12 months)</p> <p>This tax is normally higher than standard land tax and tends to increase with years of vacancy (e.g., in Seoul, every two years of vacancy, the rate increases by ~40%)</p>	<p><b>The definition of 'vacant land'</b> could be misunderstood</p> <p><b>Owners may prefer to own the vacant land despite the tax</b>, for example because the rate of increase in the value of their land could be higher than the tax</p> <p><b>Having a property tax system in place is a prerequisite</b></p> <p><b>Can be costly and would require resources</b> for assessment of both the land the building sites regularly (if any)</p>
<b>2 Create a build or sell policy</b>	<p>A policy to encourage operationalization of prime beach frontage properties in the three key zones</p> <p>Landowners would be given a fixed term in which they either rehabilitate or build on land in prime locations, after which the GoK could exercise its rights to buy the land back at market rates or auction the land to the best possible bidder</p>	<p><b>Risk of paying a higher price than the fair value of the land</b> due to speculation</p> <p>The development by private owners could be done in <b>a way that is not in line with the region's vision</b></p>

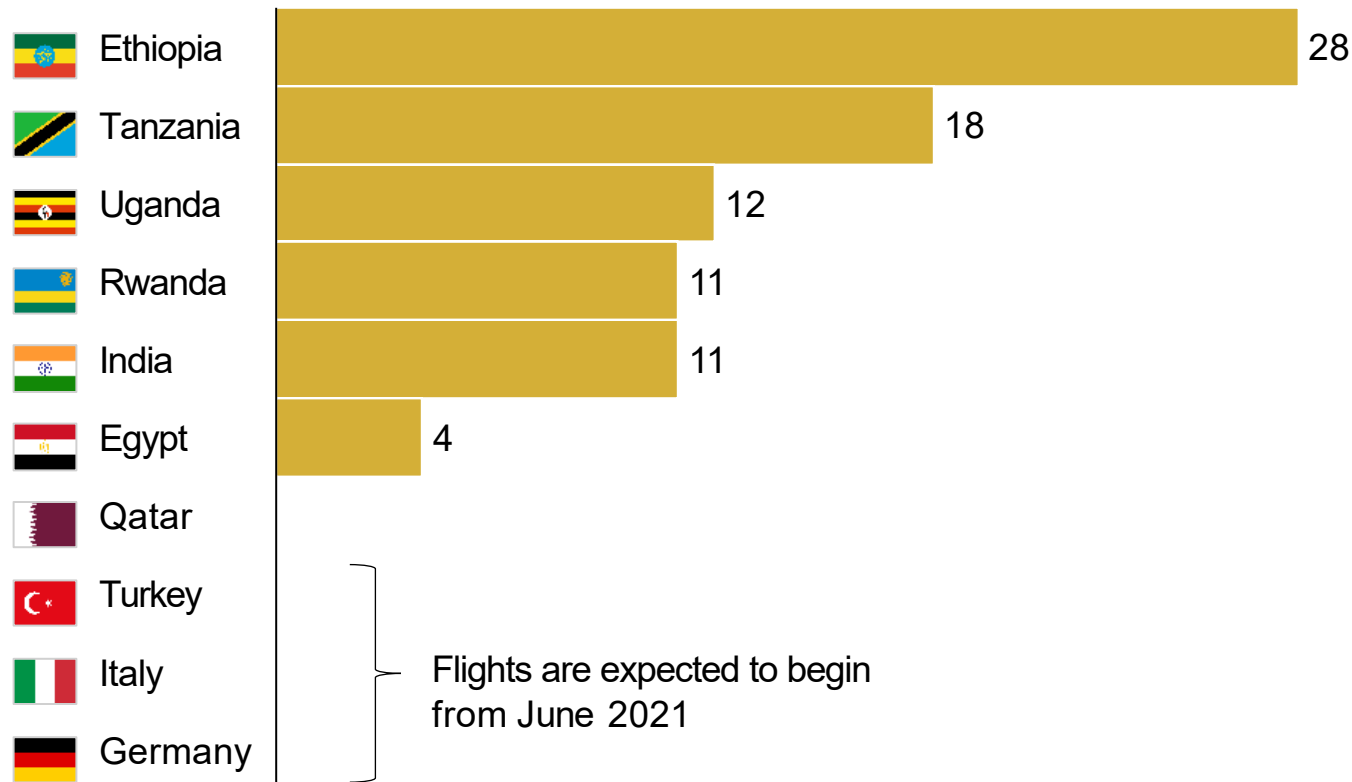
## C2: Several countries have already implemented the White land tax

### EXAMPLES

Place	Approach	Tax rates
 Seoul, South Korea	Surtax on vacant properties: land left vacant for a minimum of two years is subject to higher tax than the 2% property tax on improved lots	5% if left vacant for 2 -3 years 7% if left vacant for more than 3 years 8% if left vacant for more than 5 years 9% if left vacant for more than 7 years 10% if left vacant for more than 10 years
 Marikina City, Philippines	Extra levy: Tax on land area greater than 1,000 square meters, one-half of which unimproved  Tax on residential lots, regardless of land area, one-half of which remains unutilized or unimproved	Additional levy at the rate of 2.5% per year on the assessed value of the property
 Bogotá, Colombia	Zoning: Land that is subject to urbanization but has not yet been developed, and land that has already been urbanized but has had no construction yet	In 2004: Vacant properties = 1.2 – 3.3% of the assessed value. For improved properties in urban areas, rates from 0.4% (residential use) to 1.5% (financial institutions)
 Washington DC, USA	Extra levy: on vacant land and blighted/ ruined property	0.83% on assessed market value 5.0% on assessed market value 10% on assessed market value

# C2: Out of the 5 airports in the coastal region, only one is internationally connected and able to handle large body aircraft

## Direct international flights to Kenya's coastal region (MIA) in a month<sup>2</sup>



1. Mombasa International Airport  
2. 2021

Source: Flight Connections, Interviews (2021)

MIA is currently the **only airport handling direct international flights** in the coast

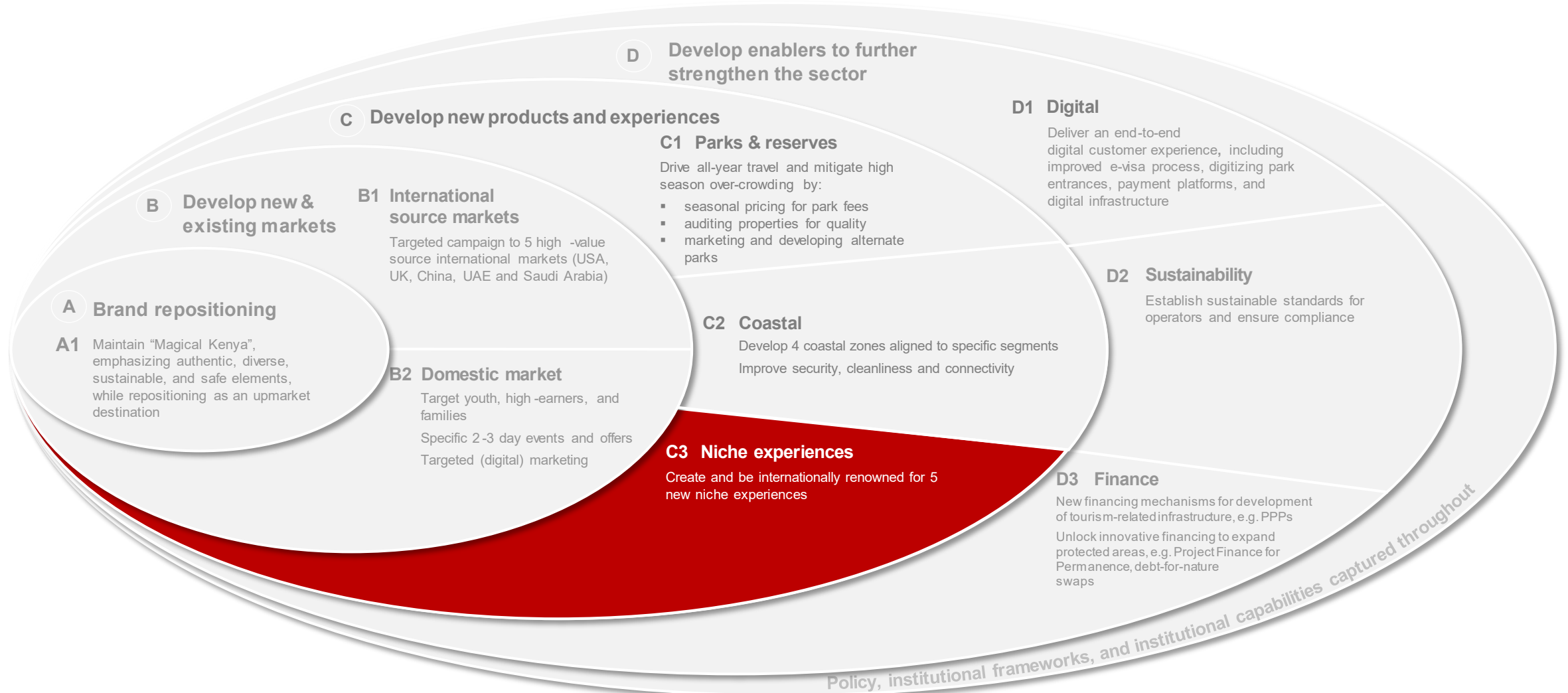
Although 3 other airports are internationally certified, there is **limited air connectivity** due to **short runways, obsolete facilities** and a **limited number of slots for international carriers**

**Options to consider to address these challenges:**

**Improve Diani airport to international standards** (e.g., increase runway length, improve terminal facilities)

**Rehabilitate Malindi airport or consider building a new airport in a close location**

# New Tourism Strategy for Kenya: 9 initiatives



# C3: What is a “niche experience”?

## What it is



An end-to-end product / service that Kenya can become internationally renowned for and for which **tourists will come to Kenya for 7-14 days**

A product / service that needs dedicated, tailored marketing, often via a niche channels (e.g., specialized magazines, sports teachers' networks)

*Different from “Signature experiences” which are generally 1 day or a few hour add-ons to a planned trip for core safari and/or beach offerings*

*Example: Tanzania’s Kilimanjaro climbing hikes attracts a niche climbing segment who come for a 7-10 day trip ONLY for the mountain, Costa Rica’s whitewater rafting is a 7-day multiple white water rapids adventure*

## What it is not



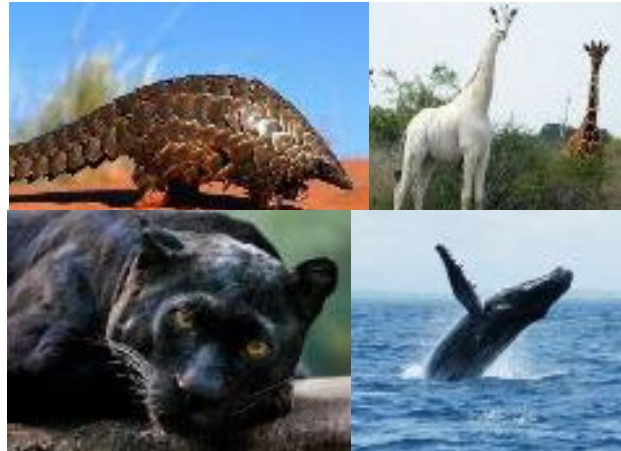
An ‘add-on’ to an existing trip (e.g., a day-trip, an additional activity)

*Example: sky-diving, visits to local communities*

# C3: In addition to its existing safari and beach offerings, Kenya could develop and market 5 high-priority new experiences



**Discovering a myriad of rare birds**



**Watching rare and unique animals in the wild**



**Running with Kenya's world champions**



**Best kite-surfing in the world**

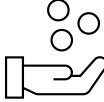


**Mountain-climbing over the savannah**

These 5 experiences could be scaled as a first priority as they appeal to large markets that Kenya is well-positioned to capture, given existing competitive advantage (already been proven through successful existing initiatives)

Several other experiences (e.g., cultural heritage tours) with high potential but stronger development requirements (e.g., infrastructures) could be developed in a second phase

## C3: These experiences have been prioritized against 5 criteria...

Criteria		Description
<b>Value-at-stake</b> 	<b>Addressable market</b>	Degree of interest within international / domestic markets for this type of experience (estimated market size, if available)
	<b>Potential to capture incremental value</b>	Potential for Kenya to effectively generate revenues around such experiences given: (i) scalability, (ii) competitive advantage (i.e., potential to attract international / domestic tourists around such experiences), and (iii) typical margins around such experiences (if available)
	<b>Strategic relevance</b>	Fit with current ambitions to become all-year-round destination, diversify customer experience and products, and become a sustainable tourism leader
<b>Feasibility</b> 	<b>Current maturity</b>	Current status of the experience: number, scale, and performance of actors that currently offer such experiences in the country already
	<b>Ease of implementation</b>	Ease of implementation / scale-up given infrastructure investment requirements and operational challenges

# C3: ...across a long-list of multiple options

		<span style="display: inline-block; width: 10px; height: 10px; background-color: #8B6914; margin-right: 5px;"></span> High <span style="display: inline-block; width: 10px; height: 10px; background-color: #D4C08C; margin-left: 10px; margin-right: 5px;"></span> Medium <span style="display: inline-block; width: 10px; height: 10px; background-color: #F0E68C; margin-left: 10px; margin-right: 5px;"></span> Low <span style="display: inline-block; width: 10px; height: 10px; background-color: #333; margin-left: 10px; margin-right: 5px;"></span> Potential priorities <span style="display: inline-block; width: 10px; height: 10px; background-color: #CCC; margin-left: 10px;"></span> Second priorities				
Category	Experiences	Addressable market	Potential to capture incremental value	Strategic relevance	Current maturity	Ease of implementation
Rare animals watching	<b>a</b>   Birding	~ 3M international trips p.a.	Strong competitive advantage given diversity, but likely already capturing a decent share	Underserved parks, all-year-round	Several service providers via conservancies, for example	Existing offering
	<b>b</b>   Bush (e.g., Hirola, Roan, Rothschild giraffes, rhinos)	~ 12M trips p.a. for total wildlife tourism				
	Marine <sup>1</sup> (e.g., marine big 5, rare turtles)					
Water adventure	<b>c</b>   Kitesurfing / surfing stay	>1.5M kite-surfers, most of them doing a trip ever 5 years	Natural assets	Coastal development	Well-established service providers (e.g., in Watamu)	Service providers attraction, infrastructure development
	Fishing (big-game) tour					
	Diving stay	24M certified divers, ~10% taking 1 diving holiday p.a.				
	River journey (rafting, kayaking, floating)					
Mountain and forest adventure	<b>d</b>   Biking tours / motorbiking (e.g., desert)	\$6-8B / ~1.5M trips				
	Running tours (e.g., marathon)	1.3M marathon finishers 2018	Kenya renown			
	<b>e</b>   Hiking, trekking, mountaineering, abseiling / rock climbing, sky-diving	~\$400 B <sup>2</sup> overall adventure market		Underserved parks, all-year-round		
Wellness, Golf, and Yoga	Golf tours	\$20B <sup>3</sup>	Already developed golf circuits			Infrastructure required
	Yoga retreats	\$ 6-8B fitness tourism		All year, new places		
	Cruising	\$40B, yet COVID hit				Port in place, but needs development
Cultural / Heritage	Monuments, archeological sites, museums, movie / books site-seeing	~375M international cultural trips p.a. / ~\$1B movies site-seeing market <sup>4</sup>	Low scalability	Underserved places, year round		Important renovation needed
Honeymoon and weddings	Honeymoon	\$15-30B	Beach and bush	Coastal development		Marketing and connectivity
	Destination wedding	\$15-20B				

1. To be addressed under coastal offering initiative (C2) 2. Adventure Travel Trade Association 3. Golfing Tour Operators Association 4. Huffington Post / Expert interviews



# C3: Kenya could develop a dedicated offering and promotion strategy for each of these 5 priority new experiences

## Objectives

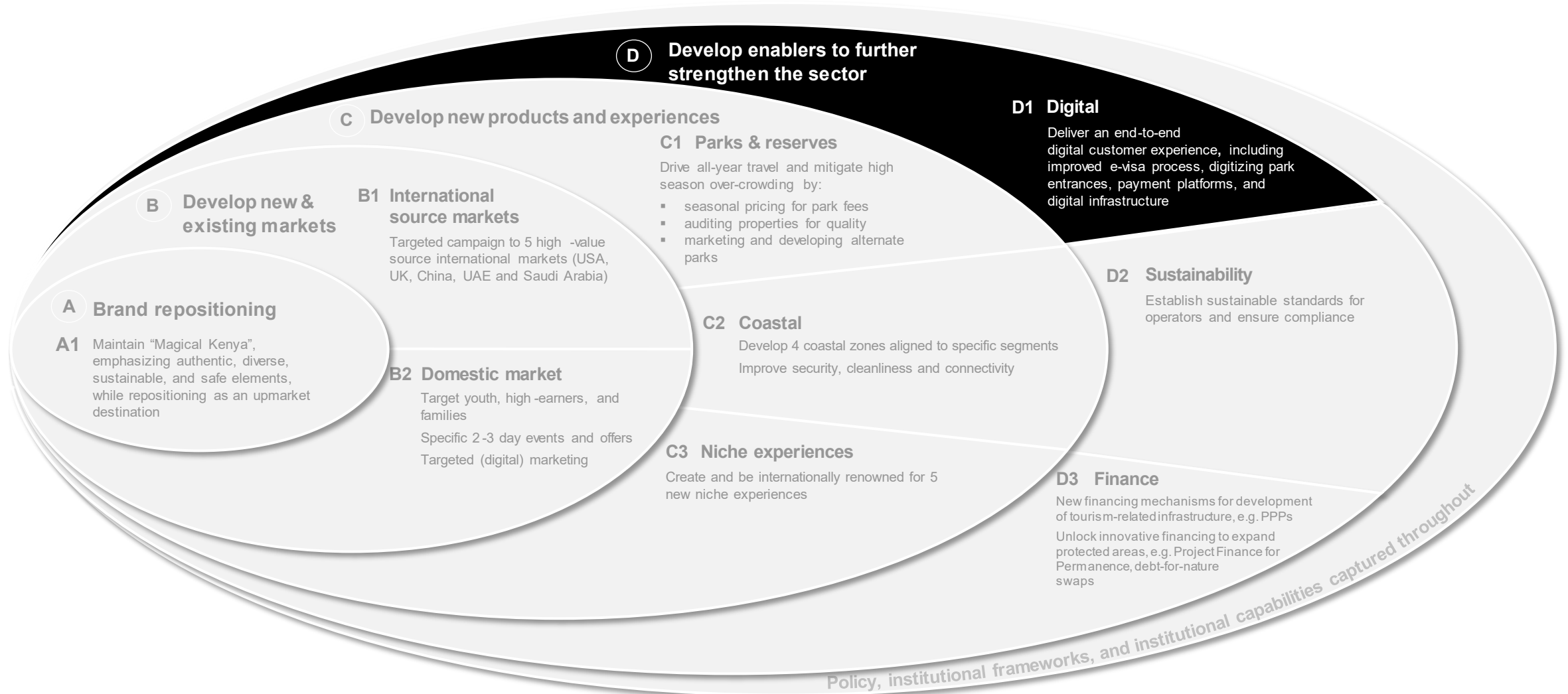


- a/b** Develop circuits to watch birds and rare animals in wild unexplored Kenyan parks
- c** Develop one of the world's best kite-surfing spots in Watamu and Che Shale
- d** Build world-famous mountain climbing over savannah
- e** Become a must-run marathon with Kenyan's world champions

## Potential initiatives to consider

- **Develop end-to-end experiences (“circuits”)** in partnership with the National Museums of Kenya and private sector and develop stories and circuits that are marketed through specialized niche channels and interest groups
- Improve **accessibility and infrastructure** along those circuits – *Refer to D2*
- **Develop regional competitions** in partnership with international organizations and the private sector, developing infrastructure in parallel
- Improve **beach accessibility and security** – *Refer to C2*
- License **private actors** to develop experiences and programs for domestic travelers and develop targeted marketing through specialized media channels
- Improve **accessibility and security** in the parks – *Refer to C2*
- **Organize series of world's must-run marathons** (beyond Lewa) and market these **once in a lifetime opportunities** engaging **Kenyan marathon champions** to promote sport competitions

# New Tourism Strategy for Kenya: 9 initiatives



# D1: The tourism value chain is becoming increasingly digitized

## Global trends

# 74%

of travelers **plan their trips** on the Internet



# 73%

Travelers use photos from other travelers to help them **make decisions**



# 45%

of travelers use their phone for **everything** having to do with their **vacations**



# 82%

Of **travel bookings** in 2018 were **made without** any **human interaction**









# D1: Kenya could deliver an end-to-end digital traveler journey in joint collaboration between public and private stakeholders

Optional functions for public and private sector

XX Potential priority initiatives

Sponsor	Awareness	Information	Booking	Arrival / exit	Traveling around	Stay / Activities
<b>KTB / MoTW</b>	Push digital marketing content to create awareness on what Kenya has to offer and trigger search	<p><b>Improve web/mobile sites</b></p> <ul style="list-style-type: none"> <li>• Ensure they are well structured, easy to navigate, display relevant content</li> <li>• Link to partner sites that add credibility and improve search (e.g., US travel department)</li> <li>• Remove unnecessary links / code to improve speed</li> </ul>	Ensure seamless redirection from Magical Kenya website to linked experiences providers (e.g., <i>Signature Experiences</i> )	<p><b>Improve e-VISA website</b></p> <p>Maintain updated COVID-19 information</p> <p><b>Partner with service providers to improve digital infrastructure</b></p>	N/A	<p><b>Partner with digital payment providers</b></p> <p><b>Digitize KWS park entrance</b></p>
<b>Experience providers / OTAs</b>	Develop digital marketing content to be pushed via KTB or proprietary / paid channels	Provide single-click access to information	<p>Simplify booking processes (# of fields, accepted payments means)</p> <p>Push ads to identified leads</p> <p>Align messaging with KTB/ MoTW</p>	Provide direct local data connectivity to incoming tourists (e.g., pre-loaded SIM with data/SMS)	<p>Provide Wi-Fi in transport including SGR</p> <p>Provide easy to use online transport booking including SGR</p>	<p>Ensure seamless network connectivity</p> <p>Connect to digital payments platforms</p> <p>Partner with travel sites to allow easy information access and reviews posting</p>

# D1: Six initiatives could be prioritized to improve digital customer experience in-country

Potential initiative	Description	Delivery approach
 <b>Keep Magical Kenya as single source of truth</b>	Ensure critical traveler information (e.g., visa protocols, health and safety information) is up to date and easy to find on the Magical Kenya website	Partner with digital provider <sup>1</sup>
 <b>Improve e-VISA website functionality</b>	Reduce website outages and long connections times <sup>2</sup>	Consider outsourcing
 <b>Improve Wi-Fi connectivity along major tourist hotspots</b>	Ensure access to good network connection along traveler journey, especially in strategic places (e.g., free Wi-fi hotspot at airport/railway stations or social media photo spots)	Partner with internet / infrastructure provider
 <b>Develop partnerships with digital payment providers</b>	Allow travelers to pay using their preferred digital payment apps by connecting them with local payment rails	Identify priority digital payment providers (e.g., WeChat, AliPay, Paypal) and work with service providers to create
 <b>Digitize KWS park entrance</b>	Develop a fully digitized payment and ticketing system for all KWS parks: booking, payment, receipts e.g., multiple cashless payment options, QR code scanning at park entrance ( <i>refer to C1</i> )	Design specifications and tender to digital provider
 <b>Create a full in-country tourist app</b>	A mobile app that provides recommendations, information on nearby attractions, connection to digitized guided tours etc., and is available offline	<i>Longer term initiative</i> – tender to digital provider

1. KTB supported by Google

2. This would need to be done in parallel with activities at customs and immigration to further improve traveler experience

# D1: Update: as of July 2022, Zuru Kenya Parks has been launched to Allow visitors to KWS parks to book and pay for tickets digitally

AS OF JULY 2022

## What is it?






The Zuru Kenya Parks digital system allows KWS to:

1. Manage KWS park revenues better and more efficiently through a front end user facing digital system
2. Prevent excessive queuing at parks entry gates for ticket purchases

## How does it work?

The system works through various client - facing applications that allow customers to book and pay for tickets digitally before they enter a KWS park

The application can currently be used across three different user journeys:

-  Individuals customers
-  Tour operator customers
-  Walk-in customers

The application, depending on the user journey, can be accessed through a website or mobile phone application

ios

android 



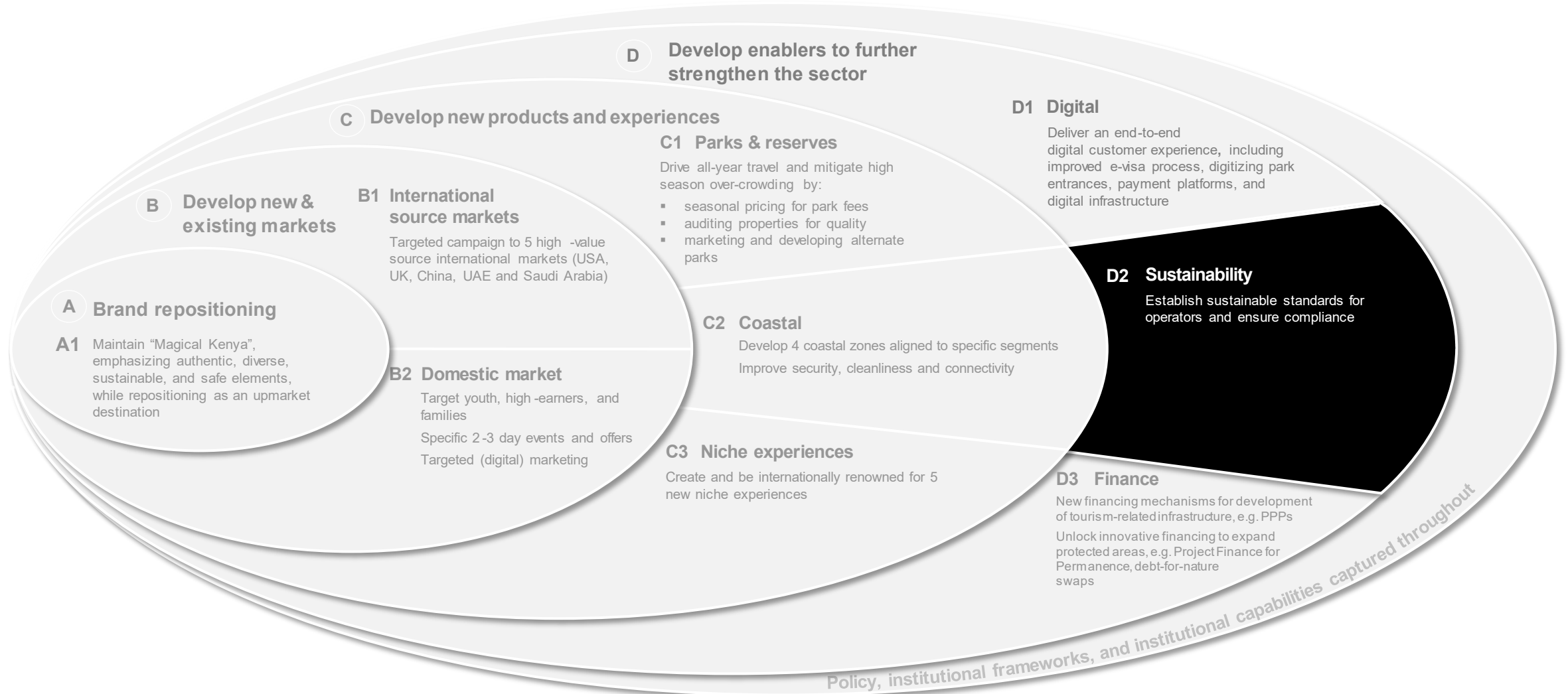
## Who developed it?

The system was developed by Pesapal in conjunction with KWS experts

Pesapal is a payment provider, enabling customers to make and accept online and mobile payments



# New Tourism Strategy for Kenya: 9 initiatives



## D2: Globally, there is a strong, growing call for sustainable tourism from both consumers and governments



# 71%

of travelers plan to make **eco-friendly travel decisions**, including hotel, transport, and food



# 93%

of travelers say travel **companies** should be **responsible for protecting the environment**



# 50%

of global customers are willing to **pay more for socially-responsible products**



# 73%

of travelers want to stay in an **eco-sustainable hotel**



# D2: Leading DMOs embed sustainability into licenses and accreditations and reward it with financial and non-financial benefits

					
	Sustainability requirements	Sustainability part of quality levels <sup>1</sup>	Sustainability specific certificates	Financial benefits from sustainability <sup>2</sup>	Non-Financial benefits from sustainability <sup>3</sup>
	✓ Fully addressed    ✓ Partially addressed    ■ Discussed				
	✓ Partially addressed		✓ Fully addressed	✓ Partially addressed	✓ Fully addressed
	✓ Fully addressed	✓ Fully addressed	✓ Fully addressed		✓ Fully addressed
	✓ Partially addressed	✓ Fully addressed	✓ Fully addressed		✓ Fully addressed
			✓ Partially addressed		✓ Partially addressed

1. Levels of sustainability part of the DMOs quality certificates (e.g., Qualmark levels or hotel star ratings)

2. E.g., Rebates, Tax incentives

3. E.g., Marketing, distribution

Note: From top to bottom: Costa Rica, Iceland, New Zealand, Kenya

## D2: To be a sustainable tourism leader, Kenya could implement minimum standards, issue sustainability badges directly, and raise incentives



### What

**Identify minimum requirements** (including transparency of reporting), with operators' licenses suspended otherwise

**Evaluate implementation of new, sustainability badges** and levels for the tourism industry (substituting Ecotourism Kenya or aligning more closely with it)

**Raise benefits of sustainability badges**



### Who

**NEMA** to monitor **minimum requirements**

**NEMA** to **reevaluate environmental audit licenses** based on additional sustainability requirements

**MoTW** to **evaluate** if **Ecotourism Kenya** is an adequate monitoring body for ecotourism accreditation

**MoTW** to **add benefits** to **sustainability badges**



### How

**Suspend licenses** if operators do not meet minimum requirements

**Downgrade badge levels** and **miss out on benefits** if levels of sustainability are not met

Options on non -financial benefits for badges:

- **KTB marketing** efforts tied to level
- Access to **distribution** channels and partners

Options on financial benefits for badges:

- **Tax rebates** for ecofriendly operations and capex
- Better **access to** local and international **loans** through public sector subsidies and advice

# D2a: New Zealand regulates, monitors, and supports the industry through its Qualmark levels of excellence



**Tourism New Zealand** owns and operates the quality assurance organization Qualmark New Zealand<sup>1</sup>

**Qualmark has 4 criteria**, one of them being environment and culture. Each of the four criteria has subcategories, e.g., Environment and Culture which itself has eight subcategories, e.g., “*Discharge and waste*”

Sub-categories are evaluated via a tiered grading that varies by sub-category

**Bronze:** Requires all minimum standards contained in the Sustainable Tourism criteria: (1) *economic*; (2) *social and people*; (3) *environment and culture*; (4) *health, safety and wellness*

E.g., Aware status

**Silver:** Requires the tourism business consistently exceeds visitor expectations

E.g., Monitoring status

**Gold:** Requires delivering exceptional customer experiences is an integral part of everything the tourism business does

E.g., Future proofing status

The process of Qualmark accreditation includes pre-evaluation, on-site evaluation, and post-evaluation steps (includes an action plan)

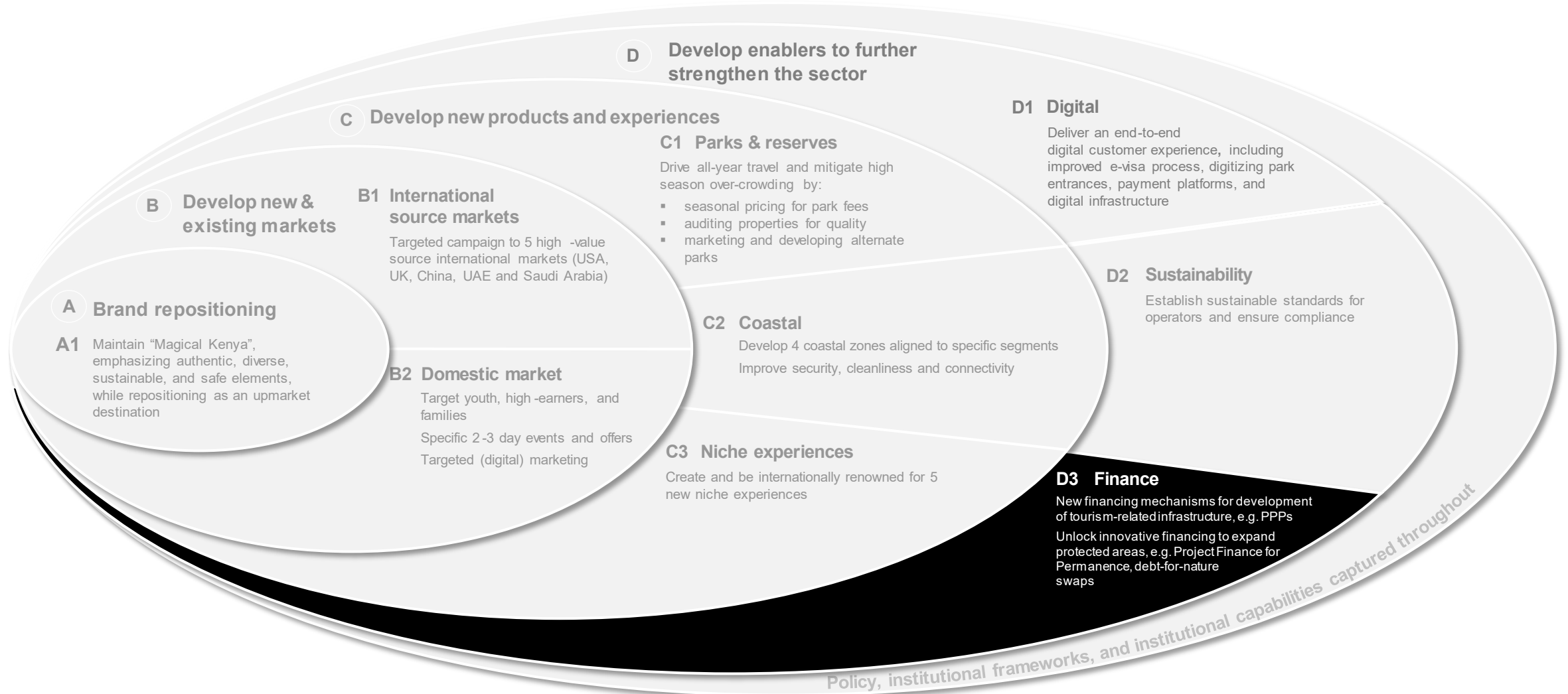
**Holistic approach to sustainability:** Qualmark helps businesses become more sustainable from a **people, planet, and profit** perspective:

- Sustainability requirements include **environmental performance** such as the completion of environmental review and action plans, recycling options, and other initiatives
- **Environmental sustainability** is one of the main criteria of the “**Light Footprint**” quality badge
- Continuous **improvements and updates of Qualmark’s accreditation system** ensure businesses can remain competitive and still implement **sustainable practices**
- Accredited tourism businesses enjoy several **benefits** such as **advisory and funding** via the Tourism Transitions Programme<sup>2</sup>

1. Qualmark is the NZ’s industry’s official quality assurance organization and environmental protection agency of the tourism industry established in 1997

2. Qualmark has received \$5 million to establish a free advisory service to support tourism businesses as they navigate the impacts of COVID-19

# New Tourism Strategy for Kenya: 9 initiatives



# D3: The tourism industry requires financing for infrastructure, conservation, and sector resilience

■ Detailed further



## A) Infrastructure

**What:** Development of tourism-related infrastructure

**How:**

- PPP concessions
- Government bonds

**Where:**

- Diani and Malindi airport
- A ferry water transport system along coast
- KICC
- Underdeveloped / “paper” national parks



## B) Conservation

**What:** Funding for environmental and sustainable projects benefiting the tourism industry

**How:**

- Project finance for permanence
- Impact bonds
- Debt for nature swaps

**Where:**

- Chyulu Hills National Park
- Marine ecosystem
- Mau reforestation



## C) Resilience

**What:** Development of resilience and crisis-protection mechanisms

**How:**

- Parametric insurance
- Carbon markets
- Pension funds/Income protection

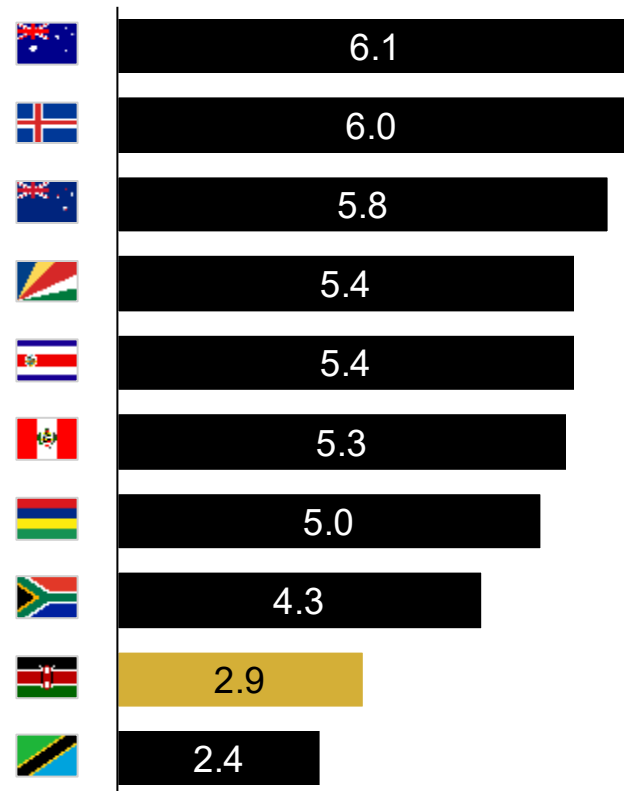
**Where:**

- Coral Reef
- Migration
- KWS parks
- Direct industry employees

# D3. Tourism-related infrastructure needs to be developed to remain competitive

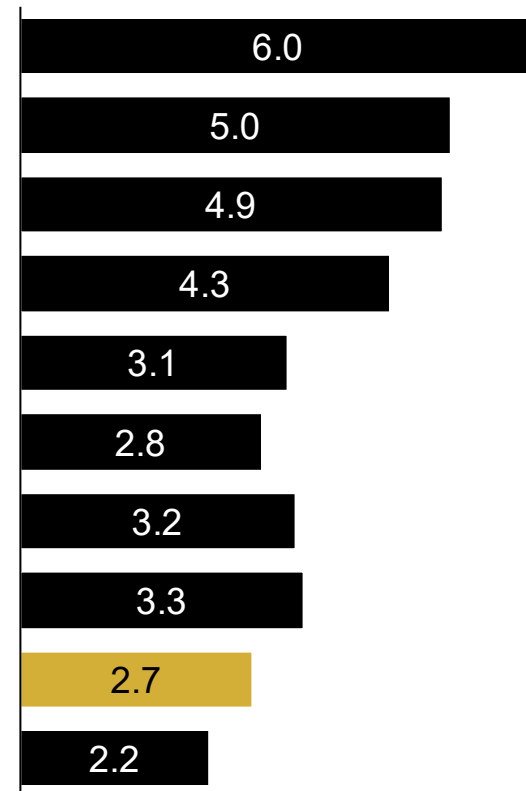
## Tourist service infrastructure competitiveness

Score from 1 to 7, 7=best; 1=worst



## Air transport infrastructure competitiveness

Score from 1 to 7, 7=best; 1=worst



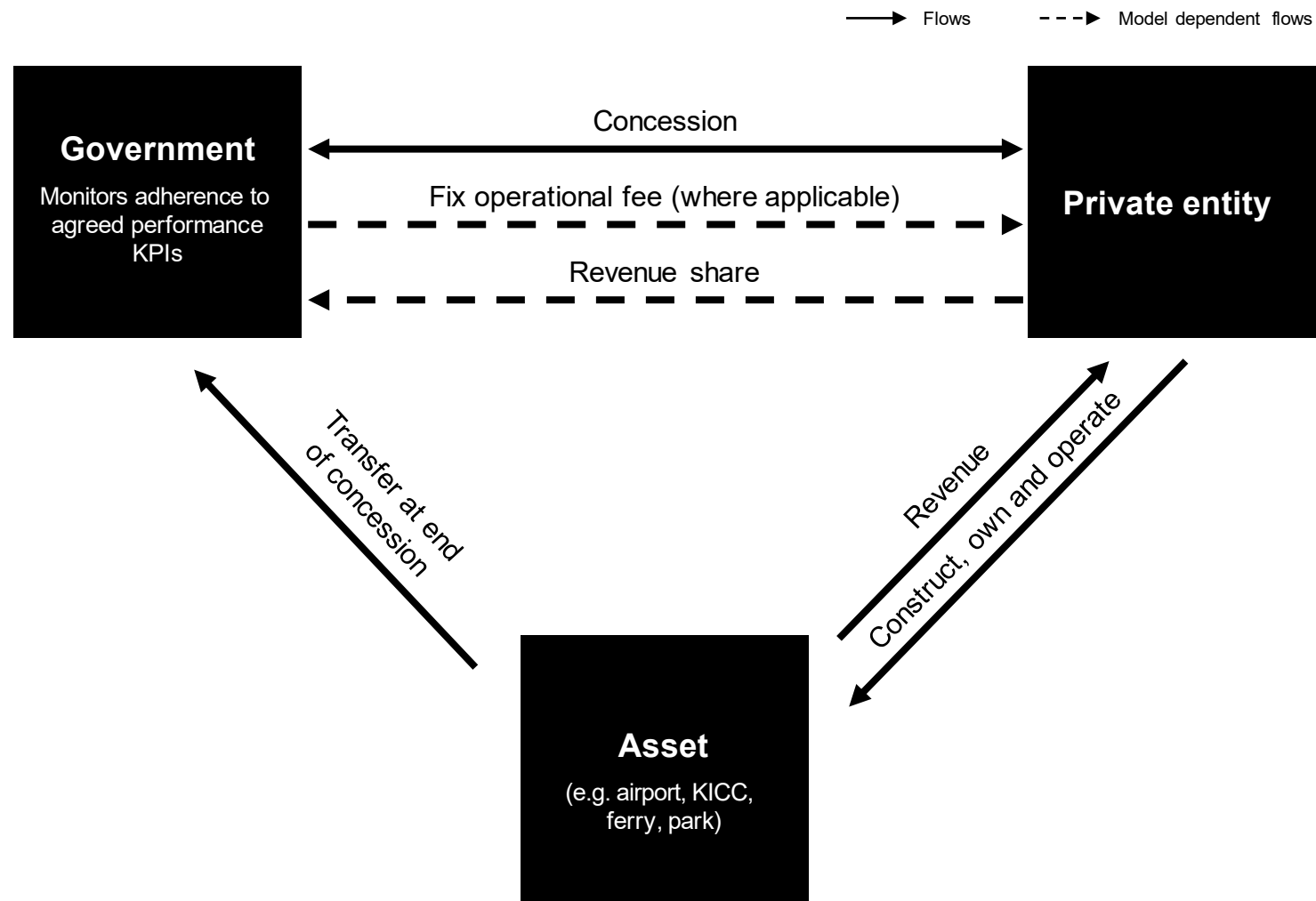
Kenya ranks **103<sup>rd</sup>** out of 140 countries in **tourism service infrastructure competitiveness**

East African leaders include the **Seychelles**

Kenya's **air** infrastructure competitiveness is slightly better, at **74<sup>th</sup>**, but still **below the world average**

**Infrastructure developments** are needed in order **to remain competitive** outside of just East African peers

## D3: In a PPP concession, the government exchanges risk and revenues for development and operation rights



Government gives some form of management or development rights to private entity

Private entity either operates and develops, or constructs and operates asset

Government can maintain some revenue share (dotted line) but hands over majority of operational and development risk

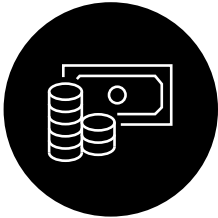
Private entity has to be strictly monitored and evaluated against pre-agreed performance KPIs (e.g., revenue growth, development, security)

2 main models include:

- Management and operations concession (dotted line)
- Infrastructure development concession

# D3: PPPs could be used to develop tourism assets currently lacking funding and other resources

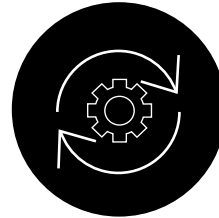
ILLUSTRATIVE, NOT EXHAUSTIVE



## Management concessions

For parastatal assets such as:

- KICC
- Bomas of Kenya
- KWS in-park properties



## Development concessions

State and Ministry governed infrastructure assets such as:

- Airports: Diani, Malindi, Lamu airport
- New transport systems: Ferry system between Kilindini-Diani-Lamu



## Management and development concessions

Under-developed/ utilized KWS parks



# D3: Tourism infrastructure example development and/or management concessions

## Development cases

### ILLUSTRATIVE EXAMPLES

#### Potential concession

#### Example concession approach

##### KICC

Management concession to private entity

Other options: Bomas of Kenya, KWS managed properties

5+ year concession

Operator keeps majority of revenues (70%+) and assumes risk on marketing and financial performance

GoK tracks key performance KPIs with thresholds (performance below those thresholds could lead to remedial actions)

Closed RFP to organizations with proven ability to run convention centres

##### Diani Airport

Development concession to private developer to expand runway and terminal facilities and operate

Other options: Lamu, Malindi

10+ year concession

Operator keeps majority of revenues (70%+) and assumes development and management risks

GoK ensures speed on permitting and mandates, certain safety standards, and other regulations (e.g., allowable flight times)

Closed RFP to organizations with legal certifications and right to operate airports to international standards

##### Coast Ferry

Development and management concession to build and operate ferry system

Same as above

#### Overall requirements

Trust and confidence from private sector that GoK is able to make commitments: payments, providing permits, helping ease construction, and can legally allow for timely operations

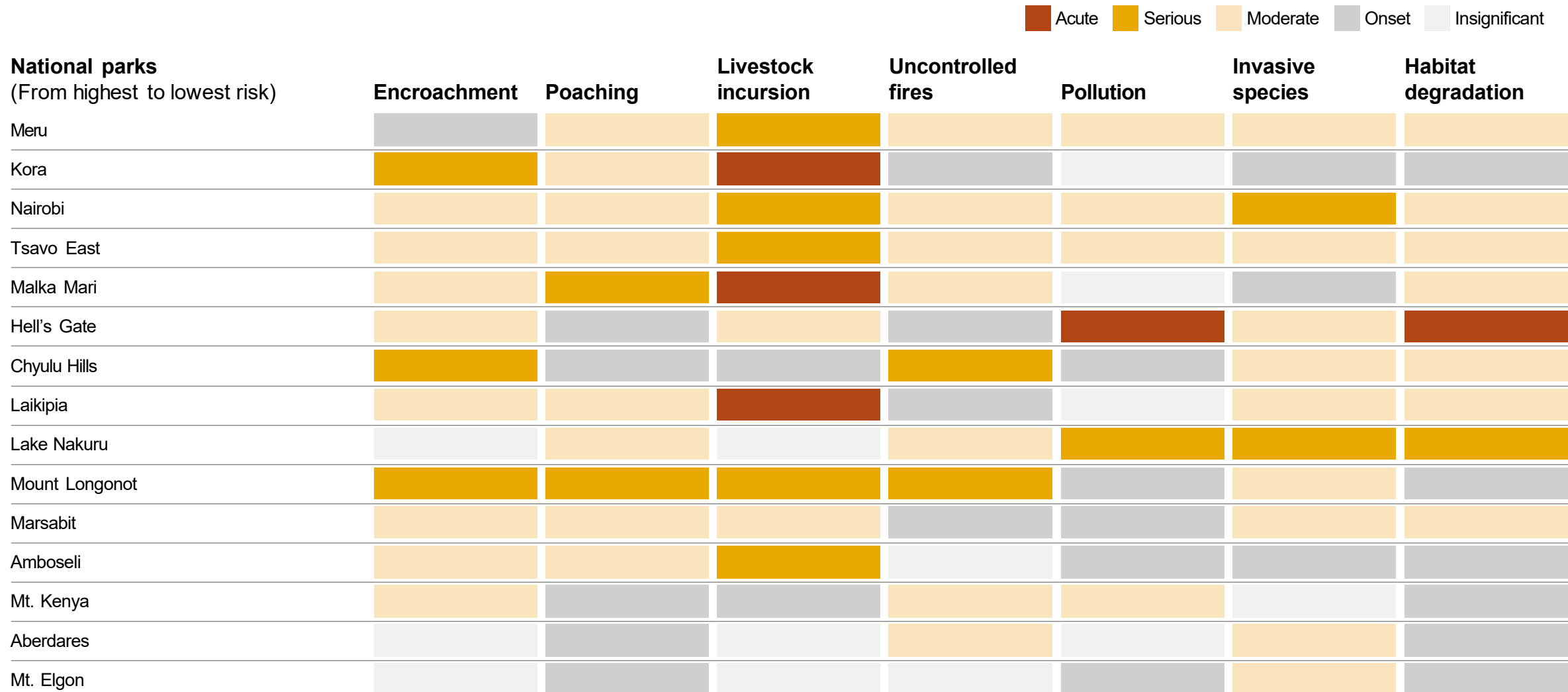
Clear definition of development goals, safeguards, investment needs, and privileges of concessionaire

Agreement on how development costs are shared, payment modalities and renewal conditions

Proven operators who could take on the operations and development of tourism assets

# D3: Degraded or underserved national parks could also potentially benefit from PPPs

Analysis of level of degradation of various NPs in Kenya



## D3: CMPs are PPPs for management of PAs

A collaborative management partnership (CMP) is a type of public-private partnership (PPP) used in the conservation sector to **enhance and improve the management of protected areas (PAs)**

CMPs are **service-provider contracts** where the ownership of the underlying asset (the PA) stays with the government

Key success factors include:

- Ensuring the partnership is **trust-based**
- **Holistic understanding of benefits**
- **Clear roles and responsibilities**

A World Bank analysis of the **40+ CMPs in Africa** shows that CMPs successfully **attracted investments that enhanced biodiversity conservation**, generated increased **tourism revenues**, **created local jobs**, and **stimulated green development**



## D3: Holistic benefits of CMP models based on other African PAs

---

### Tourism benefits



- Increase **national park's global visibility** through CMP partner's brand recognition
- **Attracts/mobilizes private sector investment in tourism infrastructure** and activities
- **Attract skills** not currently represented in some parks e.g., skills in tourism development

### Conservation benefits



- **Increases funding** for the national park
  - **Bilateral/integrated** CMPs have an average of **2.6x** greater funding than baseline of state funding
  - **Delegated** CMPs have an average of **14.6x** greater than baseline of state funding
- **Increases investment** in conservation, rehabilitation and protection of the protected area
- Helps **transform/operationalize paper parks** leading to **stimulation of local economies**

### Community benefits



- Creates and **catalyzes community benefits** - in addition to job creation, CMPs create social benefit by **attracting development partners**

### Government budget support



- **Reduces the financial burden** of management on the state authority
- Generates **sustainable revenue models** while increasing tourism revenues
- **Leads to asset appreciation** without using government funds
- **Increases foreign exchange, tax revenue, and employment**

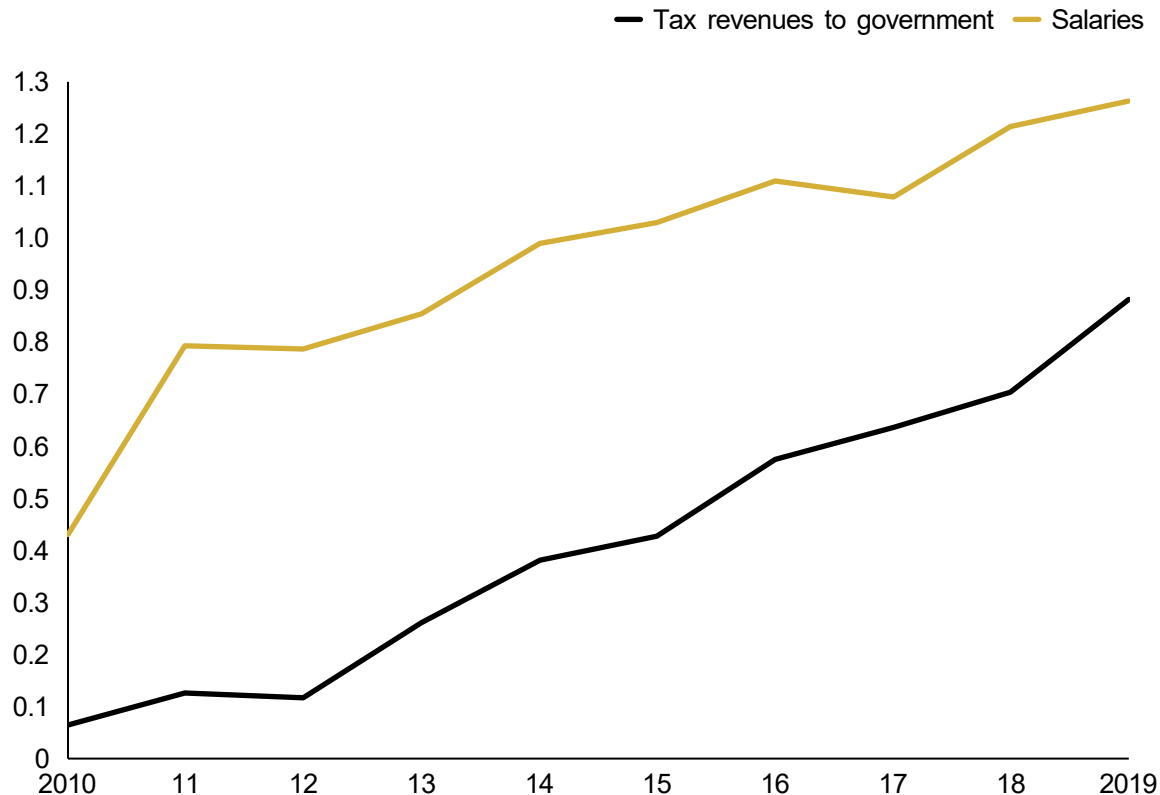
# D3: Increase in revenues and investment from CMPs: examples

## Akagera National Park, Rwanda



CMP model: delegated  
 CMP partner: African Parks

Revenue Generation , USD Millions

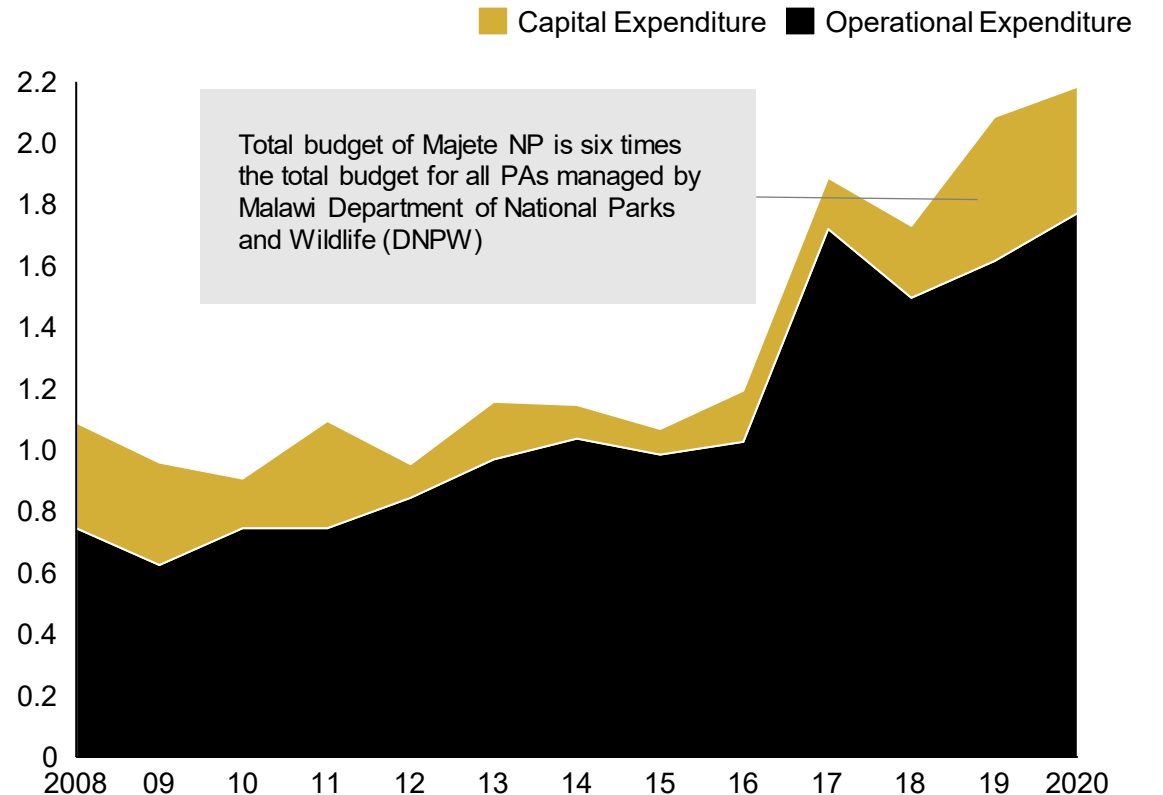


## Majete Wildlife Reserve, Malawi












CMP model: delegated  
 CMP partner: African Parks

Majete Wildlife Reserve Annual Expenditure , USD Millions







# D3: CMPs tend to be an average of 20 years

## Duration of CMPs in Africa

	Dzanga-Sangha PA	Simen Mountains NP	Yankari NP	Gonarezhou NP	Gorongosa NP	Makuleke Contractual Park	Akagera NP	Liuwa Plain NP	Nouabale-Ndoki NP
<b>Model</b>	Bilateral co-management			Integrated co-management			Delegated management		
<b>Government Partner</b>	Ministry of Forest	Ethiopian Wildlife Conservation Authority	Bauchi state Ministry of culture and tourism	Zimbabwe Parks and Wildlife Management Authority	Government of Mozambique	SANParks	Rwanda Development Board	Department of National Parks and Wildlife	Ministry for Forest Economy
<b>Partner</b>	WWF	AWF	WCS	FZS	Greg Carr Foundation	Makuleke Community	African Parks	African Parks	WCS
<b>Country</b>	Central African Republic	Ethiopia	Nigeria	Zimbabwe	Mozambique	South Africa	Rwanda	Zambia	Congo
									
<b>CMP Signed</b>	2019	2017	2015	2017	2018	1999	2010	2004	2014
<b>Agreement Duration</b>	5	15	15	20	25	50	20	20	25

# D3: Conservation and tourism PPPs have a four different models

Typical contracts seen in other National Park CMPs in Africa

	PPP models	Structure	Governance	Management	Funding
<p>Lower</p> <p>CMP partner management control/ delegation of authority</p> <p>Level of funding/ financial obligation by CMP partner</p> <p>Ability to leverage CMP partner's technical capacity</p> <p>Higher</p>	<p><b>Technical and/or financial support</b></p> 	<p><b>No management agreement</b> (no contract)</p>	<p><b>Public partner continues to govern</b> with partner only playing an advisory role</p>	<p><b>Public partner retains full management control</b></p>	<p><b>Public partner responsible for all funding</b> (including operational costs) except for agreed upon project funding</p>
	<p><b>Bilateral co-management</b></p> 	<p>Partners maintain <b>independent structure</b></p>	<p><b>Public partner leads strategy and oversight</b> with involvement and in some cases, <b>consensus of the partner on certain project-related issues</b></p>	<p><b>Public partner retains management authority but allocates certain management aspects to the partner</b></p>	<p><b>Public partner retains public staff salary costs and some operational costs</b> CMP partner commits to paying certain operational costs</p>
	<p><b>Integrated co-management</b></p> 	<p><b>New CMP entity</b></p>	<p><b>CMP partner shares governance</b> responsibility with the public partner. Representation is <b>split</b> between the partner and government. Strategy and oversight managed by the new CMP entity board</p>	<p><b>Management is delegated to the new CMP entity - but with some aspects shared</b></p>	<p><b>Costs are covered by the new entity</b> The CMP partner typically commits to raising funds for operations In some cases, the public partner pays for salaries of seconded staff Assets will be owned by the new entity</p>
	<p><b>Delegated management</b></p> 	<p><b>New CMP entity</b></p>	<p><b>CMP partner shares governance</b> responsibility with the public partner. <b>CMP partner has most of the seats</b> on the board. Strategy and oversight managed by the new CMP entity board</p>	<p><b>Management is delegated to the new CMP entity</b></p>	<p><b>Costs are covered by the new entity</b> As per integrated model</p>

1. Secondment is defined as when an employee is temporarily transferred to another department or organization for a temporary assignment

## D3: Kenya can explore financing for two other areas: Conservation and Resilience



### A) Conservation

**What:** Funding for environmental and sustainable projects benefiting the tourism industry

**How:**

- Project Finance for Permanence
- Impact bonds
- Debt for nature swaps

**Where:**

- Chyulu Hills National Park
- Marine ecosystem
- Mau reforestation



### B) Resilience

**What:** Development of resilience and crisis-protection mechanisms

**How:**

- Parametric insurance
- Carbon markets
- Pension funds/Income protection

**Where:**

- Coral Reef insurance
- KWS parks
- Direct industry employees



# D3: Financing instruments were prioritized based on relevance, scalability and current use in Kenya

Type of funding	Financing instrument	Relevance to conservation and tourism	Potential for large-scale funding	Originality to Kenya <sup>1</sup>	Rationale
Grant-based	Domestic government budget allocations				Maintain current approach, but not deep -dived here – well-established mechanism in Kenya
	ODA, incl. results based				Continue evaluating opportunities but requires support from foreign governments; Poor ability to measure results
	Long-term loan				Pursue in the right context, such as downturns, but requires large single creditor
	Philanthropic grants				Maintain pursuit of grants, but unsustainable for continuous funding needs
	Crowdfunding				Continue evaluating for asset-specific smaller scale projects
	Debt for nature swap				Unlock existing offer - Realistic funding of large-scale projects through debt restructuring; Already in negotiations
	Project Finance for Permanence (PFP)				Pursue actively given its clear structures for MoF and lenders/donors as well as promising funding size
Investment-based	Bonds and loans, incl. green bonds				Potential to activate, due to the opportunity to leverage successful assets and attract wide range of investors
	Blended finance funds				Maintain current approach but not deep -dived here
	Public Private Partnership (PPP)				High focus on this, due to necessary increased private sector involvement in operations and development risks
Compensation-based	Eco-taxes				Explore but don't pursue for now, as it extracts funds from industry
	Extractive fees, royalties, permits				Do not pursue in the short term, as it extracts funds from industry
	Carbon offsets, incl. green carbon				Continue driving this, despite small scale of funding it is a growing market
	Biodiversity offsets				Maintain current approach, but not prioritized due to small scale of funding focused on repairing and not developing
Value-based	Levy on sustainable use				Deprioritize due to required safeguards and enforcement capacities
	Payment for ecosystem services (PES)				Reevaluate in the future, due to necessary ability to price service value and low scalability for capex
Insurance-based	Parametric insurance				Attempt with global insurers, given community involvement to protect crucial assets to the industry
	Income protection				Evaluate feasibility due to potential to protect incomes from crises

Score: ● High ◐ Medium ○ Low A B

1. Indicates usage level in Kenya, higher the level the lower the usage

# D3: Six prioritized financing mechanisms to support conservation and industry resilience

## Conservation

### i) Project Finance for Permanence (PFP)

- Permanent conservation of ecosystem through upfront investment as sinking fund
- Potential size:

**\$60M – 100M**

### ii) Debt for nature swap

- Purchase of government debt at discounted value in return for government pledge against preservation
- Potential size:

**\$100M++**

**(\$500M for TNC model)**

### iii) Bonds and loans, incl. green bonds

- Investment bond that funds development of sustainable assets
- Potential size (Depending on asset):

**\$100 – 500M**

## Resilience

### i) Parametric insurance

- Monetize reduced risk of potential losses to ecosystem
- Potential size:

**\$0.5M – 2M**

### ii) Carbon/bio -diversity offsets

- Voluntary monetization of carbon sequestration by parks to compensate for footprint
  - (Could include scaling up carbon markets in Kenya)
- Potential size:
  - TBC

### iii) Income protection

- Fund that employers pay into for the case of industry downturns
- Potential size:

**~\$150-350M<sup>1</sup>**

1. Estimated 20% jobs at ~Ksh 120-500k each at risk for 1 year; Direct tourism job market of 453k; 19% income tax



REPUBLIC OF KENYA

**MINISTRY OF TOURISM & WILDLIFE**

---