

Series 1 – Economic Pillar: Tourism

Impact of COVID-19 on Tourism in Kenya: Strategies for Recovery

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Key Messages

The global spread of the coronavirus (COVID-19) has had a devastating effect on Kenya's tourism economy. The crisis calls for policy responses, comprehensive re-opening and recovery plans, and enforcement of all health protocols for safe travel. The future of Kenya's tourism looks bleak because of uncertainty on how long COVID-19 and its cascading impacts will last.

Context

Tourism in Kenya is a major contributor to the economy accounting for approximately 11% of GDP, 27% to foreign exchange, 19.2% of export earnings, and 12% of total wage employment (GoK, 2019). Because of its potentials, tourism has attracted massive direct government and foreign investments with multiplier effects in other sectors along its value chain, including hospitality, transport, hotel, accommodation, and auxiliary businesses (Ondicho, 2018, KIPPRA, 2019). Kenya has earmarked tourism as a key pillar for the achievement of Vision 2030 and Sustainable Development Goals (SDGs). In 2019, tourism earned Kenya Ksh.163.6 billion from 2.035 million international tourist arrivals and was projected to grow by more than 10% (KNBS, 2020). However, the outbreak of COVID-19 and its cascading impact on global travel has brought the industry to a virtual standstill (Iranu, 2020).

COVID-19 is a novel infectious disease that has rapidly spread across the world since December 2019 when it was first detected in Wuhan, China. The WHO has declared it a pandemic and Public Health Emergency of International Concern (PHEIC), and as of August 16, 2020, there were 21,613, 699 confirmed cases and 768,958 fatalities worldwide (WHO, 2020). Kenya reported its first case on 15th March 2020 on a traveller from the USA. Despite limited testing, as of August 16, 2020, infections had risen to 28,848 and deaths to 472 (MoH, 2020). Kenya has imposed an array of prevention measures, including a lockdown, ban on air travel, social distancing, hand hygiene, cessation of local travel, nationwide curfew, testing, contact tracing, quarantines, working remotely, closure of learning institutions, businesses, services, and public spaces.

Many tourists have cancelled their trips to Kenya in response to global travel restrictions due to COVID-19. Plummeting demand has triggered a crisis that is being felt throughout the entire tourism ecosystem. Most tourist activities and businesses have been closed and others are operating at a lower level, resulting in massive revenue and job losses. Whilst tourism has proven to be resilient to shocks, including terrorism, violence, natural disasters, economic recession, and pandemics, none of the disruptive events has ever had such a phenomenal impact on the world's economy, especially the tourism economy as COVID-19 (UNWTO, 2020).

The impact of COVID-19 will most likely last longer rendering the future bleak and the road to recovery is uncertain, but much will depend on appropriate policy stimulus to mitigate the effects of COVID-19 and kickstart a rebirth of Kenya's tourism industry.

Approach and Results

The study was conducted among dairy goat This policy brief is based on a qualitative study conducted among Maasai communities around Amboseli national park in Kajiado County of Kenya. The study assessed the contribution of tourism to poverty alleviation (cf. Ondicho, 2016; 2018). Field data is complemented with current information from secondary sources, including journal articles, web sites, UNWTO statistics, government data, newspapers, and blogs.

Impact on Arrivals: The number of tourists has, since mid-March when the first case of COVID-19 was reported in Kenya, sharply declined due to restrictions on global air travel to reduce COVID-19's spread. Anecdotal forecasts suggest that Kenya will record negative growth in visitor arrivals in 2020, as its major source markets, including USA, UK, India, China, Germany, France, and Italy are among the most affected by COVID-19 and are still on lockdown, curtailing tourists from those countries and others from travelling to Kenya for holidays.

Impact on revenues: The drop in arrivals will have a negative effect in terms of declining income and rising unemployment in Kenya. Tourism generates direct revenues through taxes on incomes from tourism businesses and employment, departure taxes, and levies on tourists such as park entry fees and indirect revenues through taxes and duties levied on goods and services supplied to tourism, and multiplier effects on the industry's value chain. These streams of revenue have nosedived because tourists are no longer coming and domestic tourism has been curtailed due to COVID-19. Available data suggests that as of July 2020, Kenya had lost Ksh. 80 million in tourism receipts and will likely lose Ksh. 85 billion in 2020, if COVID-19 is not contained.

Impact on employment: The rapid growth of tourism in Kenya has generated a host of employment opportunities. In 2019, all tourism establishments directly employed 1.6 million and thousands of others in tourism's supply chain of goods and services. However, due to COVID-19 businesses have lost 60-80% of sales in tourism, forcing some to close or scale down. As a result, thousands of employees



in tourism have either been sacked or sent home on half-pay/unpaid leave due to COVID-19. The World Travel and Tourism Council (WTTC, 2020) projects that roughly 750,000 jobs in Kenya's tourism industry might be lost in 2020 due to COVID-19.

Impact on attractions: Kenya is a land of contrast with a multiplicity of tourist attractions including sand coastal beaches, rich biodiversity, beautiful scenery, interesting wildlife, and rich socio-cultural heritage of its people. However, 90% of tourists come to Kenya for the superb opportunities for wildlife viewing. Revenue from wildlife tourism is important in funding biodiversity conservation, wildlife security, livelihood programs, and employment for community members. Revenue sharing arrangements between KWS and local communities and dividends paid to landowners from tourism income garnered in community conservancies serve as important incentives for sustainable environmental practice. However, with wildlife tourism not generating any revenues, KWS has suspended revenue sharing, conservancies are unable to pay dividends, and local people have lost jobs leading to economic hardships. This is likely to lead to increased wildlife poaching, illegal grazing, unsustainable land-use patterns including charcoal burning, thus reversing the gains made in conservation over the past decades.

Impacts on hotel and accommodation sector: The KTB reports that hotel accommodation was 80% fully booked before the outbreak of COVID-19. However, the detection of the first cases in the country and subsequent imposition of stringent containment measures triggered many tourists to cancel their hotel bookings, forcing many hotel and accommodation establishments to either close or operate at lower levels. Hotels that have closed include the InterContinental Hotel, Norfolk Hotel, Weston Hotel, DusitD2 Hotel, Enashipai Resort Spa, Sopa Group of Lodges (Amboseli Sopa Lodge, Lake Nakuru Sopa Lodge and Maasai Mara Sopa Lodge), Ole Sereni, White Rhino in Nyeri, and Maiyani in Nanyuki and Serena Chain of Hotels (Mara Serena Lodge, Amboseli Serena Safari Lodge, Lake Elmentaita Serena Camps, Kilaguni Serena Safari Lodge, and Serena Mountain Lodge). This has triggered massive financial losses and over 90% of hotel employees have either been laid off or put on furlough closures because these establishments are not receiving income due to COVID-19. Hotels that have laid off staff include Villa Rosa Kempinski, Mayfair, Norfolk, InterContinental, and Serena Chain of hotels.

Impact on transport: No destination can survive without airlines, railways, and other means of transport to enable tourists to get there. The suspension of international air travel, forcing many tourists to cancel their flights, has pushed airlines into severe financial strain. Irandu (2020) reports that Kenya Airways will

handle 2.5 million fewer passengers in 2020, resulting in US\$ 0.54 million revenue loss, risking 137,965 jobs, and US\$ 1.1 billion contribution to the national economy. Kenya Airways reports that it is losing US\$ 8 million monthly and as a result, it is implementing cost-cutting strategies, including firing 40% of its staff to reduce losses.

Policy Recommendations

Short-Term

- The government needs to provide guidelines for re-opening, adapting, and accessing tourist markets; work with tourism operators to access liquidity supports; apply health and hygiene protocols for food safety, safe travel, and the safety of staff, clients and public; and enforce measures to prevent, manage, and mitigate the spread of COVID-19.
- The government can provide tax breaks and concessions on operational licenses to all tourism establishments, request commercial banks to freeze payment of loans and interest and, make access to credit easier for all investors in the tourism industry and its value chain.
- The government can consider an economic support package to compensate tourism operators for loss of revenues, to enable them to pay salaries, and retain their employees during the entire COVID-19 period, to enable tourism-related businesses to remain afloat.
- The government can list, feature and promote local tourism businesses social media and website channels of the Ministry of Tourism and Wildlife, Kenya Tourism Board, Kenya Wildlife Services and departments that relate to the tourism industry and its value chain.

Medium-Term

- The government needs to formulate friendly policies to support tourism's recovery, prepare comprehensive tourism recovery plans, rebuild destinations, promote partnerships, and coordinated collective approaches, encourage innovation and investment, and regularly monitor progress.
- Tourism operators need to show strong creative, innovation, and resilience skills by formulating new business models and entrepreneurial ideas for products and sales to help the sector mitigate the impact of COVID-19 and to rebuild a sustainable tourism industry.
- Restoring traveller confidence and stimulating demand with new safe and

clean labels for the sector and concerted promotion campaigns

- including discounted tours on social media, online and other channels for both international and domestic tourists.
- The government can waive all taxes and other statutory payments for two financial years (2020-2021) and provide tax breaks to tourism establishments in 2020/2021 season to allow them to rebound.

Acknowledgements

This policy brief is an offshoot of a previous study by Tom Ondicho in 2015 entitled: "The contribution of Tourism to Poverty Alleviation in Kenya", which was funded by the Deans Committee, the University of Nairobi in the 2014/2015 cycle

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