



# **Mainstreaming Tourism Development in Least Developed Countries: Coherence and Complimentarity of Policy Instruments**

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The initial idea of undertaking this extensive study came about after the first Roundtable at the WTO in 2010 when we explored the topic of sustainable tourism and possible linkages with green jobs and climate change mitigations. Our colleague Mr. Eloi Laourou was the initiator of this thematic roundtable which was co-organised with his NGO, COMDEV, in collaboration with the LDC Group in the WTO.

The first Round Table generated enthusiastic responses and very helpful discussions which culminated in a working document adopted by the Sub-Committee on Least-Developed Countries and Council for Trade in Services on 21 December 2010 (WT/COMTD/LDC/18/S/C/W/328).

Discussions with various ambassadors and colleagues confirmed the necessity of conducting a comprehensive review of the policy governance environment within the LDCs and the international community in regard to tourism development and trade facilitation. The ensuing comparative analysis on policy coherence and policy complementarity was hence undertaken to establish a baseline for assessing successful tourism development policies in the LDCs. Initial findings of this comparative study were presented at a second CSEND Roundtable at the WTO on 26 April 2011.

Throughout this process, we have received sustained support from members of the LDC Group in the WTO who helped us raise awareness on the importance of tourism development and trade in tourism services and its potential for poverty alleviation.

Sincere thanks go to many colleagues who contributed to the previous Round Tables. In particular the following experts who continued to provide valuable inputs and feedback for this report. Their suggestions have helped us fine tune our research methodology and reflections. We particularly thank Mr. Dale Honeck, Dr. Magdi Farahat, Mr. Henryk Handszuh and Mr. Charles Tsai for reviewing earlier drafts of our policyscapes.

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# Executive Summary

Tourism is a significant contributor to GDP, employment and to the international appreciation of a country and its culture – regardless of its level of development. This policy analysis seeks to assist the Least Developed Countries (LDCs) in harnessing development opportunities by providing a comprehensive overview of existing international development instruments, i.e., Diagnostic Trade Integration Studies (DTISs) and their Action Matrices, Poverty Reduction Strategy Papers (PRSPs), and reviewing their alignment with the national tourism development strategies, investment policies and tourism related trade arrangements. The authors encourage the use of findings from this analysis by all actors and stakeholders engaged with trade facilitation activities in LDCs. In reviewing these key development policy documents, this in-depth analysis seeks to better equip LDCs to manage international policy advice provided by a multitude of international development partners. The ultimate objective of this work is to support their achievement of greater social and economic benefits through growth trade in tourism services. It is also hoped that this analytical report will enhance the coherence and complementarity of tourism development advice proposed by the international community via drawing attention to policy gaps and implementation vacuums existing within the tourism supply and value chain.

## Context

Tourism has emerged as one of the most dynamic and fastest growing industries worldwide representing about 6% of international trade in goods and service and accounting for 30% of the world's export of commercial services. Globally, tourism also ranks fourth as an export category, after fuels, chemicals and automotive products.<sup>1</sup> It is projected that the contribution of Travel & Tourism to GDP globally will rise from 9.2% (US \$5,751 billion) in 2010 to 9.6% (US \$11,151 billion) by 2020. The contribution of the Travel & Tourism Economy to employment is also expected to rise from 8.1%, or 235,758,000 jobs across the world in 2010, to 9.2%, or 303,019,000 jobs, by 2020.<sup>2</sup>

LDCs are endowed with natural tourism assets and distinctive cultural and historical sites. Many in this study have designated UNESCO World Heritage Sites. Sound tourism development strategies and well coordinated implementation plans can enable the LDCs to achieve greater value creation without compromising national tourism assets. LDCs need to develop and more fully exploit their tourism resources in a sustainable manner to achieve their midterm poverty reduction objectives.

Tourism is a people driven industry. Effective tourism strategies can create sustainable income generating opportunities and provide employment needed to absorb large numbers of semi-skilled or unskilled workers. Such strategies require investment in the tourism industry itself, i.e., hotels, transportation, catering and restaurants, but also entail investments to strengthen forward linkages to value chains and backward linkages to supply chains.<sup>3</sup> The absence of integrated development approaches such as project investments ranging from hotels to game parks, will impede the higher rates of return that are otherwise possible.

Recent reports from different agencies have highlighted the importance of tourism for LDCs. A flourishing tourism sector can contribute to LDCs' development through its linkages with other economic sectors and through the inclusion of local communities, as well as through job reaction and reduction of poverty.

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<sup>1</sup> 2010 World Tourism Organization (UNWTO) Tourism Highlights. See [www.unwto.org/facts/eng/pdf/highlights/UNWTO\\_Highlights10\\_en\\_HR.pdf](http://www.unwto.org/facts/eng/pdf/highlights/UNWTO_Highlights10_en_HR.pdf).

<sup>2</sup> 2010 World Travel and Tourism Council (WTTC), Progress and Priorities Report. See [www.wttc.org/bin/pdf/original\\_pdf\\_file/pandp\\_final2\\_low\\_res.pdf](http://www.wttc.org/bin/pdf/original_pdf_file/pandp_final2_low_res.pdf).

<sup>3</sup> For an analysis on the value chain in LDCs, see the 2009 study "Commodity Development Strategies in the Integrated Framework" available from <http://csend.org/publications/development-a-int-rel/48-commodity-development-strategies-in-the-integrated-framework>.

The main constraints faced by the tourism sector in Africa have to do with political instability, wars and terrorist attacks, leakages and limited linkages to the local economy. Hence the challenge for sustainable tourism development is to “overcome these risk factors; ensure effective market place value, quality of service products and meaningful community-private-public partnerships, supported by policies that influence flows to the poor.”<sup>4</sup>

This comparative analysis on policy coherence and complementarity was conducted to establish a baseline for assessing successful tourism development policies in the LDCs. Initial findings of this comparative study were presented at a second Roundtable at the WTO on 26 April 2011 for discussion and for validation of the analytic framework to be applied for an in depth analysis of key international policy instruments that have directly impacted LDC tourism services exports.

## Methodology

A quantitative method was used to clarify a set of policyscapes in order to analyse the coherence and complementarity of policy choices reflected within the tourism sector of specific countries. The tourism sector was selected as the domain of these policyscapes for the reasons cited above. Future research addressing other services sectors could rely on the same methodology developed and applied in this work.

A group of fourteen LDCs was selected for this policy analysis with a view to diversity based on criteria including varied geographic contexts and heterogeneity in the challenges facing development of sustainable tourism sectors. Thirteen of these selected countries are from Africa while one is from Asia. They are: Benin, Burkina Faso, Burundi, Ethiopia, Lesotho, Madagascar, Malawi, Mali, Nepal, Rwanda, Sierra Leone, Tanzania, Uganda and Zambia. Conclusions from these comparative analyses are broadly applicable to LDCs not included in this study and relevant in general to developing countries particularly the low-income developing country group.

Country tourism “policyscapes” were created in order to draw attention to the policy convergence and divergence at the international level. The study also expects to create unique visions for delivering national tourism development in the selected LDCs. These country tourism policyscapes have been developed in accordance with the Tourism Development Index, designed and developed by CSEND, and attempt to illustrate site specific conditions, such as tourism assets and national strategy, and trajectory set by international policy instruments, such as DTISs, PRSPs and IPRs. Regional trade arrangements as well as global trade commitments were also analysed thus contributing to the richness and complexity of the policy landscapes mediated by national policy leaders and development actors representing donors, beneficiaries and development agencies. Through this multi-leveled analysis, it becomes possible to identify the intersection and interdependence of national policies and international assistance frameworks thus clarifying the degree of coherence and complementarity attained.

This study does not focus on the regulatory framework that defines the tourism business environment, such as land use, foreign exchange rules, border controls and mobility of people. Nevertheless, an indirect link is provided in the section focusing on the inter-regional trade agreements that countries have made which address some of the regulatory business issues.

## Analytic Tool: Tourism Development Index (TDI):

Objective of the TDI Index is to assess the coherence and complementarity among different policy instruments and related trade commitments concerning the development of the tourism sector in LDCs. This forms the basis of a country's tourism policyscape.

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<sup>4</sup> Ibid, p. xviii.

Eight parameters were used to assess policy coherence for sustainable tourism development in the LDCs selected for this in-depth study:

1. To what extent has the country identified national assets able to provide differing tourism products?
2. To what extent do DTISs, AMs and PRSPs refer to tourism?
3. To what extent do DTISs, AMs and PRSPs offer coherent advice to LDCs on developing their tourism sectors from a value chain orientation (e.g., transport, hotel & facilities, health and hygiene, quality standards, investment, training)?
4. To what extent have LDCs made GATS commitments in the tourism sector?
5. To what extent have LDCs signed RTAs/FTAs with the potential to benefit from trade preferences?
6. To what extent is the tourism sector of the country supported by domestic institutions (e.g. inter-ministerial policy coordination mechanism, government to industry policy consultation mechanism, tourism industry organisations)?
7. To what extent have LDCs articulated national tourism strategies, developed tourism promotion websites and engaged regional strategies supporting tourism?
8. To what extent do DTISs, AMs and PRSPs address the sustainability of tourism development?

## Overall Comparative Policyscapes

Table 1 sets out the comparative TDI ranking across all fourteen countries. It offers a complete picture of all eight dimensions assessed in this study. A few general observations will be made first before launching into specific cross country comparisons according to each of the TDI dimensions.

Firstly of all, it is worthy of note that all four policy documents, DTISs, AMs, PRSPs and IPRs contain references to the tourism sector in each of the fourteen countries reviewed (TDI dimension 2). However, quantitative and qualitative differences exist in the national treatment reflected in these policy documents. Seven countries (50%) addressed tourism in one of the four respective policy instruments with at least one complete chapter on tourism, while four other countries (29%) have at least a subsection on tourism in one of their documents. This is an important finding in terms assessing priority attached to the tourism sector particularly with respect to provision financial resources. However, policy intent needs to be realised through actual actions taken by the government from a fiscal point of view and by the entrepreneurs working in this sector. Comparisons of Action Matrices with the main body of DTISs yield inconsistent findings.

For LDCs facing resource constraints and limited factor conditions in terms of infrastructure, human capital and other comparative advantages, it is necessary to underscore the significance of coherence in policy instruments being employed to address these conditions. This policy coherence must be disciplined through alignment with a national tourism development strategy for concerted national and international efforts to best support domestic tourism performance. International assistance programmes, if well used, could have a catalytic role in strengthening national capacity to deliver superior tourism services and generate greater economic growth.

A related issue for the better use and conservation of national tourism assets is sustainability (TDI dimension 8). Sustainability stands out as the least developed dimension (TDI value at 0.5 level) in among the policy instruments reviewed within this study. This issue is hardly referred to in relation to tourism related concerns. Half of the countries did not address the sustainability question among the four policy instruments reviewed while the other half made very few references to this mounting challenge. This oversight in today's context of climate change and environmental vulnerability could mean accelerated deterioration of natural environments – a key element of these countries' tourism assets.

From a socio-economic perspective, environmental vulnerability also diminishes a country's policy potential in achieving greater job creation and improved standard of living.

**Table 1: Comparative Countryscapes based on Tourism Development Indexes**

	Benin	Burkina Faso	Burundi	Ethiopia	Lesotho	Madagascar	Malawi	Mali	Nepal	Rwanda	Sierra Leone	Tanzania	Uganda	Zambia	AVERAGE
1-Assets	2	2	2	3	2	3	3	2	4	2	2	2	2	3	2.43
2-References	4	2	2	3	4	3	2	3	4	4	4	4	4	3	3.29
3-Coherence	3	2	3	3	3	4	4	4	3	4	3	4	4	4	3.43
4-GATS	1	2	3	0	3	0	4	1	2	1	4	1	2	4	2.00
5-RTAs/FTAs	3	2	2	1	4	2	2	2	4	2	1	3	2	3	2.36
6-Governance	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2.00
7-Tourism Strategy	4	4	4	4	4	4	4	4	4	4	3	4	4	4	3.93
8-Sustainability	0	1	0	1	0	0	1	1	0	1	0	0	1	1	0.50
AVERAGE	2.38	2.13	2.25	2.13	2.75	2.25	2.75	2.38	2.88	2.50	2.38	2.50	2.63	3.00	

Legend: 0 = None; 1 = Few; 2 = Some; 3 = Several; 4 = Many references in documents

Other weak areas found in this cross-country TDI comparison relate to a) governance, b) GATS (TDI dimension 4), c) RTAs and FTAs (TDI dimension 5) and d) Tourism Assets (TDI dimension 1). Short of paying attention to the comprehensive policy environment, countries could experience difficulties in developing relevant and responsive tourism sector policies that could foster appropriate and/or favourable environments for exporting tourism services.

Very few among the fourteen countries reflect domestic governance infrastructure policies (TDI dimension 6) that could be a framework for effective national policy development and implementation. Data collected from the available public sources denote that inter-ministerial coordination and private sector consultations have not been sufficiently formalised with clear guidelines and monitoring mechanisms. In a sector such as tourism where progress is highly dependent on inter-sectoral cooperation, it is critically important to designate an official or government body with overarching policy leadership responsibilities over tourism development. Little evidence was found of such a formalised role in any of the fourteen countries under study. Since tourism development requires cross-cutting planning and investment strategy, formalising such governance mechanisms and processes can be vital to successfully exploiting or developing tourism assets, existing capabilities and investments. More importantly, better coordinated and consulted policies developed based on cross sectoral commitment and engagement of the private sector would also better ensure returns to investment whether directly in the tourism sector or indirectly via linkages to ancillary economic activities.

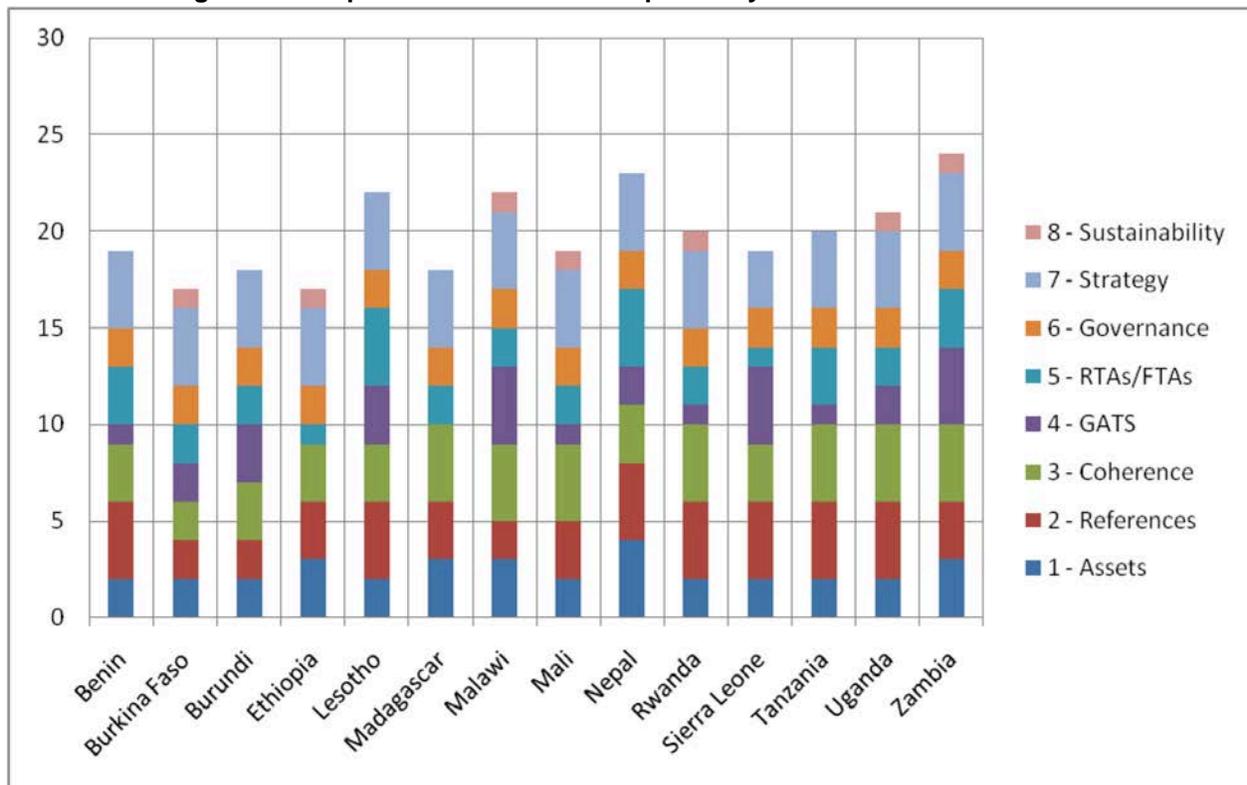
GATS commitments (TDI dimension 4) are another area requiring improvement to enhance the environment for exporting of tourism related services. With the exception of Malawi, Sierra Leone and Zambia which have to a great extent liberalised this sector, 50% of the countries studied have chosen not to undertake any liberalisation commitments in this sector, or only partially liberalised one in four of the tourism subsectors, i.e., hotels and restaurants, travel agencies and tour operators services, tourist guides services and other.

Looking at the policy instruments included in this study from a coherence and complementarity perspective, the countries studied did relatively well. Taking the four policy instruments together, various backward and forward linkages were found in support of tourism economy (TDI dimension 3), such as transport, hotel & facilities, health and hygiene, quality standards, investment and training. Under this TDI dimension, Burkina Faso fared worst among the fourteen countries studied.

Connected to policy coherence and complementarity, almost all countries studied had a tourism development strategy in place as well as a tourism promotion site on the internet (TDI dimension 7). All countries studied have signed one or more regional or sub-regional agreements to leverage the benefits of more integrated markets and thus their economic potential (TDI dimension 5). Regional strategies for joint tourism development in many of these regional trade agreements are also articulated in specific sections of treaties or in additional documents dealing with tourism development on a regional basis except in the case of Sierra Leone. It could be inferred that these international policy instruments are increasingly aligned to national development strategies.

These diverse findings are reflected in Figure 1, which depicts the level of tourism development dynamism per parameter or dimension. These results indicate that, although policy development instruments analysed in this report address tourism as a vector for development in LDCs, more work should be done to complement this sector's development by undertaking better thought out GATS commitments. Moreover, scope for progress exists in strengthening governance mechanisms such as by establishing formal processes of inter-ministerial coordination for tourism policy and fostering policy regimes responsible for enhancing sustainability in the tourism sector. Burkina Faso together with Burundi, Ethiopia and Madagascar seem to be less competitive in their overall capacity to manage international donors and effectiveness in utilising market mechanisms.

**Figure 1. Comparative tourism development dynamism based on the TDI**



## Comparative Countryscapes by Specific TDI Dimensions

### TDI Index 1: Tourism assets

Table 2 presents the TDI rating of the countries according to their stated tourism assets. Countries reviewed in this study have sought to identify and share their tourism assets within the public domain largely via their web promotion efforts. With the exception of Nepal, the countries studied have however recorded a relatively small proportion of their potential tourism assets as formal tourist attractions or destinations. From a product diversification point of view, tourism assets that were formally indicated did not identify unique product attributes that would be sufficient to realise the value added potential of their respective tourism products.

Country	CSEND Index Rating*	Nr. of UNESCO World Heritage Sites
Benin	2	1
Burkina Faso	2	0
Burundi	2	0
Ethiopia	3	6
Lesotho	2	0
Madagascar	3	1
Malawi	3	3
Mali	2	4
Nepal	4	4
Rwanda	2	0
Sierra Leone	2	0
Tanzania	2	0
Uganda	2	0
Zambia	3	0
<b>AVERAGE</b>	<b>2.43</b>	<b>1.36</b>

**\*Legend:**  
**0 = None**  
**1 = Few**  
**2 = Some**  
**3 = Several**  
**4 = Many**

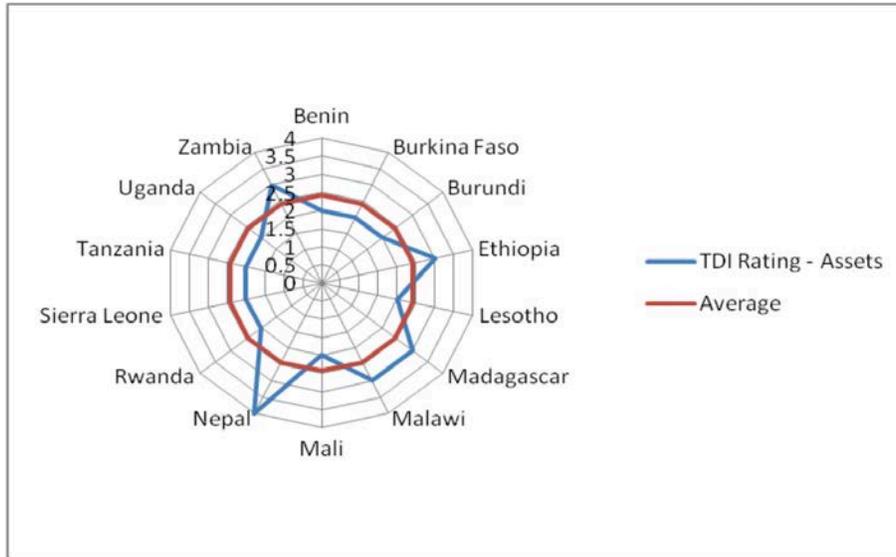
**Table 2. Countries tourism assets<sup>1</sup> and the number of UNESCO World Heritage Sites**

(<sup>1</sup>Assets identified in the public domain to offer different tourism products)

Figure 2 clarifies the comparative landscape of the tourism assets identified in the individual country studies. Ethiopia, Madagascar, Malawi, Nepal and Zambia are better endowed than other countries according to the respective countries tourism website and promotion. By definition, the remaining members of the group have fewer tourism resources than the group average.

The UNESCO World Heritage Site designation identifies and recognises the world's most important cultural and natural places for their outstanding value. They are some of the world's most heavily marketed and visited tourism attractions. Five out of fourteen countries host UNESCO World Heritage Sites. Of the group studied, Ethiopia enjoys the highest number of World Heritage Sites (six). The UNESCO appellation offers a competitive edge in tourism product development but should be better and more carefully managed. According to the International Task Force on Sustainable Tourism Development, the sheer tourist traffic to and from World Heritage Sites has engendered growing concern from the conservationist community. Careful planning, development and management of visits to these unique cultural and natural assets should be addressed in national tourism development strategies.

**Figure 2. Radar: quantity of tourism assets identified by country**



In general, tourism assets and resources (actual and potential) are not clearly stated in the documents analysed. Although these documents do not specifically focus on tourism, it is possible to assess the assets, figures and statistics, constraints and tourism strategies with reasonable precision. The countries under study could strengthen the attractiveness of national tourism services vis-à-vis the global market by drawing a clearer link between the activities offered and the tourism assets identified. Countries with national tourism websites that do not clearly identify which tourism activities are offered could strengthen the effectiveness of such websites by clarifying and fortifying them in this respect.

### TDI Index 2: References to tourism in DTISs, AMs, PRSPs and IPRs

Below, references made to tourism in DTISs, AMs, PRSPs and IPRs are compared across countries. This comparison provides an overview of how frequently intervention in relation to tourism is suggested in each of the development and capacity building plans or strategies. Exactly half of the countries studied enjoy highest possible rating due to the extent to which tourism development is covered under these policy instruments (see Table 3). Other countries, such as Burkina Faso, Burundi have no direct reference to tourism sector development in their respective DTISs and AMs. Malawi has addressed tourism development as one of the subsections of its DTIS yet failed to include it in the AM. Such an omission clarifies a dichotomy between the country's DTIS and AM that may have a real and negative impact on realised investment.

**Table 3. References to tourism in DTISs, AMs, PRSPs and IPRs**

Country	DTIS	AM	PRSP	IPR	CSEND Index Rating
Benin	2	2	2	2	4
Burkina Faso	0	0	2	2	2
Burundi	0	0	2	2	2
Ethiopia	3	2	0	2	3
Lesotho	2	2	2	2	4
Madagascar	3	2	2	N/A	3

**Legend:**

- A full Chapter on Tourism
- Subsection on Tourism
- Some references on Tourism
- No references on Tourism
- N/A IPR Not Available

- 0 = None
- 1 = Few
- 2 = Some
- 3 = Several
- 4 = Many

Malawi				N/A	2
Mali				N/A	3
Nepal					4
Rwanda					4
Sierra Leone					4
Tanzania					4
Uganda					4
Zambia					3
<b>AVERAGE</b>					<b>3.29</b>

Figure 3 depicts the level of emphasis addressed to tourism development as expressed in the various policy instruments employed by the countries under study. In view of the development potential and poverty reduction possibilities offered by this sector, countries falling below the group average have scope for improving their situation by reviewing their respective policy instruments and sharpening their focus on tourism sector development and technical assistance.

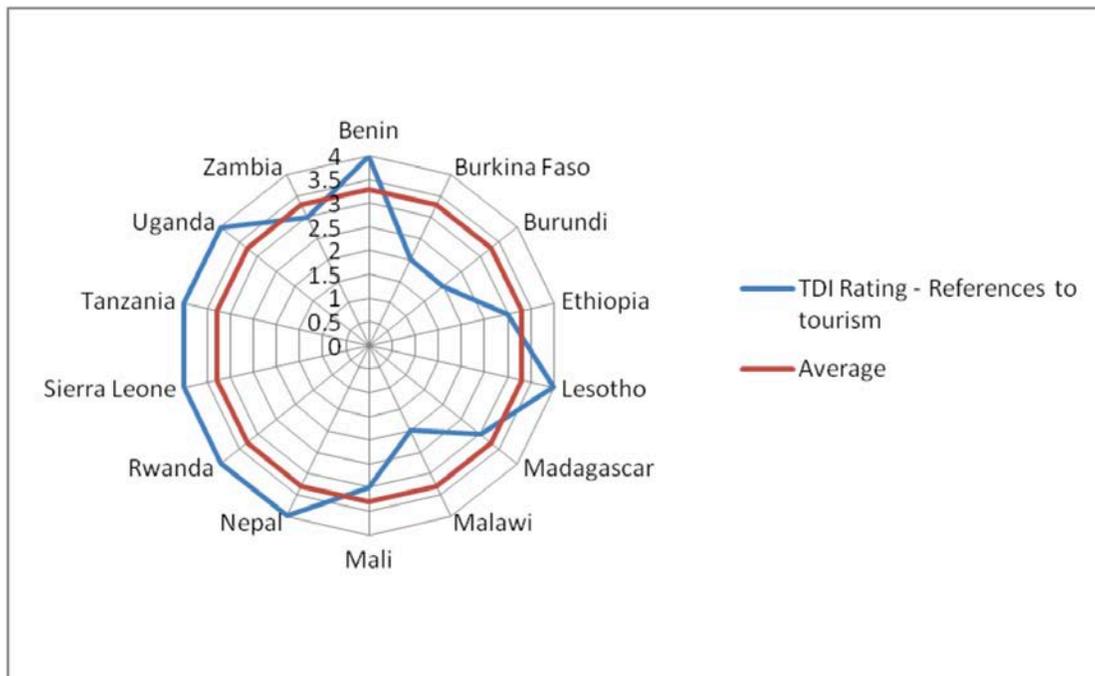


Figure 3. Radar: inclusion of tourism in DTISs, AMs, PRSPs and IPRs

### TDI Index 3: Coherence and complementarity of tourism related trade development support in DTISs, AMs, PRSPs and IPRs

Table 4 provides an overview of the trade linkages that could support greater value creation of country tourism sectors and tourism economies. Seven backward and forward linkages were highlighted when reviewing the policy documents in order to examine the overall value chain development of the tourism sector. Tanzania and Zambia are the only two countries that have adopted a systemic orientation and addressed fully these business linkages in the key policy documents that this study is based on. Tanzania's DTIS and AM have a strong focus on the supply chain and backward linkages.

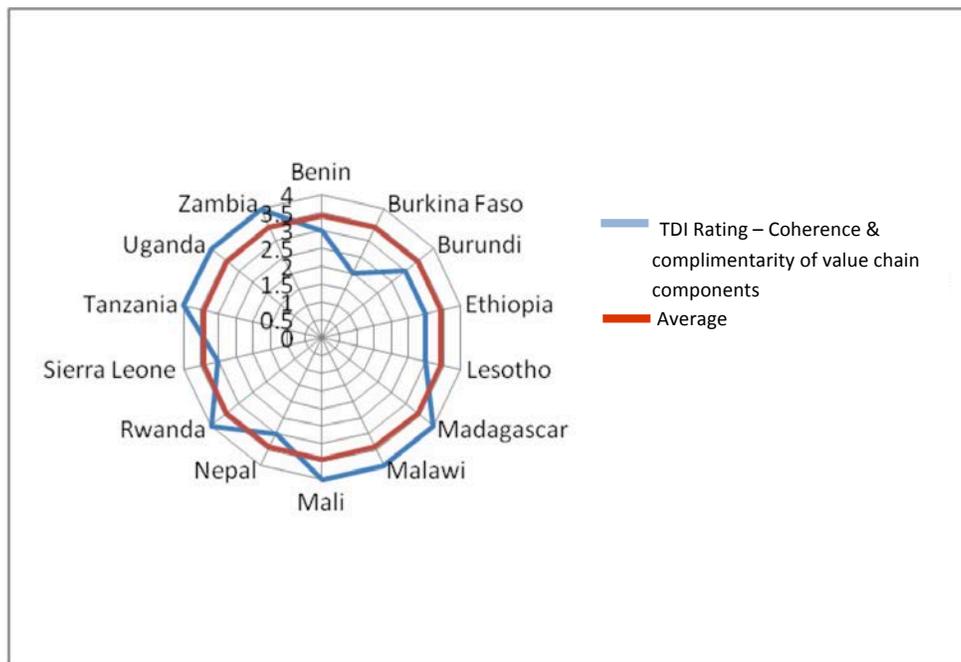
**Table 4. Coherence of trade development support in DTISs, AMs, PRSPs and IPRs**

Country	Transport	Hotel & facilities	Health and Hygiene	Quality Standards	Investment	Education & training services	Local agricultural inputs	CSEND Index Rating*
Benin								3
Burkina Faso								2
Burundi								3
Ethiopia								3
Lesotho								3
Madagascar								4
Malawi								4
Mali								4
Nepal								3
Rwanda								4
Sierra Leone								3
Tanzania								4
Uganda								4
Zambia								4
<b>AVERAGE</b>								<b>3.43</b>

Legend:

 DTISs, AMs, PRSPs and/or IPRs make reference (additively) to the selected value-chain component  
 0 = None; 1 = Very low; 2 = Low; 3 = High; 4 = Very high coherence concerning supply chain.

Figure 4 offers a comparative view of the leaders and laggards under this coherence dimension. Burkina Faso has been identified as the weakest based on CSEND TDI rating. Without a systemic approach to tourism development by addressing, for example, health and hygiene or transportation, deters international tourists who are also courted by countries with much higher levels of tourism product development and product sophistication. In turn, investments made in hotels and other facilities show disappointing returns if adequate attention has not been paid to the rest of the supply chain, such as guaranteeing sufficient supply of fresh foods, or convenience of access; or the value chain such as service quality, construction standards just to name a few. The phenomenon of “leakage” in the tourism sector has often been the consequence of insufficient coherence and interaction between these linkages or the absence of certain linkages entirely.



**Figure 4. Radar: coherence and complementarity of the four policy documents concerning tourism development**

Promotion of tourism, branding, marketing and development of country image are interventions frequently proposed to further develop tourism in the documents. Other improvements often proposed are:

- Transit corridors and infrastructure development;
- Institutional development and IMC;
- Linkages with other sectors like natural resources, handicrafts industry, and cultural industries;
- Eco-tourism;
- Training required to improve the human resources skills;
- Diversification and scaling up of tourism products;
- Involvement of local entrepreneurs and communities;
- Statistics;
- Involvement of local communities;
- Expansion of tourist attractions and increase and scale up tourism products.

Of these interventions, transit corridors and transportation infrastructure in particular require both political will and substantial financing. These two interventions are among the most challenging interventions to undertake. However, investments in these two areas are also the ones most likely to yield substantial and tangible cross sectoral benefits such as in the public transport, goods exports and a cross section of other economic sectors.

#### **TDI Index 4: Extent of trade liberalisation in tourism sector**

WTO agreements on trade in services could have a strong impact on a country's tourism development and exports.

Under GATS Specific Commitments (sector 09. Tourism and Travel Related Services), the countries studied are more liberal in modes 1 and 2 (cross-border supply and consumption abroad). Many countries in this study set limitations on Market Access and National Treatment in modes 3 and 4 (commercial presence and presence of natural persons). However, few limitations exist on their citizens' capacity to

consume services abroad. Limitations exist for foreign suppliers to provide tourism services in the LDCs. Table 5 provides a detailed analysis regarding the tourism sectors and respective modes of service provision.

**Table 5. Extent of trade liberalisation in tourism sector**

Country	GATS Specific Commitments in Tourism																CSEND Index Rating*
	09.A. Hotels and Restaurants				09.B. Travel Agencies and Tour Operators Services				09.C. Tourist Guides Services				09.D. Other				
	M1	M2	M3	M4	M1	M2	M3	M4	M1	M2	M3	M4	M1	M2	M3	M4	
Benin	N/U	N	N	U*													1
Burkina Faso	U	N	N	U*	N	N	N*	U*									2
Burundi	N	N	N	U*	N	N	N	U*	N	N	N	U*					3
Ethiopia	WTO Observer Government																0
Lesotho	U*	N	U*	U*	U	U	U	U*	U	N	N	U*					3
Madagascar																	0
Malawi	N	N	N	U*	N	N	N	U*	N	N	N	U*	N	N	N	U*	4
Mali	U	N	N	N													1
Nepal	N	N	N*	U*	N	N	N*	U*									2
Rwanda	N	N	N	U*													1
Sierra Leone	N	N	N	U*	N	N	N	U*	N	N	N	U*	N	N	N	U*	4
Tanzania	N	N	N*	U*													1
Uganda	N	N	N*	U*	N	N	N*	U*									2
Zambia	N	N	N	U*	N	N	N	U*	N	N	N	U*	N	N	N	U*	4
<b>AVERAGE</b>																	<b>2.00</b>

Source: WTO Trade in Services Database (<http://tsdb.wto.org/>)

Legend:



The country has done commitments in this Tourism subsector

N: None // N\*: With limitations in Market Access // U: Unbound // U\*: Unbound with exceptions // N/U:

None/Unbound, depending on the section of the subsector

\* 0 = None; 1 = Few; 2 = Some; 3 = Several; 4 = Many commitments

Figure 5 offers a visual presentation of the market liberalisation (TDI dimension 5) of the specific countries in terms of the liberalisation of their domestic market for tourism related trade. In comparison, Malawi, Sierra Leone and Zambia are the most open. These three countries have liberalised their tourism sector the most when compared to the other countries in this study.

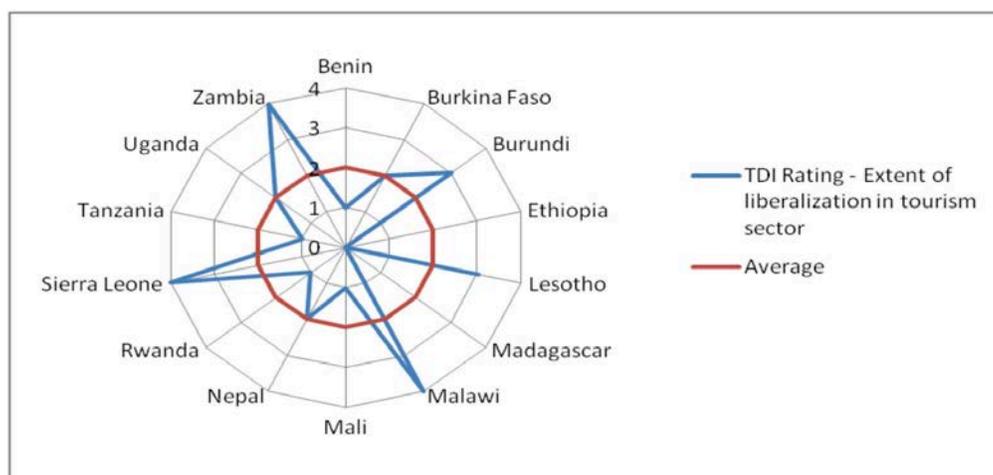


Figure 5. Radar: differing extents of trade liberalisation in tourism sector

### TDI Index 5: Trade arrangements (RTAs/FTAs) concerning trade in tourism

All countries included in this study have made efforts to enhance complementarity or enlarge the scale of their tourism sector through trade agreements within their own geographic regions or with other countries through FTAs. The number of trading arrangements to which the countries under study are party varied from 1 agreement in the case of Sierra Leone to 4 agreements in the cases of Lesotho and Nepal. Not all of these trade agreements contain tourism development as a specific work item. Arrangements to which Lesotho and Nepal have joined contain no reference to tourism trade (see Table 6). In the case of Lesotho however, co-operation with South Africa has seen Lesotho being offered as a secondary tourist destination in some tourism packages offered by South African tour operators.

Table 6. Trade arrangements (RTAs/FTAs)

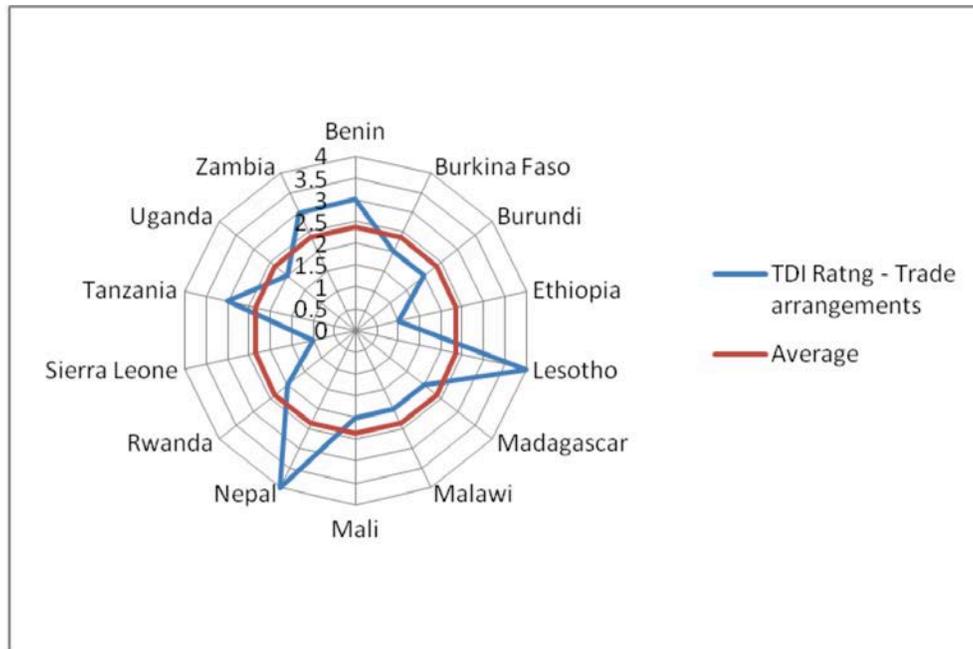
Country	SAD C	SAC U	EFTA-SAC U	India-SAC U	WAEMU	COMESA	EAC	GSTP	ECOWAS	India-Nepal	SAFTA	SAPTA	BIMSTEC	CSEND Index Rating*
Benin									X					3
Burkina Faso									X					2
Burundi						X	X							2
Ethiopia						X								1
Lesotho														4
Madagascar						X								2
Malawi						X								2
Mali									X					2
Nepal														4
Rwanda						X	X							2
Sierra Leone									X					1
Tanzania							X							3
Uganda						X	X							2
Zambia						X								3
<b>AVERAGE</b>														<b>2.36</b>

**Legend:**

	RTAs / FTAs that the country is part of, based on the WTO RTAs Database
X	RTA whose agreement contains references to Tourism

\* 0 = None; 1 = Few; 2 = Some; 3 = Several; 4 = Many RTAs or FTAs signed

For LDCs that are island states, transport connections with a continent or land bridge countries are crucial for competitive pricing. Similarly, landlocked countries tend to pay singular attention to transport links with their neighbours. In such countries, preferential regional or sub-regional trade agreements with special attention to the tourism sector are crucial for higher productivity in the tourism sector. Figure 6 illustrates this point well. Nepal has used effectively its various trade agreements with neighbouring countries and the EU in order to sustain its tourism sector, despite its geographic isolation and access limitations. Likewise, Lesotho uses its business alliance with neighbouring South Africa and other countries to ensure its integration into a larger tourism market.



**Figure 6. Radar: capturing the CSEND TDI rating on potential benefits from trade preferences**

Table 7 presents the specific agreements made concerning tourism development within different regional or sub-regional groupings. Some of these agreements are very comprehensive. Implementation would create privileged conditions for tourism to flourish.

**Table 7. Specific references to tourism in selected RTAs'**

<b>Shared + Unique Agreements</b>	<b>COMESA</b>	<b>EAC</b>	<b>ECOWAS</b>
Integrate environmental management and conservation measures in a all developmental activates such as trade, tourism, agriculture mining, livestock, fisheries, industry, commerce, wildlife			
Standardize hotel classifications, harmonize professional standards of agents in the tourism and travel industry within the community			
Coordination of marketing of quality tourism into and within the community joint promotion of products portraying natural and socio cultural values of the region			
Facilitating movement of travelers, framework for tourism statistics, promoting establishment of efficient tourism enterprises, catering for the needs, establishment of training institutions			
Establishment of Technical Commissions area of Transport Customs and Tourism			
Eliminate all discriminating measures practices against community citizens in the area of tourist hotel services			
Council of ministers shall by a simple majority by a proposal from the executive secretary. Delegates executive secretary same majority enforcement power necessary for the coordination of member states polices on tourism			
Co-ordinate inter-regional airline schedules			
Establishment of regional tourism development centers			
Provide the regulatory and institutional framework necessary for regional promotion development			
Promotion of private sector in tourism			
Organization of tourism fairs and exhibitions			
Provision of meteorological services and support			
Develop a regional strategy for tourism promotion whereby individual efforts are reinforced by regional action			

Source: CSEND database 2011.

### **TDI Index 6: Existing governance mechanisms for tourism development**

High performance in the tourism sector requires a well coordinated development strategy to ensure quality inputs such as transportation, hotel accommodations, restaurants, sightseeing, sports and entertainment. Other business conditions are equally important in making a tourist feel comfortable and secure. This involves health and hygiene, variety of food choices, banking services, electricity and water supply just to name a few. Provision of the above requires cross-sector cooperation and setting investment priorities. Without proper governance mechanisms for policy making and implementation, it would not be easy to develop a well configured and diversified tourism product.

These mechanisms consist of Inter-Ministerial Coordination (IMC), government to industry consultation and intermediary buffer organisations able to represent the interests of different stakeholders. Table 8 depicts existing governance mechanisms in various countries. While all countries have already established mechanisms for government-business consultation and tourism industry organisations, less evident is the formalised IMC mechanisms. A formalised IMC mechanism should have clear guidelines and procedures in order to regulate its actual practices. Short of these tools, IMC tends to be ineffective and irrelevant to the real decision making process and fiscal allocation.

**Table 8: Governance mechanisms for tourism development**

Country	Interministerial Coordination	Government to Industry Consultation Mechanism	Tourism Industry Organizations	CSEND Index Rating*
Benin				2
Burkina Faso				2
Burundi				2
Ethiopia				2
Lesotho				2
Madagascar				2
Malawi				2
Mali				2
Nepal				2
Rwanda				2
Sierra Leone				2
Tanzania				2
Uganda				2
Zambia				2
<b>AVERAGE</b>				<b>2</b>

Legend:



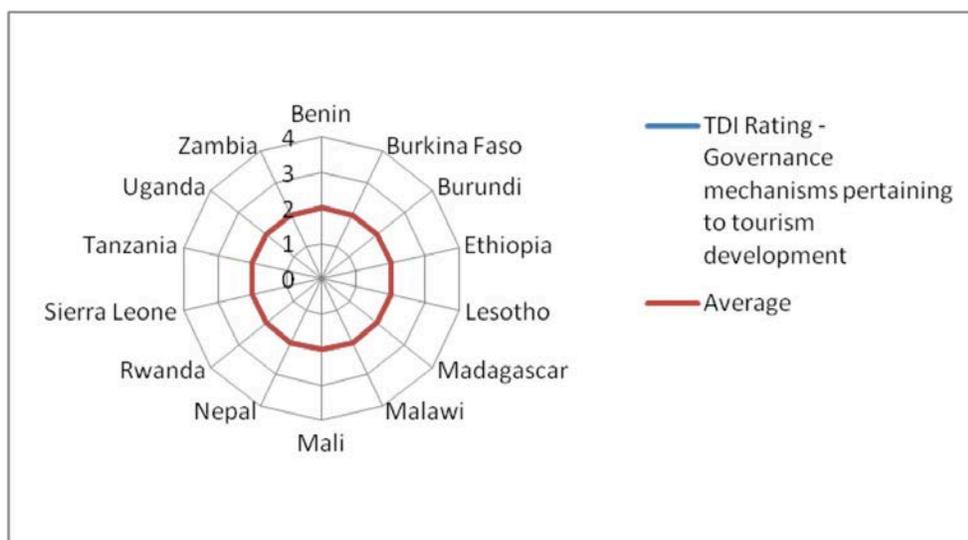
Availability of domestic support institutions (IMC, Govt. to Industry Consultation Mechanism, Tourism Industry Organizations)

\* 0 = None; 1 = Few; 2 = Some; 3 = Several; 4 = Many references in documents

Figure 7 depicts the current state of TDI rating based on the publicly available information on the internet and limited cross checking by telephone with most representatives of the fourteen country missions in Geneva. The general picture emerging is that IMC coordination remains informal and cannot be verified since there exist no formal practices or requirements to do so. With all the benefits of proper coordination, the perception by individual ministries of negative trade-offs inherent to this work method including time investment and perceived ceding of administered authority are clear impediments that must be addressed.

Many countries included in this study have a National Tourism Board for consultation with the business sector. Such Boards often do not have a clear mandate of cross-ministry coordination function and power. After careful checking of the public information sources, it can be observed that no mention of formal IMC mechanisms linked to tourism policies were found. Nevertheless, institutional reinforcement of Ministries of Tourism in terms of capacities and budget (mainly) has been proposed in several of the country documents examined.

**Figure 7. Radar: Governance mechanisms for tourism development**



### TDI Index 7: Articulation of a national tourism strategy

All fourteen countries have made their country tourism strategy available in the public domain. In addition, a national tourism site is often available on the web which promotes different tourist destinations and attractions in the country. With the exception of Sierra Leone, the other thirteen countries have also developed a regional tourism strategy for clustering.

**Table 9. Articulation of a national tourism strategy**

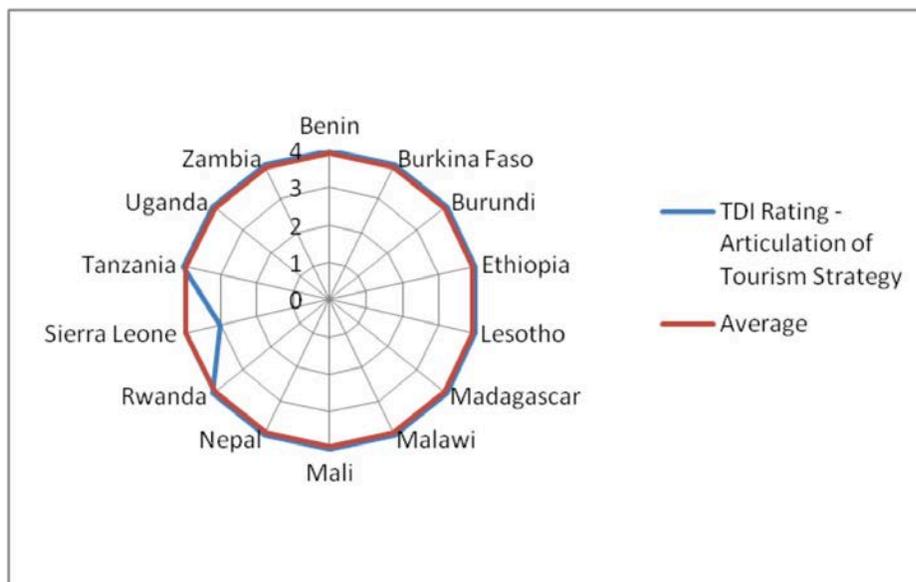
Country	National tourism strategy	Regional strategy supporting tourism (RTAs)	Tourism promotion website	CSEND Index Rating*
Benin		WAEMU	<a href="http://benintourisme.com/">http://benintourisme.com/</a>	4
Burkina Faso		WAEMU	<a href="http://www.tourismeburkina.com/">www.tourismeburkina.com/</a>	4
Burundi		COMESA, EAC	<a href="http://www.burunditourisme.net/">www.burunditourisme.net/</a>	4
Ethiopia		COMESA	<a href="http://www.tourismethiopia.org/">www.tourismethiopia.org/</a>	4
Lesotho		SADC	<a href="http://www.visitlesotho.travel/">www.visitlesotho.travel/</a>	4
Madagascar		COMESA, SADC	<a href="http://www.visitmadagascar.com/">www.visitmadagascar.com/</a>	4
Malawi		COMESA, SADC	<a href="http://www.visitmalawi.mw/">www.visitmalawi.mw/</a>	4
Mali		WAEMU	<a href="http://www.officetourisme-mali.com/">www.officetourisme-mali.com/</a>	4
Nepal		BIMSTEC	<a href="http://welcomenepal.com/stn/">http://welcomenepal.com/stn/</a>	4
Rwanda		COMESA, EAC	<a href="http://www.rwandatourism.com/">www.rwandatourism.com/</a>	4
Sierra Leone			<a href="http://www.sierraleonetourism.sl/">www.sierraleonetourism.sl/</a>	3
Tanzania		EAC, SADC	<a href="http://www.tanzaniatouristboard.com/">www.tanzaniatouristboard.com/</a>	4
Uganda		COMESA, EAC	<a href="http://www.visituganda.com/">www.visituganda.com/</a>	4
Zambia		COMESA, SADC	<a href="http://www.zambiatourism.com">www.zambiatourism.com</a>	4
<b>AVERAGE</b>				<b>3.93</b>

**Legend:**

 The country has an articulated National Tourism Strategy and a tourism promotion website, and has developed a regional strategy supporting tourism in the public domain

\* 0 = None; 1 = Few; 2 = Some 3 = Several; 4 = All three elements

Including all three elements, a national tourism strategy, a tourism promotion website and a regional tourism strategy, Figure 8 captures the density of such strategic design. However no data available in the public domain address the question of outcome or impact of these strategies.



**Figure 8. Radar: the extent to which countries have articulated a national tourism development strategy**

**TDI Index 8: References to sustainability of the tourism sector in DTISs, AMs, PRPSs and IPRs**

Tourism sustainability, both social and environmental, were not mentioned in the four policy documents examined. Similarly, sustainability was also unaddressed in IPRs in relation to attracting foreign direct investment in this the tourism sector.

**Table 10. References to sustainability of the tourism sector in DTISs, AMs, PRPSs and IPRs**

Country	None	Few	Some	Several	Many	CSEND Index Rating
Benin						0
Burkina Faso		PRSP				1
Burundi						0
Ethiopia		DTIS				1
Lesotho						0
Madagascar						0
Malawi		PRSP				1

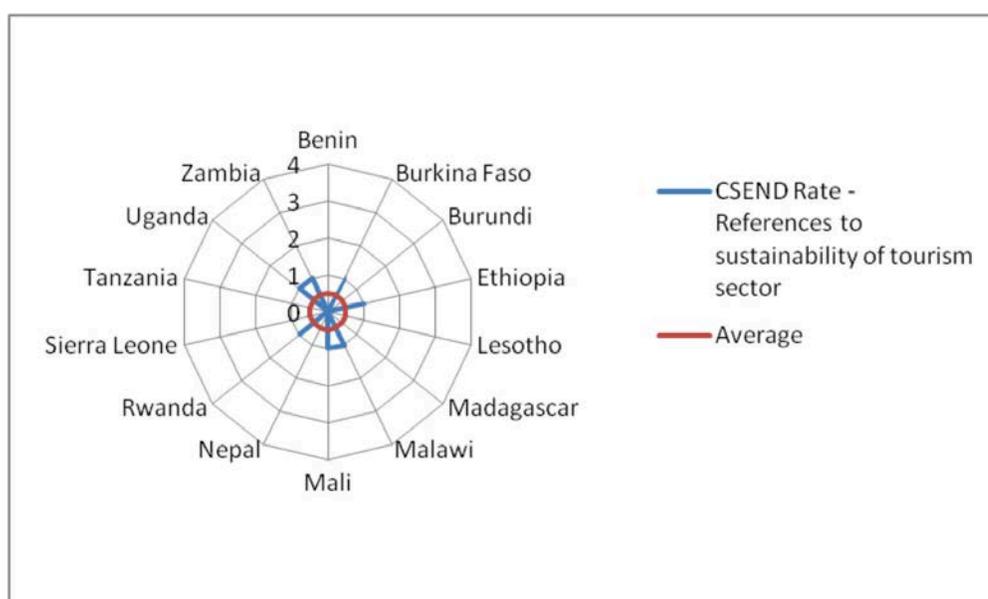
**Legend:**

 References made to sustainability of tourism in DTIS, AM, PRPS and/or IPR

- None:** No reference at all in the four documents. Minimum *one of the four* documents makes a reference.
- Few:** At least *two of the four* documents make a reference.
- Some:** At least *two of the four* documents make a reference.
- Several:** Several references in *all four* documents are made.
- Many:** Several references in *all four* documents are made.

Mali		DTIS				1
Nepal						0
Rwanda		PRSP				1
Sierra Leone						0
Tanzania						0
Uganda		DTIS				1
Zambia		PRSP				1
<b>AVERAGE</b>						<b>0.50</b>

Even when mention was made of sustainable tourism in either DTISs or PRSPs, no policy coherence was found in the four country documents examined. No investment commitments were found in Action Matrices in which capacity building projects were proposed.



**Table 10. References to sustainability of the tourism sector in DTISs, AMs, PRSPs and IPRs**

## Summary of Key Findings

When looking at both the overall comparative landscape of tourism development and specific TDI parameters, the following key findings can be summarised:

1. Tourism development is addressed in varying degrees in the DTISs, Action Matrices, PRSPs and IPRs of the selected 14 LDCs. The variance between countries could be due to differing national priorities regarding the use of international aid for tourism development.
2. A large number of LDCs have undertaken GATS commitments in the tourism service sector. More targeted commitments are needed to strengthen competition (market access and national treatment) to avoid monopoly rent extraction by foreign or domestic service providers. With the exception of Malawi, Sierra Leone and Zambia which have liberalised to a great extent this sector, the majority of the countries studied have not liberalised the tourism sector or only partially liberalised one in four of the tourism subsectors, i.e., hotels and restaurants, travel agencies and tour operators services, tourist guides services and other.

3. The 14 countries studied are, in general, more liberalised in modes 1 and 2 (cross-border supply and consumption abroad) but most of the countries set limitations on market access and national treatment in modes 3 and 4 (commercial presence and presence of natural persons). However, there are fewer limitations for their citizens to consume services abroad and foreign suppliers have limited access to provide tourism services in the LDCs.
4. Tourism strategies require intense coordination among ministries including those with mandates not directly related to tourism, but which nevertheless govern policies that impact the tourism industry. None of the countries assessed showed evidence of an institutionalisation of Inter-Ministerial Coordination (IMC) processes, whether in terms of mechanisms, procedures and guidelines for institutional leadership.
5. Sustainable use of national tourism assets remains an "idea". Insufficient attention has been given in the country DTISs, AMs, PRSPs and IPRs in this regard. This serious lacuna requires urgent remedial action.
6. Comprehensive and user friendly data on tourism for policy analysis is often not available to the public and potential investors. Absence of reliable data discourages investment by professional and reliable tourism investors and on the other hand attracts unreliable, high risk and less than ethically sound tourism operators
7. All 13 African LDCs included in the review are members of major trade arrangements (RTAs/FTAs).<sup>5</sup> These agreements contain provisions on differing and important tourism-related subjects from common standards, to joint marketing and establishing training institutions.<sup>6</sup> All such agreed initiatives should be implemented to foster greater regional integration in both supply and value chains based on respective comparative advantages. Implementing regional integration processes could enhance the competitiveness of the tourism sector and the attractiveness of its products. Regional leaders must leverage political will for the common good.
8. None of the 14 countries has a webpage where *all* the national and regional tourism strategies are listed. Such a site/database could be created under the UNWTO, including the name of the country, the link to the strategy (regional and national) and the Ministry and or National Tourism Board. As these strategies are already published, such an effort should be relatively simple and economical.

## Policy recommendations

Taking into account the strengths and weaknesses identified in the individual Country Polycsapes and bearing in mind the importance of making the most effective use of available support provided by donors and development agencies, the following observation and recommendations are put forward:

In order to improve the economic performance of the tourism sector in the selected LDCs, greater effort is needed to improve tourism infrastructure including physical (roads, transportation) as well as other soft and human factors (e.g. managerial competence, service quality, food security and hygiene). Equally important is the development of cultural and creative industries. Strengthening these different elements requires an overarching strategic plan, concerted investments and political leadership; otherwise countries risk increased fragmentation and ineffectiveness in their tourism plans.

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<sup>5</sup> East African Community (EAC), Commission de la Communauté Economique et Monétaire de l'Afrique Centrale (CEMAC), Economic Community Of West African States (ECOWAS) and Common Market for Eastern and Southern Africa (COMESA).

<sup>6</sup> Details of these RTAs containing specific elements to tourism include the following: integration of environmental management and conservation measures in all developmental activities; standardisation of hotel classifications, harmonisation of professional standards for agents in the tourism and travel industry within the community; coordination of marketing of quality tourism into and within the community, joint promotion of products portraying natural and socio-cultural values of the region; facilitation of the movement of travellers; framework for tourism statistics; promotion of the establishment of efficient tourism enterprises; and establishment of training institutions.

### Recommendation 1:

Extend implementation periods and flexibilities under the WTO Agreements (GATS Articles IV and XIX)<sup>7</sup> to safeguard LDCs' still vulnerable tourism sectors. Transition periods are needed to allow LDCs to create an adequate business climates and effective internal regulations for governing their tourism sectors.

When thinking of trade negotiations, countries tend to focus more on goods, and less on services. However, tourism is a service sector with a rich potential to integrate other goods and services that is not yet well exploited. LDCs need extended implementation periods and flexibilities under the WTO Agreements (GATS Articles IV and XIX) to safeguard their still vulnerable tourism sectors.

Tourism is one of the sectors where many LDCs have taken commitments in the context of the GATS and several countries within the group have included tourism as a priority sector under their poverty reduction strategic plans and programmes. A transition period is needed to allow LDCs to create adequate business climates and effective internal regulations for governing their tourism sectors. To give LDCs such a transition period for implementing GATS commitments should be seen as providing "social credit" in support of their efforts to escape poverty.

### Recommendation 2:

Institutionalise inter-ministerial policy coordination and consultation mechanisms for tourism development to underpin policy effectiveness.

Successful tourism development in LDCs depends on making use of international aid commitments and on creating effective national governance capacities and capabilities. Without such governance instruments, government agencies and ministries will miss opportunities to reduce misallocations of time and resources and miss out on opportunities to limit counterproductive inter-ministerial struggles for policy space. Tourism ministries alone are unable to take sole policy leadership on issues that are cross cutting and encompass longer term impacts such as sustainability and preservation of national tourism capital.

### Recommendation 3:

Target capacity building in inter-ministerial coordination and develop institutional leadership for enhanced government capabilities and the deepening of the needed reforms.<sup>8</sup>

Most LDCs suffer from weak institutional leadership, lack of capacity and continuity in policy making, implementation and monitoring. LDC governments must make improving these functions a priority area. Donor countries and development partners should similarly prioritise capacity building and support in these areas. Such capacity building programmes should also include computer aided management information systems so that decisions can be taken based on quantitative and qualitative analyses and feedback is ensured based on qualified information.<sup>9</sup>

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<sup>7</sup> GATS Article IV refers to increasing participation of developing countries and GATS Article XIX deals with negotiation of specific commitments.

<sup>8</sup> For concrete recommendations on development aid monitoring see Yiu & Saner (2011) "An Evidence-based Monitoring System for an effective Aid for Trade" available at: <http://csend.org/programmes-a-services/aid-effectiveness-a-efficiency>.

<sup>9</sup> For concrete recommendations on development aid monitoring see Yiu & Saner (2011) "An Evidence-based Monitoring System for an effective Aid for Trade" available at: <http://csend.org/programmes-a-services/aid-effectiveness-a-efficiency>.

#### Recommendation 4:

Align international support by donors and development agencies to achieve better results in tourism development under the Enhanced Integrated Framework.

The tourism sector has been recognised as a key potential driver for employment generation and foreign exchange earnings. To realise this potential, concerted and coordinated efforts by the international community must be undertaken in their aid programmes and instruments.

LDCs need to take charge of policy space (ownership) and steer the inputs coming from DTISs and PRSPs towards tourism development with attention to linkages with businesses. Investments made in the tourism industry need to be aligned to the aim of improving overall attractiveness and sustainability of its tourism sector. It takes two to tango. Effective aid programmes in tourism development require collaborative teamwork by both parties, donor and beneficiary, and a shared vision. The Enhanced Integrated Framework could be a forum to support such a coordinated approach.

#### Recommendation 5:

Harness the existing trade arrangements (RTAs/FTAs) to support development of the tourism sector value chains in neighbouring countries.

All 13 African LDCs included in this CSEND study are members of major trade arrangements.<sup>10</sup> These agreements contain provisions on different and important tourism-related subjects ranging from common standards to joint marketing arrangements and also the establishment of common training facilities.<sup>11</sup> All such agreed initiatives should be implemented with immediacy to foster greater regional integration in both supply and value chains in accordance with the respective comparative advantages of each member country of a trade arrangement. Active use of trade arrangements could enhance tourism sector competitiveness and the attractiveness of its products.

Regional leaders should commit to regional cooperation for the common good of the member countries. Existing regional and sub-regional organisations need to take commitments in assisting countries to implement the priority areas of their trade arrangements and contribute to their realisation.

## **Conclusion**

Policy solutions to foster sustainable tourism development in LDCs consist of four overlapping policy spheres namely: a) adequate trade rules (WTO, RTAs and FTAs); 2) appropriate GATS commitments under tourism with competition safeguards; 3) effective tourism sector development strategies & policy coherence (DTISs/AMs and PRSPs); 4) and sufficient mid-and long-term domestic investment & competition framework (UNCTAD and IPRs).

The Integrated Framework is an international commitment to the enhance policy coherence of development aid for LDCs. However the actual practice remains less than ideal when viewed from the perspective of tourism development strategy within DTISs and AMs. One positive note, however, is that

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<sup>10</sup> East African Community (EAC), Commission de la Communauté Economique et Monétaire de l'Afrique Centrale (CEMAC), Economic Community Of West African States (ECOWAS) and Common Market for Eastern and Southern Africa (COMESA).

<sup>11</sup> Details of these trade arrangements containing elements specific to tourism include the following: integrate environmental management and conservation measures in all developmental activities; standardize hotel classifications, harmonize professional standards of agents in the tourism and travel industry within the community; coordination of marketing of quality tourism into and within the community, joint promotion of products portraying natural and socio cultural values of the region; facilitate movement of travellers; framework for tourism statistics; promote establishment of efficient tourism enterprises; and establish training institutions.

there exists a minimum coherence among the various policy instruments and complementarity to foster a more comprehensive development of the sector.

Findings of the CSEND study underline the need for policy leadership and coordination for better implementation of investment in the tourism sector. However, national solutions should be enhanced by regional coordination and joint effort in creating synergistic business networks. The lack of regional integration prevents meaningful cooperation in terms of forward and backward linkages representing missed opportunities for African LDCs, consumers and also for their citizens in terms of employment and economic growth.

A well developed global trade governance framework could provide such opportunities which need to be well thought out and effectively negotiated in the WTO. Political leadership needs also to be better manifested when LDCs negotiate country implementation strategies with international organisations and donors in DTISs, AMs and PRSPs.

Tourism can generate growth, jobs and prosperity. Incoherence in governmental vision, strategy, policies and actions are barriers preventing LDCs from achieving sustained and successful tourism development. Recommendations made here are steps that seek to enable LDCs to better realize their tourism development potential.

All in all, the analysis shows that there is a high degree of coherence and complementarity among the tourism policy instruments. However, more work should be done to strengthen governance (i.e. inter-ministerial coordination) on tourism policy and sustainability in order to make better use of the available policy instruments and resources.

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