

# **THE IMPACT OF GLOBALIZATION ON AFRICA'S DEVELOPMENT: "RWANDAN TOURISM AS KEY TO MOBILIZE REVENUE AND INVESTMENT"**

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## **ABSTRACT**

*Tourism provides the best alternative for economic development to Rwanda which does not have other potential resources unlike most other countries in this globalized world. The development of tourism can contribute a lot to this country through attraction of foreign investment and tourists, creation of job opportunities as well as contributing to the national income. Now Rwanda is recognized among the known tourist destinations in Africa; it is believed to be a developed place for tourists.*

## **INTRODUCTION**

The term globalization could mean different things to different people. It is probably one of the hotly contested concepts. It can be defined as a process of worldwide integration of economies and societies. Merriam-Webster's Online defines globalization as "the development of an increasingly integrated global economy marked by free trade, free flow of capital, and trapping of cheaper foreign labor markets." It is a convergence of economic, political and culture systems. Globalization can be distinguished by a number of developments in the world economy including emergence of world trade agreements, adoption of international standards and elimination of tariffs.

In globalized era, developing countries Rwanda inclusive have to attract foreign investors; in order to attract more foreign direct investment (FDI) and reap the benefits

that accrue from FDI (such as increased employment, higher wages, increased worker productivity, technology transfer and economic growth generally), many governments have improved their countries' attractiveness by expanding trade and liberalizing their investment framework. The need to attract FDI is particularly crucial for Africa and Rwanda in particular whereby tourism would be a dynamic economic sector of achieving the attractiveness and competitiveness in globalized world.

This assessment intends to show how poor countries, Rwanda in particular would stand in globalization system by using dynamic sectors like tourism in order to profit foreign investment, the only incentive it has in this global system and assessing socioeconomic impact tourism would bring.

## **TOURISM**

As a continuously growing industry worldwide, tourism has often demonstrated its role as a vital tool in the advancement of economies through direct domestic and foreign exchange earnings and through the employment and investment opportunities it can generate. African countries, mainly in sub-Saharan Africa, Rwanda in particular often over-reliant on one or two sectors for economic development, have recognized the potential of the tourism industry to diversify local economies and contribute to poverty alleviation, economic regeneration and stability, affording many Africans the opportunity to participate in and benefit from tourism.

Rwanda, an African country has chosen tourism as one of its main economic drivers for poverty reduction, attraction of foreign investors and economic development.

The development of tourism industry, as has been demonstrated in other countries, offers the opportunity to generate a more diverse and economically sustainable development industry, de facto Rwanda would use it in globalized world.

## **CONTEXT**

Tourism is defined by Woods, Perry and Seagull (1991, p.2) as essentially an export industry that provides domestic services and experiences of domestic resources to foreign consumers in exchange for foreign currency. Instead of staying home and importing

goods and services, tourists visit the exporting country and enjoy the experiences and activities on site.

## **THE PROBLEM**

As one of the world's fastest growing industries, the tourism industry creates job opportunities and contributes significantly to the growth of economies, especially in developing countries and it would be a tool of developing countries in this era of globalization.

Tourism has been widely acknowledged that economic benefits arising from the tourism industry such as an increase in foreign exchange earnings, employment, and income generating activities, can overcome many resource problems as well as create opportunities and improve the quality of life of local populations (UNEP, 2001).

From this respect it would be use by poor country like Rwanda in globalization era for its competitiveness with developed countries.

Mitchell and Ashley (2006) assert that "Tourism expansion is associated with accelerated economic growth, job creation and welfare, improved exports and public finances. (Macro economy)".

As globalization make the world a smaller place, a stronger tourism environment has emerged allowing people to experience and enjoy other cultures, create economic and social ties with a variety of communities, and broaden and diversify their lives.

Tourism has gradually become a mass phenomenon reaching large numbers of people throughout the world. Not only is tourism beneficial for individuals, the industry greatly contributes to national economies, national image building and to the global economy as a whole.

The impact of this sector can be great if developing countries like Rwanda, for example, take full advantage of it. Rwanda is ranked among the poorest countries in the world.

The country's current tourism initiatives attract specific international tourists, particularly eco-tourists who are drawn to the country's natural attractions, especially the world-famous mountain gorillas.

Over the past seventeen years in particular, the country has transformed itself into an interesting destination with rich experiences for any visitor. With an infectious enthusiasm, Booth and Briggs describe it as "a vibrant..., safe and energetic nation, well able to tackle the demands of the 21<sup>st</sup> century and to welcome tourists" (Booth and Briggs, 2004,).

Rwanda's tourism has mainly been based on its natural endowments which coincided with conservation and preservation efforts.

## **HISTORICAL BACKGROUND**

In colonial times, the unforgettable beauty of Rwanda's rolling mountainous landscapes earned it the sobriquet "Land of a Thousand Hills".

After independence, this small East African nation leaped to fame as the Land of "Gorillas in the Mist", adopted home of Dian Fossey and the most important refuge for the rare mountain gorilla.

In the late 1980s, Rwanda established itself as a popular holiday destination with a bustling tourist circuit. Then as today, gorilla tracking in the Virungas was the premier attraction, supplemented by the mesmerizing savannah and plains wildlife of Akagera National Park, the incredible biodiversity of the extensive Nyungwe rainforest, and a range of mountain and lake shore habitats around the expansively beautiful Lake Kivu.

Then came 1994 and the genocide that caused Rwanda to leap from glossy travel supplements to front page news. By 1995, however, the country had already been restored to near normality, and today it has reclaimed its rightful place as one of the world's finest adventure and ecotourism destinations. The mountain gorillas are still there, every bit as awe inspiring as ever, as are the elephants of Akagera and the chimpanzees and monkeys of Nyungwe National Park.

Rwanda is also one of Africa's top birding countries, with approximately 700 bird species recorded within an area comparable to that of Belgium.

Ended, this nature-lover's paradise remains, for all it has been through, a truly welcoming country, whose attractions are complemented by comfortable facilities, fine food, and a rich cultural heritage.

## **RWANDA'S NATIONAL PARKS**

The majority of Rwanda's natural attractions are located within its three National Parks.

These are the Volcanoes National Park in the northwest, where gorillas may be viewed

In their natural habitat; in the southwest is the Nyungwe Tropical Forest, which offers

Good opportunities for hiking; and, the Akagera National Park in the north east, a popular destination, but still short on game that could be boosted in numbers for competitive advantage.

Rwanda's mountain gorillas have been the country's most recognizable tourism asset. As mentioned on the country's national tourism website, "there are only 700 mountain gorillas left in the world, and Rwanda is home about one third of the total population" (ORTPN, 2005a). Gorilla tourism in Volcanoes National Park has brought the largest numbers of international tourists to the country and continues to do so.

In this regard, the gorilla tourism experience has proved to be fundamental to the growth of the national economy. Tourism has been beneficial for the mountain gorillas as well as it "provides a mechanism for ensuring that the parks and the gorillas are valued for many reasons, and has probably saved the gorillas in the Virunga Volcanoes from further habitat loss or degradation" (Williamson, 2001).

## **RWANDAN ATTRACTION PLACES**

According to a research done at the Institut de Recherche Scientifique et Technologique (IRST, 2005), the country's natural and cultural sites can be broken-down into the following categories:

- ◆ Rocks and caves
- ◆ Water spas
- ◆ Natural forests and parks
- ◆ Holy forests and trees
- ◆ Colonial architecture and traditional huts
- ◆ Rwandan celebrity's tombs and genocide memorials

All provinces contain cultural, natural sites, genocide memorials and others.

**Natural attractions:**

Hills, volcanoes, lakes, natural vegetation, agricultural products (coffee & tea).

**Man-made/artificial attractions:**

Stadiums, housing estates, hotels, trade centres, airports; leisure and entertainment sites; statues, portraits and fountains on roundabouts; overhead bridges; cathedrals, coffee and Tea plantations.

**Historical sites/attractions:**

Genocide memorial sites, various residences including the residence of the first President of Rwanda (Jali club) and colonial administrators.

**Ethnic / Cultural attractions:**

Traditional cultural groups; traditional wedding ceremonies; artisan villages; cultural centers, Special events/gatherings:Trade fairs (Expo); cinema; football matches; church /church,Conferences/religious gatherings; rally: bicycle and motor; liberation and Heroes days; walking competition; business meeting and conferences; graduation ceremonies; international conferences and other political conferences, genocide commemoration, gorilla naming ceremonies (Kwita Izina), marathons currently.

**Other tourist attractions in Rwanda:** are Lake Kivu (Western Province) which is renowned for its beautiful scenery and sports attractions, Lake Muhazi, Bolera, Ruhondo and Rusumo water falls (Eastern Province). In Kigali there are several attractions such as Gisozi genocide memorial and several hotels and restaurants (Gatsinzi,2006: 46).Butare (Southern Province) houses the museum where tourists are able to see and have a feel at the available artefacts. The king's palace is also situated in the same direction which also allows tourists to know about Rwanda's past (MINICOM, 2006).

### **Entertainment and Leisure**

There are a few centers which run activities like cinema, theatres and other performing arts. The Rwanda National Ballet is famous for its traditional dancing and singing and can be seen either at national ceremonies or on request. Other cultural troupes are available around the country. On nightlife activities like discotheques and clubs with live music with food and dancing as well as games like billiard and lottery can be found in Rwanda. Shopping especial handicraft products are also available around the country. Special purchases include woven baskets with pointed lids, native clay statuettes, masks and charms among others. A range of sports like golf, tennis and others are also available to tourists.

### **THE DEVELOPMENT OF RWANDA'S TOURISM INDUSTRY**

Even though gorilla tourism in particular and the country's national parks and other natural attractions put Rwanda on the map, in terms of government strategy and the potential economic significance of the industry, but tourism did not take precedence over other industries such as agriculture (Werabe, 2004).

Werabe has commented that , the tourism industry, outside the various conservation projects, was never considered an economic priority for the country (Werabe, 2004).

The year 2003 marked the re-launch of domestic tourism in Rwanda and international tourism at WTM in London, this was accompanied by a series of marketing and distribution measures aimed at attracting nationals and visitors to invest in the tourism sector. At the same time, new hotels (including the Kigali Serena, the Kivu Serena and

the Akagera Game Lodge) have opened and others are under construction in order to meet the need for quality accommodation that meets international standards. Construction of a new paved road linking Kigali to the western part of the country where Lake Kivu is located has also benefited tourism. Since 2000, there has been a fourfold increase in the number of tourists visiting national parks

Tourism development has directly and indirectly positive effects on residents through contribution to economic growth as well as social development and advancement.

Tourism is one of the few development opportunities available to the poor and constituted a call for action ( Godwin, 2007: 63).

In Rwanda, it is evident that growth development of tourism enable the country to improve the standard of living of its people. Thus there is a need growth that enables the poor to actively participate in tourism and benefit from it economically

### **The Current Role of Tourism and its Impact on the Economy**

Since 2001, the Rwandan government has been identifying several priority sectors and tourism was also earmarked as a possible poverty reduction tool. Internationally, it has been recognized that “tourism is an important opportunity to diversify local economies” (Ashley, Boyd and Goodwin, 2000, p.1) and the Rwanda noted this in the PRSP document itself, as it emphasized a need to “develop other engines of growth and to transform the economy” including “encouraging the development of tourism” (Government of Rwanda, 2002, p.9).

Being a small country, Rwanda has limited options as regards tourism, but “the country’s parks and natural forests are already a valuable commodity for tourism (Rutagarama, 2001). In terms of the country’s capital, Kigali, the opportunities for growth exist and the benefits for expanding the industry are significant in terms of creating jobs and generating “spin-off development” (Kigali Economic Development Strategy, 2002).

Overall, they “articulated the following vision for Rwanda’s tourism industry: ‘Generate \$100 million in tourism receipts and 70,000 international tourists in 2010 by focusing on



creating high value and low environmental impact experiences for Eco-tourists,explorers and Individual Business Travellers”” (OTF Group, 2005b).

## **SOCIO-ECONOMIC IMPACT OF TOURISM**

Tourism is a dominant economic strength that can offer employment, foreign exchange, investment income, and tax revenues. Gauci et al, (2002) declare that the economic growth of this sector does affect the overall growth of the Rwandan economy”.

Tourism is expected to foster economic growth through foreign exchange earnings and an increase in state revenue and, at a second level, an improvement in people’s well being in the areas of job creation, revenue or income distribution and balanced regional development in the era of globalization.

it is no wonder that Rwanda and most developing countries have turned to tourism expansion as an engine of economic growth,(Gatsinzi, 2006: 20). To many African countries, tourism is one of the largest products in international trade. For example in two-thirds of least developed countries (LDCs), Rwanda has turned to tourism as a possible alternative source of growth in order to solve the problems of declining terms of trade from agricultural products and high levels of protection against manufacturing, tourism creates employment opportunities for the poor and even for the vulnerable groups, such as the youth, women and unskilled rural residents. Tourism also seems to offer higher business potentials than any other activity and it can reach the poor in the rural areas, where poverty is harsher (Gatsinzi, 2006: 23).

The beginnings of the potential realization of benefits increase in 2004–2005 in visitor arrivals to the three national parks by 39 per cent and by park receipts increases of 42 per cent. In the year 2007 Rwanda’s tourism industry emerged the top foreign currency earner generating revenues worth US \$42.3 million overtaking coffee and tea industries for the first time after the genocide.

Despite their enormous contribution to the country’s tourism industry, the concern remains that Rwanda’s tourism remains gorilla-centered and current growth is therefore needed to be sustainable in order to attract more foreign visitors and investment. The

level of profitability is increased where tourism related businesses are lucrative in Rwanda. Studies have shown if there is more improvement in tourism as dynamic sector; that tourism businesses would be more lucrative than ever in the globalized era.

Several economic benefits of tourism have already been mentioned, and remain potentially the most significant benefits offered by the industry. These include:

-Economic stability and diversity; Job creation; and Economic and social benefits for disadvantaged members of society in developing countries (less-skilled workers, women, etc.)

-The capacity of the industry to benefit a variety of sectors, previously neglected environments and several social groups is what makes it an intriguing option for many developing countries and Rwanda in particular.

- The tourism industry creates links with construction industries, transportation sectors, agricultural sectors, and cultural and historical institutions. Such far-reaching connections create more prospects for sustainable development in an overall economy.

## **HINDRANCES OF TOURISM DEVELOPMENT IN RWANDA**

Factors that hindering tourism development in Rwanda are the following:

- The perception that Rwanda is not a safe destination;
- The limited accommodation offered at key tourism sites;
- Limited airlift to main tourism markets;
- The restricted range of tourism experiences offered;
- Lack of tourism culture needed to increase service quality;
- Lack of reliable information on the tourism industry;
- Weak public and private sector collaboration;

- Business challenges to the development of the industry (including access to financial capital, lack of qualified human resources, etc.).

- Lack of safety and security of visitors and their property

- Government macro-economic policies and regulations such as taxation, subsidies/incentives and the regulations regarding establishment and control of players in the tourism and hospitality sector need to be considered.

- Limited financial facilities for the expansion and development of tourism infrastructure need to be addressed.

- Development of human resources must be undertaken.

- Provision of water, sanitation and electricity are lacking and will need to be addressed if investors are to be attracted.

### **THE POINT TO BE TAKEN INTO CONSIDERATION**

More improvements are needed to make Rwanda a better tourists destination, tourist attractions were to be developed, the population felt that tourist information services were to be ameliorated; felt that the level of service was to be upgraded, basic infrastructure including water, sewage and electricity was to be upgraded as well; entertainment and leisure facilities were to be developed; accommodation facilities were not good enough, telecommunication facilities were to be improved

### **A NEW VISION FOR RWANDA TOURISM**

In accordance with the objectives set out within Vision 2020, which included increasing of competitiveness particularly in the service and industry sectors, More recently, at the annual International Tourism Board (ITB) held in Berlin, Germany in March 2005 and March 2011, Rwanda was named respectively the fourth and the second best exhibitor in the category of African exhibitors. At the World Travel Market in London, England, Rwanda's delegation attracted 24 new tour operators from around the world who made agreements with local tour operators to send tourists to Rwanda. Profiting these occasions

and other related opportunities, Rwanda as a nation state should exploit this international trade ingredient with the aim at attracting foreign investors and not being detriment of developed countries in the globalized era.

## **INVESTMENT POLICY**

Investment promotion involves all activities aimed at encouraging greater infusion of investments to fuel growth as well as enhancing the image of the country as an ideal location for investments (MINICOM, 2008).

Any investor, foreign or local, in the tourism or any other sector looks first for a stable macro-economic framework, fostering stability, confidence and predictability (Christie, 2005). Factors responsible for attraction of investments to a destination were identified as economic, social and political factors

Economic factors include inflation free economy, with no large fiscal deficits, balance of payments with no restrictions on imports, free movement of profits and incentives to encourage investments. Although many strategies are in place to revive Rwanda's tourism sector from its collapse since the 1994 genocide, tourism investments have remained few. According to MINICOM (2008) the success of investment promotion efforts are constrained by the following challenges to economic activities in Rwanda:

- Limited rural development and agricultural transformation
- Poor economic infrastructure – high transport cost, energy shortages
- Weak private sector
- Inadequate human and institutional capacity
- Limited access to finance
- Negative perception of Rwanda abroad
- Low levels of domestic private savings and investment
- Low purchasing power of the population

The strategies advocated in the investment promotion policy are articulated around 5 main axes:

1. Become a centre of excellence in soft infrastructure and governance  
establish a modern, liberal and efficient legal framework for investment  
achieve excellence in administration: make good governance systematic
2. Establish skills attraction and dissemination initiatives.
3. Set up public investment priorities to support private investment
4. Bridge Rwanda's image gap
5. Implement selected strategic initiatives and promotional activities

According to RIEPA (2007), the Rwandan government is committed to ensuring that the precarious state of the nation's capital base is overcome through increased investment both domestic and foreign.

(RIEPA). The agency develops information materials, holds trade fairs at home and abroad, and establishes assistance office in Rwanda to encourage and assist investors. The main policy objectives of the agency include:

- Promotion of investment opportunities with local and foreign investors. The agency markets all investment opportunities in Rwanda to targeted investors worldwide;
- Facilitation of the establishment and smooth operations of investor projects. The agency operates a one stop centre for all investors to facilitate starting their business enterprises or investment projects;
- Facilitation of business development and export production;
- Promote industrial and commercial development through the establishment of a new Free economic Zone regime soon to be operated will boost export trade in Rwanda; and

- Advice government on additional policies and initiatives needed to encourage and support investment in the country (RIEPA, 2007).

The tourism industry in Rwanda is still young and investment opportunities exist both in developing tourism infrastructure and positioning the country in the international marketplace as a new exotic destination on the global tourist circuit (RIEPA, n.d). It is argued that increased investments in Rwanda's tourism sector could lead to greater economic benefits such as employment opportunities, increased domestic investments, technology transfer, and creation of linkages with other economic sectors and eradication of poverty

## **CONCLUSION**

Rwanda tourism has faced several challenges to its growth and development, and as the country continues to rebuild itself economically, tourism continues to play an important role in that process. Tourism is widely considered to be one of the sectors that will help the country achieve its economic targets through revenue gains and job creation. So far, Rwanda's tourism product has been aimed largely towards international tourists understandably in order to raise the much-needed foreign currency and investment, and while this has been proving positive as regards achieving industry targets.

Since African governments have seemingly lost significant power to corporation and to financial markets and since they do operate within an increasingly globalized framework, individual government are not capable of undertaking this task. The task is international and global. For poor countries like Sub Saharan Africa, the question how to protect themselves and advance the welfare of their own people in an unpredictable world is a major challenge and very often a major problem.

A part from moves to establish greater stability designed to avoid systematic breakdown within the world's financial system, there also need to be urgent moves to establish an international body and rules for fair trading in a globalized environment. Small African countries like Rwanda would have most to gain from such an innovation.

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