



# The Economic Impact of Nature Tourism in Zambia

Based on work by Goodson  
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Hamilton

A Government of Zambia-UNDP-DANIDA-World  
Bank study

# [ Background ]

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First element of a 3-part study:

- **Economic impact of tourism**
- Impact on households of Game Management Areas
- Strategic planning of the Zambian Wildlife Authority

# [ The tourist survey ]

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- 1581 tourists surveyed in Nov. 2005
- Survey sites were Lusaka and Livingstone airports, Livingstone town, South Luangwa and Kafue national parks
- Aimed at **holiday-makers**  
(31% of all visitors or 206,000 tourists)



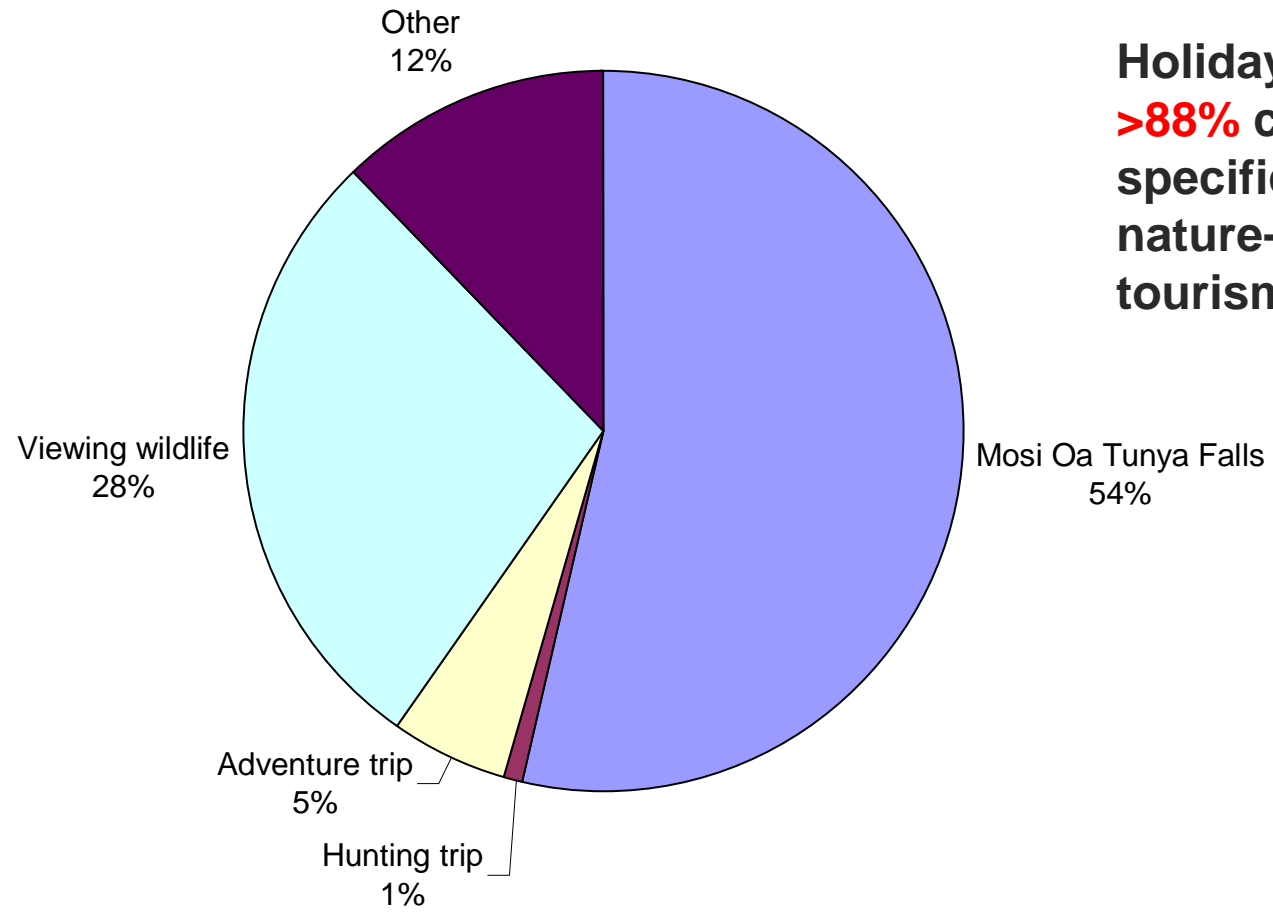
Information already presented  
in September 2006

# [ Tourist characteristics ]

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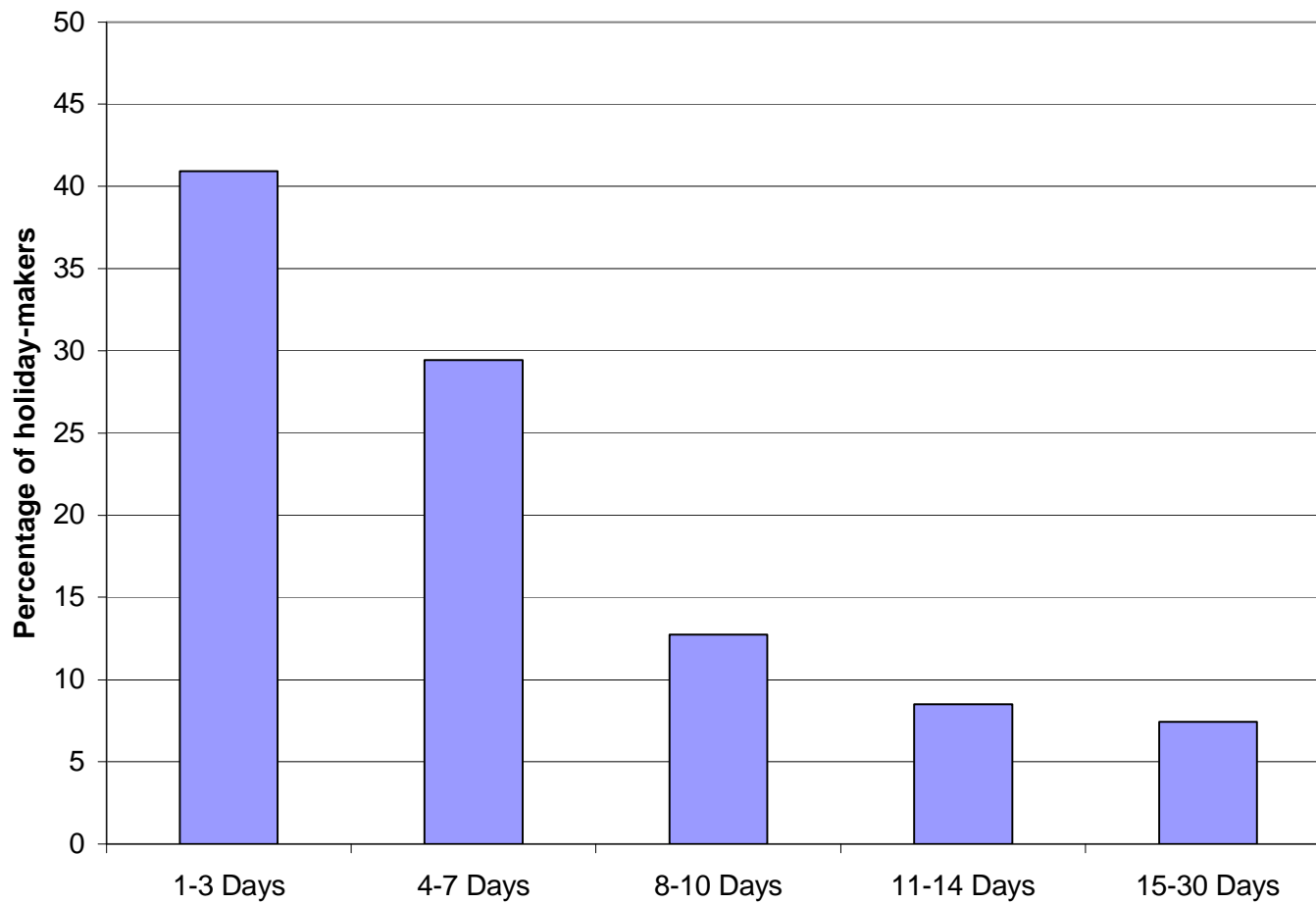
- Economically active (only 13% retirees)
- Well-educated (88% have a post-secondary degree)
- **For 71% this was their first visit to Zambia**

# [ Main purpose for visit ]



**Holiday-makers  
>88% coming  
specifically for  
nature-base  
tourism**

# [ Duration of stay ]



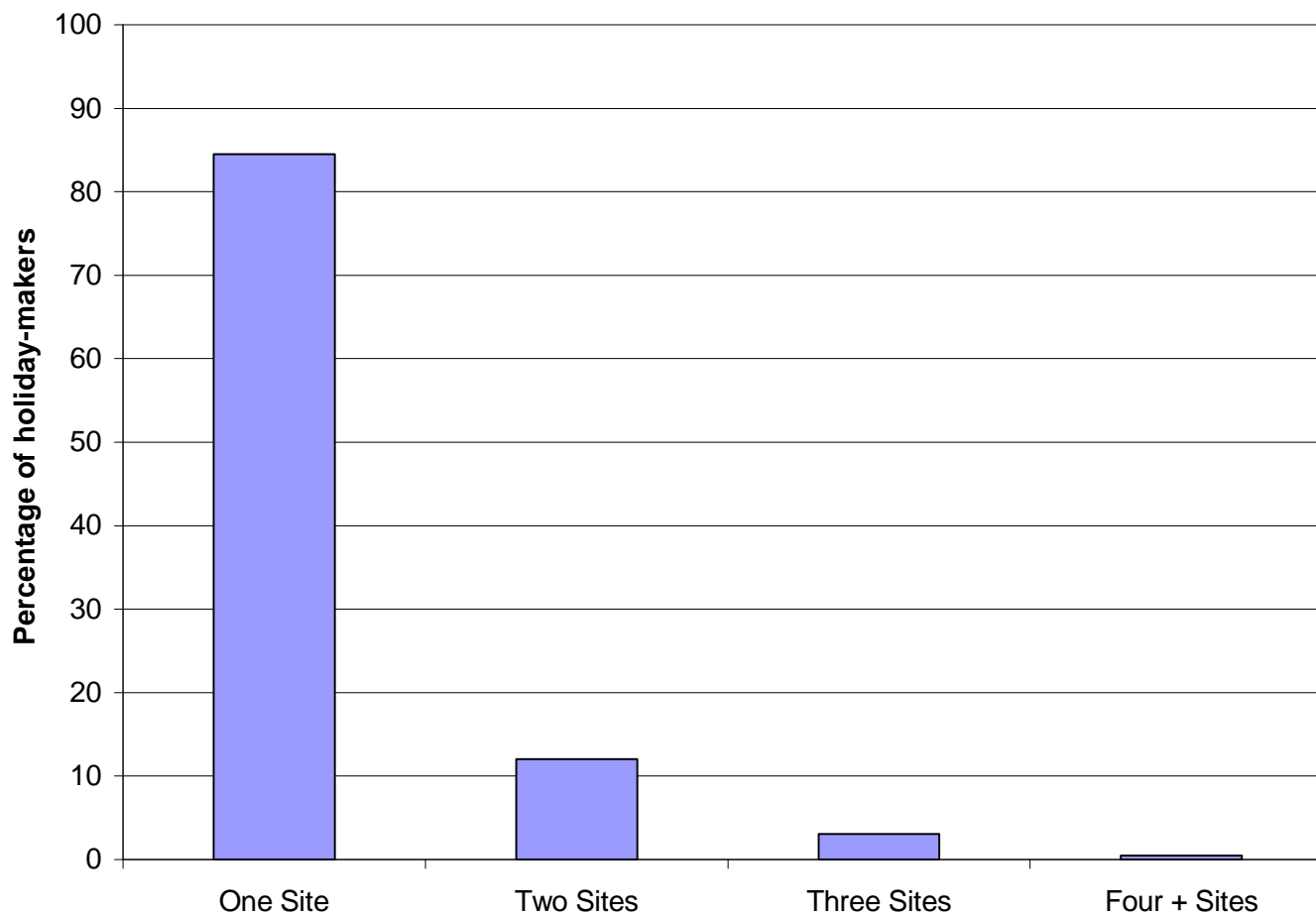
Average stay

Zambia: **6.3 days**

Botswana: 8.6

Namibia: 12.4

# Number of sites visited

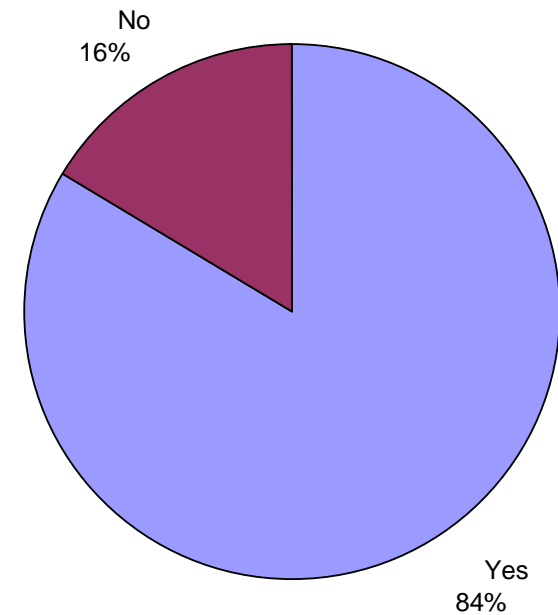


**84%** only visit one site

# [ Visitor satisfaction ]

	Good %	Very good %
Livingstone	44	46
South Luangwa	34	61
Lower Zambezi	29	68
Kafue	54	40

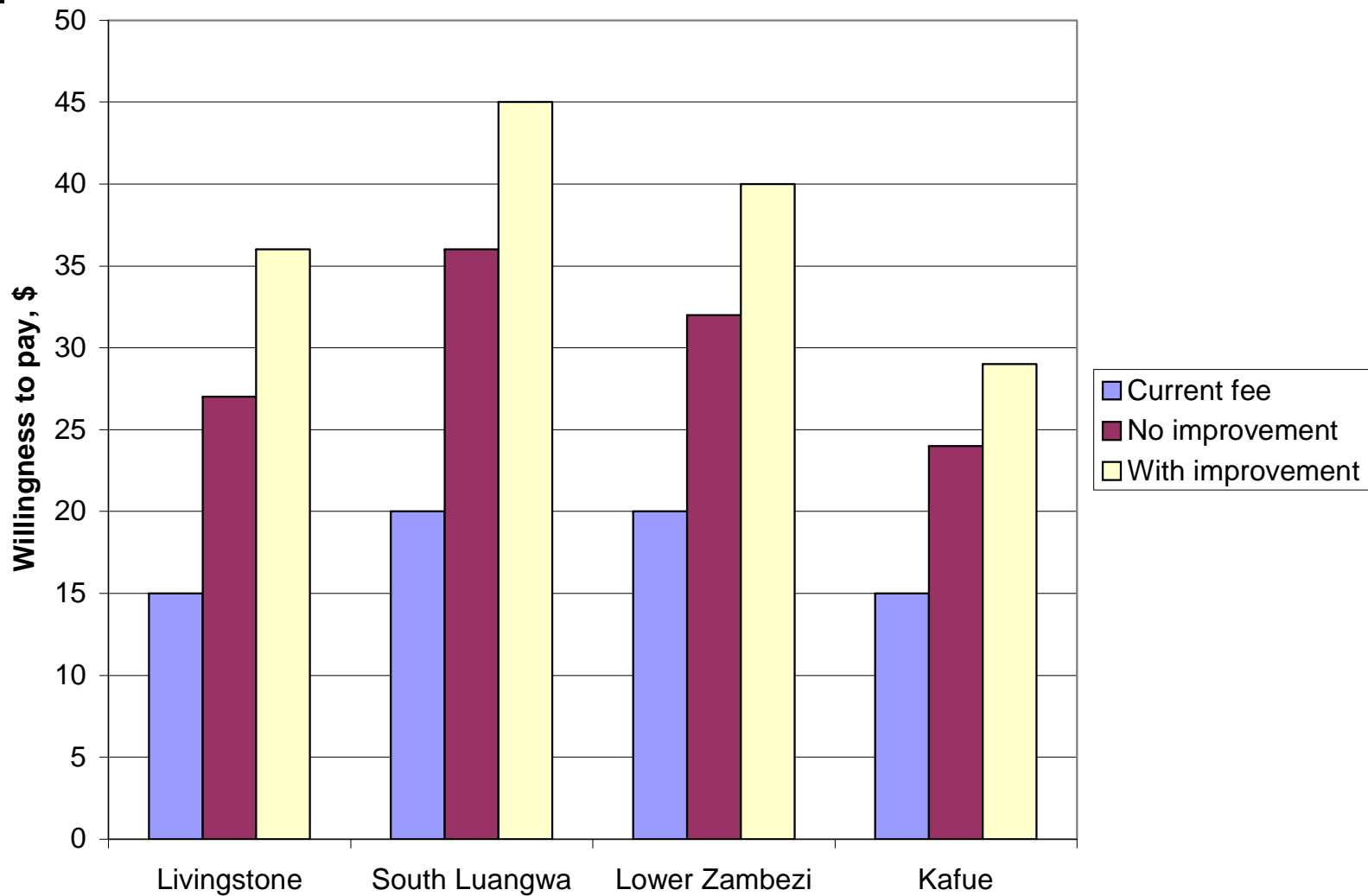
**84%** would visit Zambia again



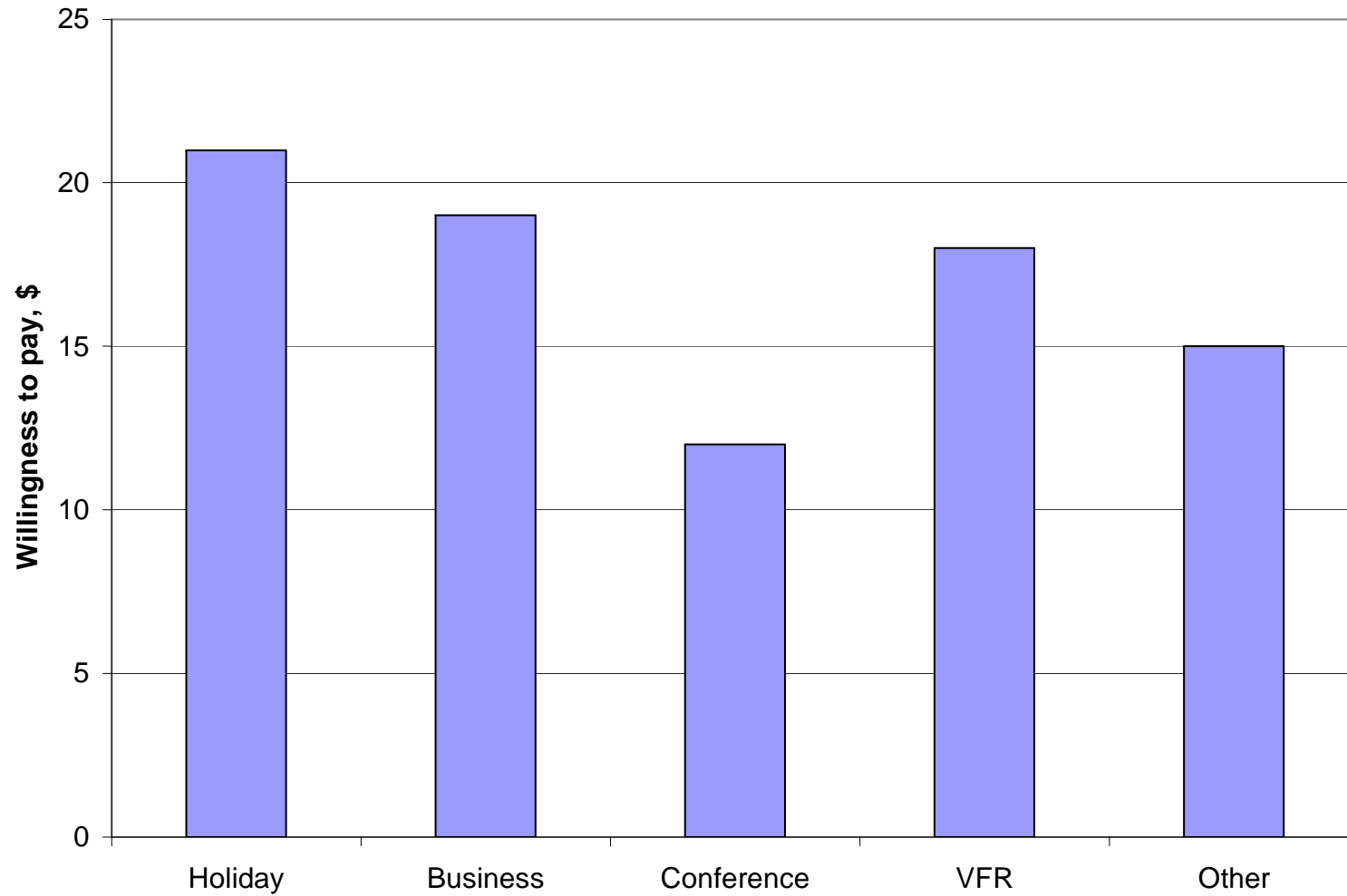
# [ Measuring willingness to pay ]

- Questions were posed on exit (when leaving lodge or at airport)
- Scenarios were concrete – specific improvements to parks or nature protection, rooted in experience tourist just had
- Amount of payment based on payment card

# Willingness to pay park fees



# Willingness to pay conservation fee



# Financing conservation

2005 park fees	\$2.1 m
Potential park fees	\$3.8 – 5.1 m
Potential conservation fee	\$6.4m
(South Africans and non-Africans only)	
Total available for annual <b>maintenance</b> of natural assets on which tourism is based	\$10.2 – 11.5 m



New information

# [ Expenditure per person-trip ]

Nature tourists: per person per trip without airfare	\$	Percentage tourists
International package	3098	30%
Local package	1137	13%
Local non-package	1092	57%

Best estimate of expenditure in Zambia by nature tourists is **~\$1100** per person per trip

# Distribution of expenditures

Category	%
Hotel	47
Transportation	16
Food	19
Shopping	3
Activities	15

This is how the total expenditure of \$1100 breaks down

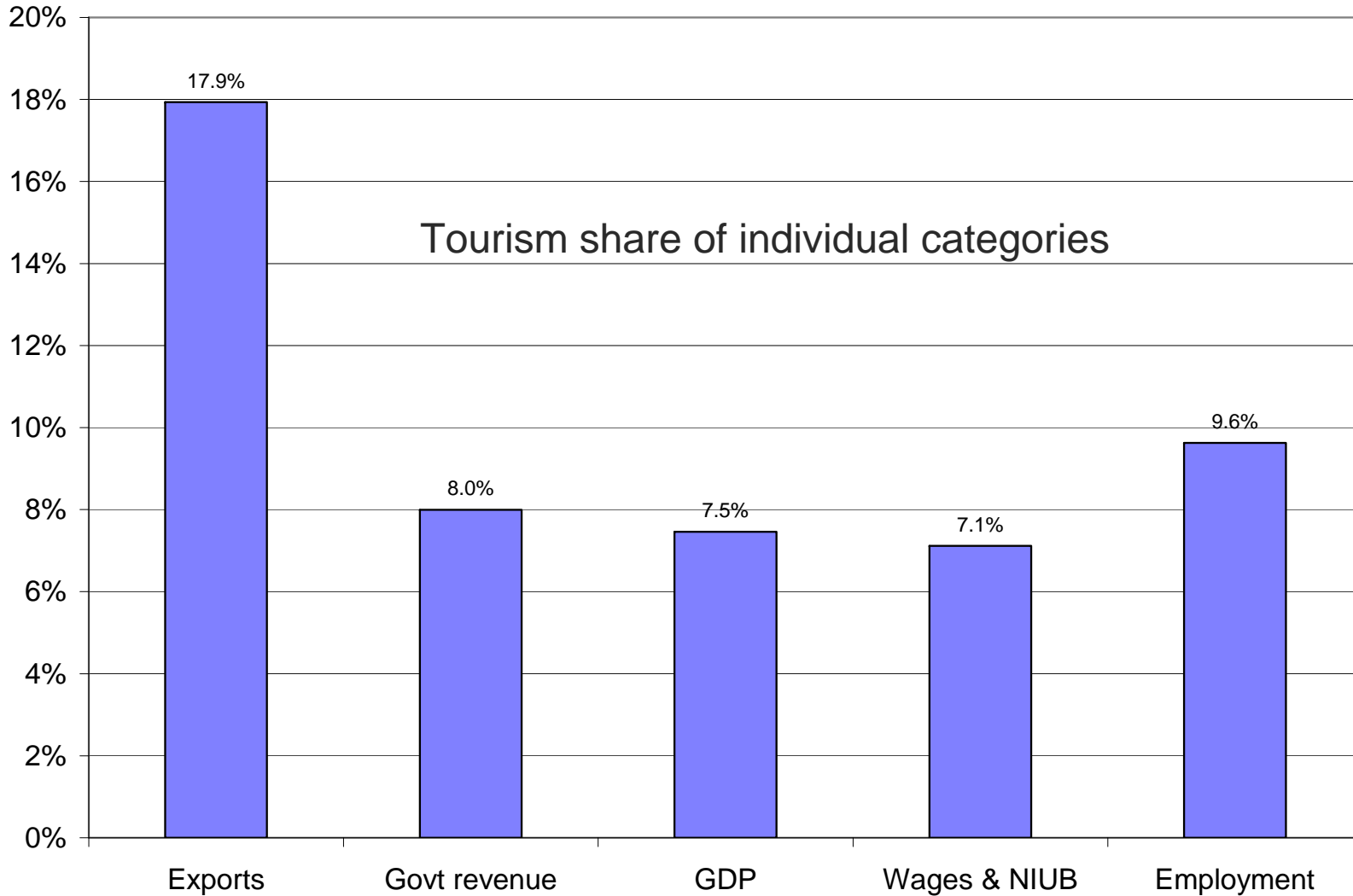
# Economic impact

	Per tourist	For the 206,000 tourists of 2005 (\$ million)
Value added	\$2,288	\$471
Wages & NIUB	\$1,298	\$267
Indirect taxes	\$152	\$31
Corporate taxes	\$265	\$55
Imports	\$425	\$88

	Per tourists	# permanent jobs for the 206,000 tourists of 2005
Employment	0.307	<b>63,242</b>

The **direct + indirect impact** of 206,000 nature tourists spending each \$1100 in Zambia

# [ Impact – all nature tourists ]



# [ Employment impact ]

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- The Hotel and Restaurant sector is an important source of formal employment
  - each ZMK 1 bn (~\$240,000) of final expenditure generates 182 jobs
  - second only to construction in job creation

# [ Growing the sector ]

- 54% of holiday visitors see the Falls (a one-day trip); 84% visit only one site
- If visitors stayed an extra 2.3 days (to match Botswana visit duration), this would increase exports by \$77 m, directly add 1.5% to GDP
- This would require
  - (i) more promotion of Zambia tourism,
  - (ii) improved infrastructure,
  - (iii) scaled up private sector investment,
  - (iv) improved and increased wildlife products,
  - (v) tourism skill development.

# [ The myth of 'leakage' ]

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- Two types of “leakages” are identified
  - External (airfare & tour operator services)
  - Internal (imports & repatriation of profit)

# [ Type 1: Upstream leakage ]

- Average total trip cost for the tourist in full package is ~\$4600:
  - \$1,100 per person-trip expenditures in Zambia (100% tourists)
  - \$1,500 airfare (100% tourists)
  - \$2,000 packaging by foreign tour operator (30% tourists in full package)
- Airfare & tour operator services is, for now, a service provided by oversea firms to foreign tourists.

# [ Type 2: In country leakage ]

- Import could be considered as leakage
  - Average direct import per tourist is < \$202 or 18% of direct expenditures
  - This is significant but likely less than the mining sector (data not available)
- Repatriation of profit by foreign investors
  - No data on profit were collected
  - Return of foreign capital is expected to be mobile
  - More and more national investors will lead to less and less profit repatriation (indigenous Zambian already own over 65% of accommodations in Livingstone)
  - But foreign capital is key to generate accelerated growth and thus profit repatriation

# Conclusions

- Tourism a burgeoning industry: >88% nature-based, 42% less than 3 days, 84% only one site, 71% 1<sup>st</sup>-timer, 84% would return
- Tourist willingness to pay could generate \$10.2 - \$11.5 million per year for conservation (i.e. maintenance of nature capital – **not for investments**)
- Nature tourists are major contributors to the economy: 18% of exports, 7.5% of GDP, > 7% of wages, 8% of government revenues (indirect and corporate taxes) and ~ 10% of formal sector employment
- Leakage is large but “normal”. Citizen empowerment policies will help. Policies & investments to expand duration of stay will already have major economic impact from the fraction spent in Zambia

# [ Conclusions : the three pillars of growth ]

- **Mining** uses up the soil minerals and degrades the environment with substantial impact on the human health, on public infrastructures, etc.
- **Agriculture** uses up soil fertility, clear forested land and often leads to soil erosions
- **Tourism** takes away nothing from the country, it is based on a well preserved environment and can thrive on a local culture.
  - *This study shows that tourism impact on export, on the economy, on employment, on government revenues is much larger than commonly accepted. It is already a true pillar of the Zambian economy. Still burgeoning, it also has enormous potential for growth given more attention and investment*