

Tourism Development Experience in Ghana

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Introduction

Since the late 1980s tourism has received considerable attention in the economic development strategy of Ghana. The number of tourist arrivals and amount of tourists' expenditure have steadily increased, while both public and private investment activity in various tourism sub-sectors have expanded. The government established a Ministry of Tourism in 1993 to underscore its commitment to tourism development, and with assistance from the United Nations Development Programme (UNDP) and the World Tourism Organisation (WTO), has prepared a 15-Year Tourism Development Plan for the period 1996 to 2010. Like most African countries, attempts to develop a viable tourism industry in Ghana can be traced to : the early part of the post independence period. This paper examines the tourism development experience in Ghana. It begins with a review of the current status of the industry , followed by an overview of the history of tourism planning, and an assessment of future development plans. The paper concludes by discussing some critical factors that constitute challenges that will ensure success or could lead to failure.

Present Dimensions of Tourism in Ghana

Ghana moved up from the seventeenth position in 1985 to eighth in 1998 among the top 20 leading tourism revenue-earners in Africa (WTO, 1999). Table 1 shows that international tourist arrivals in Ghana has increased steadily from nearly 114,000 in 1988 to about 348,000 in 1998, at an annual average growth rate of about 20 percent. With respect to tourist's expenditure, international tourism receipts grew at an average annual rate of 41.3 percent from about \$55.3 million in 1988 to about \$285 million in 1998. This makes tourism the third largest earner of foreign exchange currently, , ranking behind mineral and cocoa exports.

Table 1.

Ghana : International Tourist Arrivals and Receipts		
Year	Arrivals	Receipts (US \$M)
1988	113,784	55.34
1989	125,162	72.09
1990	145,780	80.83
1991	172,464	117.70
1992	213,316	166.90
1993	256,680	205.62
1994	271,310	227.60
1995	286,000	233.20
1996	304,860	248.80
1997	325,438	265.59
1998	347,952	284.96
Annual Average Growth Rate	20.5%	41.3%

Source : Ghana Tourist Board, 1999.

The growth in tourism can also be seen in the expansion of activities in the hotel sector. Table 2 depicts the growth in the number of hotel properties, rooms and beds between 1989 and 1998. The number of hotels approved and licensed by the Ghana Tourist Board increased from only 273 in 1989 to 730 in 1998, while the number of rooms more than doubled from 4,851 in 1989 to 10,879 in 1998.

Table 2.

Growth In Lodging Sector 1989-1998			
Year	Hotels		Beds
	Number	Rooms	
1989	273	4851	7449
1990	350	5682	8576
1991	419	6339	9189
1992	509	7666	10902
1993	587	8578	12112
1994	624	8883	12373
1995	580	8518	11938
1996	703	10263	13791
1997	751	10921	14164
1998	730	10879	14289
% Growth 1989-1998	167.4	124.3	9108
Average Annual % Growth	18.6	13.8	10.2

Source : Ghana Tourist Board, 1999.

As in the case of most African countries, the rationale for tourism development is primarily economic and at two levels: macro or national or micro or local. At the macro level, tourism is expected to promote economic growth by generating foreign exchange as well as increase various forms of government revenue. At the micro level, tourism is expected to facilitate job creation, income and revenue distribution, and a balanced regional development, which ultimately should improve the quality of life of residents. Recent adverse developments in Ghana's economy are serving as reminders of the need to diversify the economy in order to reduce dependence on the traditional exports of unprocessed mineral, agricultural and forest products. The price of cocoa, the leading agricultural export which was \$1,171 per tonne during the 1997/98 season, had declined to \$1,040 by September 1999. Similarly, gold, the country's principal export has been declining steadily since December 1998, while the price of imported crude oil which was about \$10.25 a barrel in December 1998 had almost tripled to about \$30 a barrel by mid March 2000. These adverse developments have placed greater urgency on developing tourism in order to alleviate foreign exchange shortfalls and to augment domestic revenue. There are cultural and environmental reasons for tourism development in Ghana as well, but space would not allow any detailed discussion. Suffice it to mention that the country has diverse cultural resources that can be rehabilitated and preserved through tourism. Among these are the three World Heritage Forts and Castles in Cape Coast and Elmina in the Central Region which are undergoing restoration for the development of ethnic tourism. Additionally, the expanding population (doubling every 20 years) has placed increased pressures on the

environment and has necessitated conservation of the ecosystem through tourism activities such as the establishment of national preserves. The 15-year Tourism Development Plan has identified several national parks in each of the country's ten regions. These will be developed to form the basis for the country's eco-tourism product component of the tourism industry.

History of Tourism Development

The first major step in the formal development of tourism in Ghana was an evaluation of the country's tourism resources in 1970, 13 years after independence in 1957 (Obuarn Committee, 1972). The objective was to catalogue and classify the potential tourism resources for a five-year development plan covering the period 1972-1976. As a result of this study, the government issued a White Paper on Tourism, which identified investment areas for foreign participation, including various concessions and incentives for investors. Between 1972 and 1978, a number of important studies were carried out on various aspects of Ghana's tourist industry. Due to financial limitations as well as local technical constraints, most of these studies were funded and conducted by foreign agencies and personnel. Some of these studies included :

- . An assessment by the United Nations Development Programme (UNDP, 1973) of tourism planning and development, and a review of human , resource requirements for the , tourism sector (Singh, 1978).
- . Identification by the United States Agency for International Development (USAID) requirements for a comprehensive tourism development strategy (Stewart, 1973).
- . A project by the United States International Executive Service Corps on the effective resource utilisation for tourism development (Egan, 1975).

To supplement these studies, a number of domestically sponsored projects were carried out, focusing primarily on tourism impact assessment. These dealt with foreign exchange earnings (Ghosh and Kotey, 1973), tourism multiplier effects (Ayittey, 1975) and socio-cultural impacts (*Addoatal.,1975*).

Based on the studies identified above as well as others, there was a general consensus that Ghana had the potential to develop a viable tourism industry , however , there was the need to formulate a more comprehensive national tourism development plan to guide long-term sustainable development. It is important to identify a number of important factors and considerations that led to this decision, particularly because comprehensive national and regional tourism development planning is critical to successful tourism development in individual African countries. First, tourism was a new and technically unfamiliar industry for local planners and developers. Second, local technical expertise in tourism was almost non-existent. Third, domestic capital to support the pre-requisite general and tourism-specific infrastructure was marginal. Finally, the scope for domestic and sub-regional (African) international tourism was limited by very low disposable incomes in Ghana and the West African sub-region). As a result, it was argued that Ghana's tourism industry would most likely be dependent on foreign markets, mostly Western Europe and North America.

This, it was further argued, would make the country susceptible to adverse economic and social impacts, which needed to be carefully assessed.

The First 15-Year Tourism Development Plan (1975-1990)

These considerations resulted in the 15-Year Tourism Development Plan that was intended to guide tourism planning for the period 1975 to 1990 with financial and technical assistance from the Danish Government (Hoff and Overgaard Planning Consultants, 1974). Based on a projected average annual growth rate of 12.5 percent, international tourist arrivals were to increase from only 64,000 in 1975 to 357,000 a year by the end of the plan in 1990. Average length of stay was to increase from 4 to 9.4 days, while the number of hotels with minimum international standards was to expand from only 900 in 1975 to more than 13,000 in 1990. With respect to economic benefits, 36,000 new direct and indirect jobs were to be created, while projected annual foreign exchange earnings were estimated at \$58 million. Unfortunately, this plan was never implemented due to the nature of the political economy at that time, and the subsequent decade of political instability (Teye, 1988), and severe economic deterioration that proved to be incompatible with attracting both investment capital and the projected number of international visitors.

The Future of Tourism in Ghana:

The Current Plan

While tourism currently appears to be expanding its contribution to the economy of Ghana, a close analysis of some of the key attributes of the industry indicates a number of interesting characteristics. First Ghanaians resident overseas are the single largest category of arrivals at 88,585 or 27.2 percent of total arrivals in 1997 (Ghana Tourist Board, 1999). While they constitute an important market for the country, they stay with friends and relatives, and can be regarded as voluntary visitors. Second the combined total of arrivals from the top six markets in Western Europe and North America was 89,357 or 27.5 percent in 1997 (Ghana Tourist Board, 1999). These markets include such important international travel generating countries as the United Kingdom, United States, France, Germany, The Netherlands and Canada. Finally, most international visitors are on business, most likely pursuing opportunities in the liberalised economic environment, as a result of the Economic Recovery Programme of 1986 and the subsequent Structural Adjustment Programme. To transform the country into a major leisure destination, a 15-year Tourism Development Plan for the period 1996 to 2010 was prepared with financial support from the UNDP and technical assistance from the WTO (UNDP/WTO, 1995).

The current plan has a number of interesting and ambitious objectives, which require a brief review. First, it projects total annual international tourist arrivals to increase from only 286,000 in 1995 to as much as 1,062,000 in year 2010 (Table 3). The leisure or holiday segment is targeted to increase from a mere 13.3 percent in 1995 to 50.2 percent in 2010. In real terms, this means 534,000 leisure tourists arriving each year. In comparison, arrivals in the business category would relatively decline from 48.6 to 28.4 percent, but in real terms, it would actually increase from 139,000 to 302,000 annually. Second the two main product components to be developed are eco-tourism, based on the country's diverse natural resource attractions, and heritage/ethnic tourism, based on cultural attractions related to the

slave trade. This particular component is geared toward attracting Africans in the Diaspora particular from the United States and the Caribbean.

Table 3

International Market Targets For Ghana 1995-2010						
Type of	1995	%	2000	2005	2010	%
Tourist Arrivals						
Business	139,000	48.6	177,000	237,000	302,000	28.4
VFR	109,000	38.1	139,000	177,000	226,000	21.3
Holiday	38,000	13.3	83,000	224,000	534,000	50.3
Total Arrivals	286,000	100.0	399,000	638,000	1,62,000	100.0

Source : WTO/UNDP, 1996.

Third, the scale of the plan can also be seen from hotel accommodation requirements in the category of two star and above. Table 4 indicates that their provision will cover all regions of the country and are projected to increase from 3,420 beds in 1995 to 11,350 beds in 2010. Fourth, from spatial and operational perspectives, the tourism plan is linked in a hierarchical structure at three different levels. At the first level is the general national economic development plan up to year 2020, and therefore known as the Vision 2020, from which the National Tourism Development Plan is derived. The second level involves ten regional tourism development plans, each derived from the national tourism plan, and at the third level are district tourism plans.

Table 4

Projected Need For Accommodation Beds – 1995 – 2010						
2 Star and Above						
Region	1995	%	2000	2005	2010	%
Greater Accra	2,000	58.5	3,000	3,500	4,100	36.1
Central	200	5.8	600	1,200	1,800	15.9
Western	350	10.2	450	800	900	7.9
Eastern	150	4.4	300	500	700	6.2
Volta	100	2.9	250	400	600	5.3
Ashanti	350	10.2	600	1,000	1,400	12.3
Brong Ahafo	50	1.5	100	300	500	4.4
Northern	100	2.9	250	400	500	4.4
Upper East	70	2.1	100	200	450	4.0
Upper West	50	1.5	100	200	400	3.5
Total	3,420	100.0	5,750	8,500	11,350	100.0

Source : WTO/UNDP, 1996.

Challenges

In order for the tourism plan to be successfully implemented, a number of challenges have to be met. The first challenge is the human resource capacity needed to implement an ambitious national tourism development plan in a coordinated manner, with a multiplicity of public and private sector entities at the national, regional and local levels. The second challenge lies in the financing of the plan with respect to general infrastructure, tourism facilities, attractions, marketing and delivery of quality tourism services. Four main avenues have been recommended for financing the plan, namely:

- a. government funding,
- b. establishment of a Tourism Development Fund,
- c. obtaining international donor assistance, and
- d. attracting private sector investment.

The third challenge is with regard to air transportation access into Ghana from overseas markets. The projected annual arrivals figure which is in excess of one million visitors obviously depends on increased access from the main overseas tourist-generating countries into Ghana. Currently, services provided by international air transportation are dominated by European carriers. Ghana Airways has only 5 aircraft and is up for sale through the divestiture/privatisation program, and therefore its future role in the tourism development plan is uncertain. Presently, airfares to Ghana are rather high, while capacity and frequency of schedules are low. The last challenge hinges on gaining community support and active participation in tourism development by increasing the low level of tourism awareness among Ghanaians. In this regard, it is important to give substantial attention to the promotion of domestic tourism, as opposed to an overwhelming focus on international tourism promotion.

Conclusion

To varying extent, the majority of African countries have significant and viable tourism potential but development has been hindered by several factors including political instability. As more African countries experience political stability and institute economic reforms, tourism will play a greater role in economic diversification, particularly in the export sector with respect to foreign exchange earnings and employment generation, together with other expected economic, social and environmental benefits. Using the case of Ghana, this article has presented the history of tourism development, the recent upswing in developing the industry, and some of the challenges facing the country in implementing its tourism development programme.

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