

THE TOURISM SECTOR IN THE CONTEXT OF COVID-19 OUTBREAK IN THE GAMBIA

INTRODUCTION

The tourism industry in The Gambia is a major contributor to the economy accounting for 12 to 16 percent directly to GDP while the indirect contribution to GDP reflects an even greater importance of tourism to the nation. Tourism supports over 42,000 direct jobs while supporting another 40,000 jobs indirectly and generates about US\$ 85 million in foreign exchange earnings making it the largest FX earner for the country.

It has attracted over US\$ 45 million in foreign investment over the past 5 years while also providing the necessary air cargo opportunities to support the development of some of The Gambia’s other sub-sectors such as shellfish, horticulture and other international business activities.

Tourism plays a crucial role in catalyzing growth and employment opportunities all along the value chain and provides the chance for inclusivity and improving the welfare of the population.

STATUS OF THE TOURISM SECTOR IN THE GAMBIA

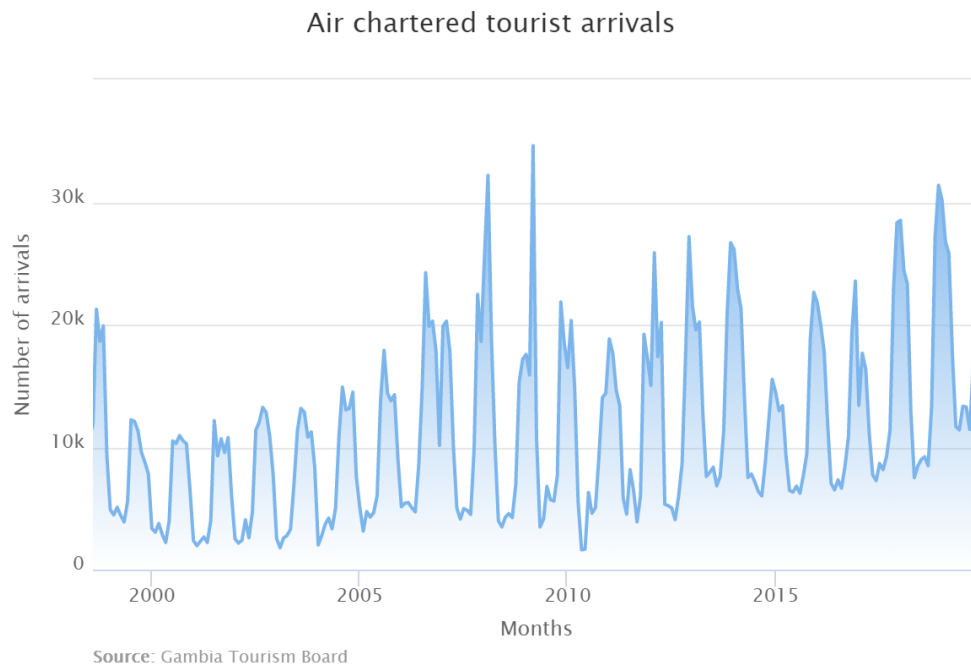
The World Travel and Tourism Council projections of tourism’s contribution to The Gambia’s economy was very positive prior to recent complications from the COVID-19 outbreak:

Tourism Benefits to The Gambia
<ul style="list-style-type: none"> • GDP: Direct contribution to rise by 2.5 percent per annum from 2014-2024. • GDP: Total Contribution to rise by 3.9 percent per annum from 2014-2024 • Employment: Direct contribution to rise by 0.2 percent per annum to 5.2 percent of total employment in 2024 • Employment: Total Contribution of tourism to employment including jobs indirectly supported by the industry to rise by 1.5 percent per annum to 144,000 jobs in 2024 (15.4% of total jobs) • Visitor exports: to grow by 1.2 percent per annum to 2024, contributing 45.6 percent of total exports. • Investment: Tourism investment to rise by 8.2 percent per annum to 2024, contributing to 14.9 percent of total investment.

Source: World Travel & Tourism Council

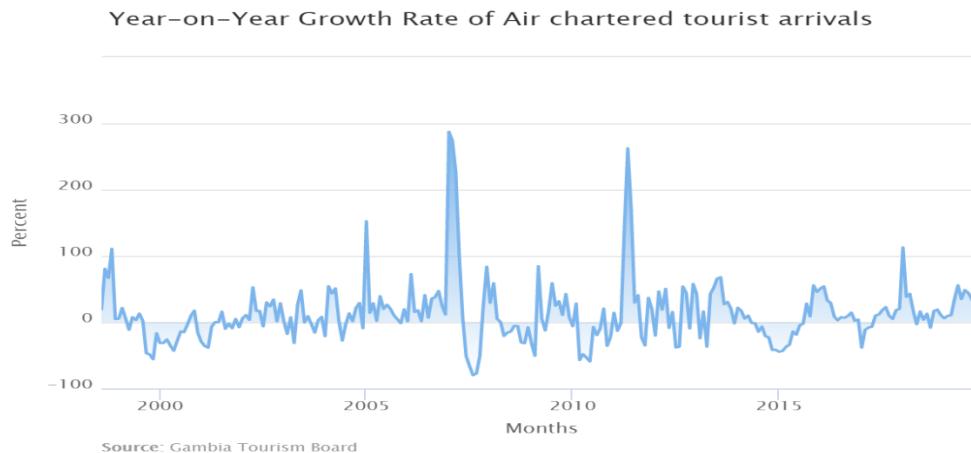
The tourism sector is seasonal in The Gambia with the season beginning in October and lasting until April. The sector has been susceptible to several external and domestic shocks most recently the Ebola crisis of 2014 and the political impasse of 2016. Tourism had started to rebound in 2019 with tourist arrivals rising from 203,643 tourists in 2018 to 235,710 in 2019, a 15.7 percent increase year-on-year. Figure 1 below illustrates the monthly changes in the number of tourist arrivals from 1997-2019:

Figure 1: Number of tourist arrivals in The Gambia: 1997-2019



Growth of the industry year on year is volatile as illustrated in Figure 2, which reflects the industry's vulnerability to shocks:

Figure 2: Year-on-Year Growth of Tourist Arrivals in The Gambia: 1997-2019



A number of achievements were made that improved the tourism sector in the country:

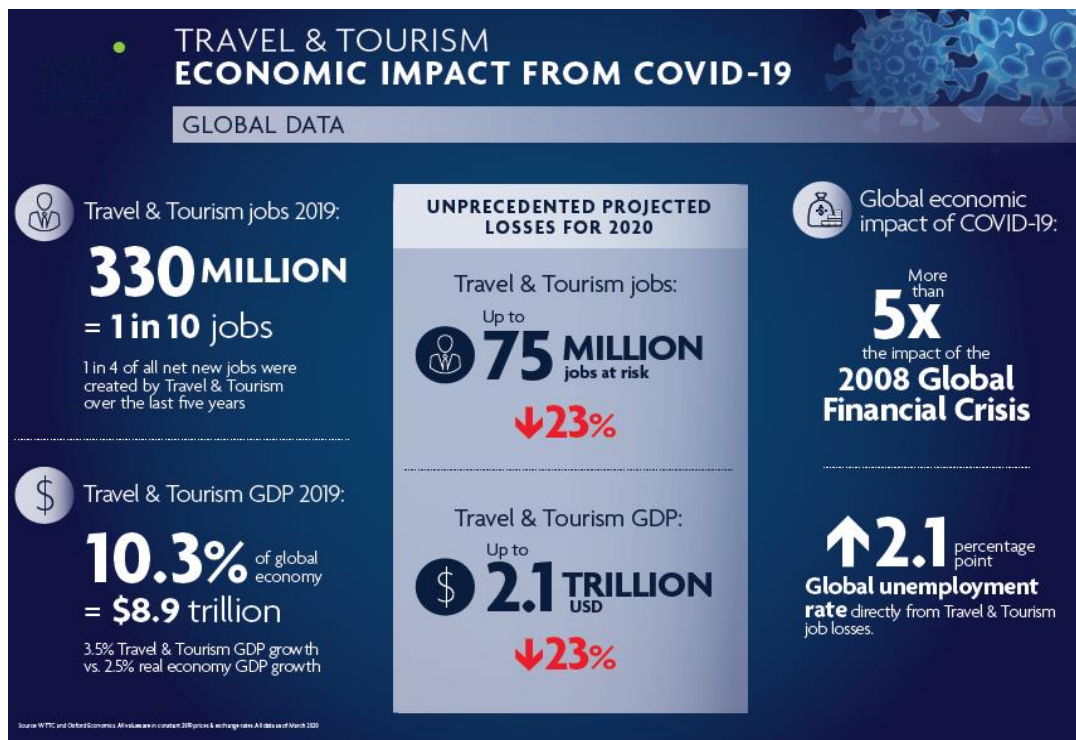
- Diversifying and improving the products – introduction of several new products and initiatives aimed at complementing the 3Ss (sun, sea and sand) such as the Roots Festival and Kankurang Festival in Janjangbureh;
- Marketing and promotion of ‘Destination Gambia’ – a series of marketing and promotional activities were undertaken to increase the destination’s footprint on new and old source markets. Many tourists arrive from the United Kingdom and the Netherlands with new markets emerging such as Germany, Poland, Russia, Portugal and Turkey.
- Investment Promotion – several initiatives were undertaken to attract more investors including free land allocation within the tourism development area (TDA); Special Investment Certificates (SICs) such as tax holidays and the organization of an international investment forum. New state of the art establishments has been added to the sector as well as an International Conference Centre.
- Product Quality and Services – the Quality and Enforcement department continued to tighten regulatory standards while the establishment of The Gambia Tourism & Hospitality Institute (GTHI), which is pursuing a regional center of excellence status, continued to provide human capacity building for the tourism industry.

Presently, The Gambia’s comparative advantage is the proximity to Europe, all year-round tropical weather, English speaking populace, cheap prices, peace and stability. The challenges range from competition from other destinations that offer higher quality infrastructure, a more diversified product mix and lower prices.

GLOBAL DEVELOPMENTS IN TOURISM SECTOR FROM COVID-19

The WTTC have indicated that the COVID-19 outbreak will have a negative effect on travel and tourism especially in terms of declining income and rising unemployment numbers. Their estimations can be viewed in the figure below:

Figure 3: Impact of COVID-19 on Global Travel & Tourism



Source: World Travel & Tourism Council and Oxford Economics.

DEVELOPMENTS IN TOURISM SECTOR FROM COVID-19 OUTBREAK IN THE GAMBIA

The closure of hotels, restaurants, and evacuation of tourists in the country whilst the country is in midst of the tourist season and was already dealing with the shock of the Thomas Cook bankruptcy will certainly have a negative impact on the tourist industry. The ramifications will also permeate throughout the economy and society as businesses such as tour operators, airlines and travel agencies will also be affected, and many people will lose their livelihoods and source of income as tourism has a significant effect on GDP, employment and FX earnings in the country.



The Gambia Tourism Board had targeted an increase in tourist arrivals in 2020 with the expectation being 289,000 air arrivals, an increase of 22.6 percent over the 235,710 arrivals in 2019. This target will be impossible to reach now with the outbreak of COVID-19 and even worse news it that there would be no tourists arrivals at all if the pandemic continues and is not contained. There is need for enormous support to keep the tourism sector alive and work on recovery plans once the pandemic is contained.

It is unclear at this point how long it will take for the COVID-19 spread to be contained, however stakeholders in the tourism industry from previous experience estimate the impact to last for at least 8 months (March-October 2020). By such assumption, the industry stands to lose about **101,930** air arrivals taking cue from the projected arrivals in 2020 (March-October). This heavy impact will have serious negative effects on all tourism stakeholders and of course negative social impacts as well that will culminate as a result of employees losing their jobs especially those that work in tourism establishments. The sector will certainly require additional support from the Government and development partners.

The estimated revenue losses that will emanate from loss of ground handling fees, landing fees, lighting, temporal air services and levies charged to airlines and tourists visiting the country based on the projected arrival figure of 101, 930 would amount to US\$ 8.3 Million. This only represents the total amount of resources that would have been accrued to the Gambia Civil Aviation Authority (GCAA), Gambia International Airlines (GIA), the Gambia Tourism Board (GTB), GTHI, and the NCAC in the absence of the COVID-19 outbreak.

The average out of pocket expenditure from tourists visiting The Gambia is estimated at US\$ 924 per tourist and it is very important to note that the out of pocket expenditure directly benefits local businesses, in particular, the MSMEs in the tourism sector (restaurants, bars, nightclubs)- it does not include expenditures on accommodation, airport and hotel transfers. If the outbreak is not contained soon, a loss in revenue of US\$ 94.2 million is estimated (0.05% of GDP).

The accommodation and airport transfers receipts would suffer a potential loss of US\$ 5.94 million. All the hotels and other tourism establishments would be affected as there would be no guests to utilize the accommodations or services. Should the outbreak continue, most establishments would be non-operational.

Overall, the economy of The Gambia will potentially lose receipts of US\$ 108.5million (0.07% of GDP) from tourism if the COVID-19 is not contained. It is important to note that the above figures do not include VAT and receipts associated with fueling costs. The financial loss implications for the country would be much greater.

“Unfortunately, our volatile world of tourism is hit again. This time the impact will be severe, making the length of the recovery process quite unpredictable. Our office is totally shut down. The drivers and other staff have been sent home but still under payroll. Once again, in the absence of any income, we are still obliged to pay all of our employees during this period since this is their only source of income and they have dependents.



As you would know, all Tour Operators have repatriated their clients back to their home countries. All plans we had with the Tour Operators we work with have been halted. We recently signed a contract with a big Tour Operator from Sweden and already confirmed dates for various group departures until 2021. Unfortunately, after receiving first group in March, all other groups have been cancelled until some normalcy returns.

With huge amounts of money being payments due from Tour Operators for services we already rendered pending, we are in a difficult position. Inflow from parent companies have been delayed, resulting in overdue payments by our partners. We very much hope they receive funds to settle our bills as soon as possible. Plans we had to add another vehicle to our fleet have also been cancelled with no income at the moment. The co-operation of the authorities and government will be paramount to the sustainability of tourism businesses in The Gambia post this pandemic. We were already struggling with other issues prior to this pandemic and without any significant stimulus to revive the tourism industry, the whole economy will be affected considering tourism’s contribution GDP and the economy (direct and indirect).” –
Oumie Sise, Managing Director, Discover Tours.

RECOMMENDATIONS

The stakeholders in the tourism industry have made suggestions as to how the Government can provide immediate policy support to safeguard the sector and protect against the negative effects of the outbreak:

- ✓ Government can request for commercial banks to allow for a moratorium on the payment of loans and interest. Loans to the tourism sector have been decreasing steadily and access to credit will be even more difficult under the current economic climate.
- ✓ Government can waive payments of both Corporate and Turnover and other taxes for the 2019/2020 season.
- ✓ Government can provide tax breaks to tourism establishments in 2020 to allow them to rebound.

- ✓ Given the consequences, the negative social impact the COVID-19 outbreak would have as many hotel employees will be laid off, Government can consider an economic support package to take care of salaries/wages for a period of 8 months (March-October 2020). This is estimated at US\$ 51.6 million.
- ✓ 5) To help retain their employees, Government should consider an economic stimulus package for tourism establishments to help keep them afloat during these lean periods.
- ✓ 6) The Gambia Tourism Board can provide concessions to tourism establishments by reducing the cost of operational licenses.

NEXT STEPS

The Gambia Hotel Association and The Tourism & Travel Association of the Gambia with UNDP support will conduct a further analysis of the COVID-19 impact on the tourism sector with the view to proffer short-, medium- and long- term solutions to curb the negative effects.



“The last few weeks have proven what a truly global village we live in. Whilst COVID-19 started in far-away Asia and Europe, its devastating effect on our society and economic operators was already felt when our economy, reliant on imports, re-export trade and services were threatened. Today, since the virus has sadly taken away the life of a visiting preacher and infected a few, the lives of so many vulnerable members of our community including so many Micro, Small and Medium

entrepreneurs making up 99% of our economy have been devastated.

The markets and shops are all but shut, and many are unable to meet their basic needs. Larger companies also have high overheads and salaries to pay, yet their operations have all but shut down. The support and benevolence of the private sector during these trying times, have been exemplary in the total rehabilitation of the COVID-19 Sanatorium treatment center and we are now actively partnering with the UNDP to make the necessary repairs at the prisons. GCCI strongly embraces SDG 17.”

- Alieu Secka, CEO, Gambia Chamber of Commerce & Industry (GCCI).