



REPUBLIC OF ZAMBIA

REPORT

OF THE

**COMMITTEE ON ENERGY, WATER DEVELOPMENT AND TOURISM ON
THE REPORT OF THE AUDITOR GENERAL ON THE PERFORMANCE OF
THE TOURISM SECTOR IN ENSURING AN INCREASE IN THE LENGTH
OF STAY OF INTERNATIONAL TOURISTS**

FOR THE

FIFTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY

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REPORT OF THE COMMITTEE ON ENERGY, WATER DEVELOPMENT AND TOURISM ON THE REPORT OF THE AUDITOR GENERAL ON THE PERFORMANCE OF THE TOURISM SECTOR IN ENSURING AN INCREASE IN THE LENGTH OF STAY OF INTERNATIONAL TOURISTS, FOR THE FIFTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY

1.0 Membership of the Committee

The Committee consisted of Mr E K Belemu, MP (Chairperson); Ms M C Chonya, MP (Vice Chairperson); Mr C M Zulu, MP; Mr D Mung'andu, MP; Mr M Jamba, MP; Mr J Chabi, MP; Mr K Mbangweta, MP; Mr S Mulusa, MP; Mr Romeo Kangombe, MP and Mrs M D Mwanakatwe, MP.

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir,

The Committee has the honour to present its Report on the Report of the Auditor General on the Performance of the Tourism Sector in Ensuring an Increase in the Length of Stay of International Tourists for the Fifth Session of the Twelfth National Assembly.

2.0 Functions of the Committee

The Committee is mandated to carry out the functions set out below.

- (i) study, report and make the appropriate recommendations to the Government through the House on the mandate, management and operations of the Government ministries, departments and agencies under its portfolio;
- (ii) carry out detailed scrutiny of certain activities being undertaken by the Government ministries, departments and/or agencies under its portfolio and make appropriate recommendations to the House for ultimate consideration by the Government;
- (iii) make, if considered necessary, recommendations to the Government on the need to review certain policies and existing legislation;
- (iv) examine annual reports of Government ministries and departments under its portfolio in the context of the autonomy and efficiency of Government ministries and departments and determine whether the affairs of the said bodies are being managed according to relevant Acts of Parliament, established regulations, rules and general orders;
- (v) consider any Bills that may be referred to it by the House;
- (vi) consider International agreements and treaties in accordance with Article 63 of the Constitution;
- (vii) consider special audit reports referred to it by the Speaker or an Order of the House;

- (viii) where appropriate, hold public hearings on a matter under its consideration; and
- (ix) consider any matter referred to it by the Speaker on an order of the House.

3.0 Meetings of the Committee

The Committee held seven meetings to consider submissions on the Report of the Auditor General on the Performance of the Tourism Sector in Ensuring an Increase in the Length of Stay of International Tourists.

4.0 Procedure adopted by the Committee

In order to familiarise itself with the issues under its consideration, the Committee requested written and oral submissions from the stakeholders listed at Appendix II.

5.0 Auditor General's Comments

The Committee was informed that in accordance with the provision of Article 250 (1) (c) of the *Constitution of Zambia as amended by Act No. 2 of 2016*, the Office of the Auditor General was mandated to carry out performance audits in ministries, government departments and statutory corporations, and to report the results to the Republican President and the National Assembly.

5.1 Background to the Audit

The Auditor General informed the Committee that the Government had recognised the tourism sector as an important contributor to the country's economic development. Besides contributing to the country's gross domestic product, the sector was a vehicle for job creation and rural development among other benefits. In that regard, it was imperative that the sector received due attention in order for the country to continue to derive benefits from it. The Auditor General further stated that the tourism sector played an important role towards the implementation of the Sustainable Development Goals (SDGs) as a key sector contributing to job creation and economic growth (SDG 8), sustainable consumption and production (SDG14), and the preservation of the world's natural resources (SDG14). The Committee was informed that the tourism sector was beset with some challenges which had affected its performance during the period under review, 2015 to 2019. One of the notable challenges was the country's inability to keep tourists for longer periods as a result of inadequate diversification of tourism products, poor infrastructure, underdeveloped tourism circuits and packages, among other issues.

The Committee was further informed that according to the fundamental principles of performance auditing as stated in International Standards for Supreme Audit Institutions (ISSAI) 300, the performance auditing carried out by the Office of the Auditor General was an independent, objective and reliable examination of whether Government undertakings, systems, operations,

programmes, activities or organisations were operating in accordance with the principles of economy, efficiency and effectiveness and whether there was room for improvement.

5.2 Motivation of the Audit

The motivation for the Auditor General's audit was as stated hereunder.

- (i) There had been parliamentary interest on the development of the Northern and Southern tourism circuits. The two circuits required coordinated implementation of activities in terms of infrastructure and investment. In addition, parliament had highlighted the need for the Government to support the initiatives that the Ministry was undertaking in developing and promoting the tourism sector in the country.
- (ii) There had been public outcry in the media concerning the fact that Zambia was faced with economic challenges despite the country having a huge potential in the tourism sector that could enhance economic growth. This sector generated revenue through hotel license fees, casino fees, hotel managers' registration, tourism enterprise registration, hunting and park fees, tourism levy and from other tourism activities.
- (iii) The length of stay was one of the key drivers in improving the performance of the tourism sector. The average length of stay for international arrivals as shown in the 2015 Ministry of Tourism and Arts Annual Tourism Statistical Digest was four days. Notably, the days had reduced from six days in 2012 and 2013 to four days in 2018, which reduction demonstrated the fact that Zambia was largely an 'add-on' option for leisure visitors, rather than an end destination. In light of the foregoing, the Auditor General was motivated to conduct the audit so as to assess the extent to which the Ministry of Tourism and Arts was making efforts to ensure that there was an increase in the length of stay of tourists visiting the Southern and Northern circuits in order to improve the performance of the tourism sector.

5.3 General Audit Objective

The main objective of the audit was to assess whether the measures put in place by the Ministry of Tourism and Arts had promoted an increase in the average length of stay of tourists visiting the Southern and Northern tourism circuits.

5.4 Specific Audit Objective

The objectives of the audit were to assess:

- (i) the extent to which the measures adopted by the Ministry of Tourism and Arts had resulted in an increase in the length of stay of international

- tourists, as well as increase in the number of tourists visiting the Southern and Northern circuits;
- (ii) whether the Ministry of Tourism and Arts had promoted and marketed the Southern and Northern circuits to ensure that tourists visiting the country stayed for a longer period of time; and
 - (iii) the extent to which the Ministry of Tourism and Arts had facilitated the development of tourism and tourism-related infrastructure with an inclusion of priority areas in order to attract more tourists and promote an increase in the length of stay of tourists visiting the sites.

5.5 Audit Questions

Anchoring on the audit objectives, the audit was designed to answer the following questions:

1. To what extent had the measures adopted by the Ministry of Tourism and Arts resulted in an increase in the length of stay of tourists and in the number of tourists visiting the Southern and Northern tourism circuits?
2. To what extent had the Ministry of Tourism and Arts promoted and marketed the tourism circuits to ensure that tourists visiting the country stayed for a longer period of time?
3. To what extent had the Ministry of Tourism and Arts facilitated the development of tourism and tourism-related infrastructure with a focus on priority areas in order to attract more tourists and promote an increase in the length of stay of tourists visiting the sites?

5.6 Audit Criteria

The assessment criteria for the audit were drawn from the following key documents:

- (a) seventh National Development Plan (2017-2021);
- (b) the Tourism and Hospitality Act No. 13 of 2015;
- (c) the National Tourism Policy 2015;
- (d) ministry of Tourism and Arts (MOTA) Strategic Plan (2014 to 2016); and
- (e) tourism Master Plan (2018-2038).

5.7 Audit Methodology

In carrying out the audit, a combination of data collection techniques were used including interviews, physical inspections and document reviews.

5.8 Document Review

Documents were reviewed to obtain information on the performance of the tourism sector, the goals and objectives of the Ministry of Tourism and Arts, as well as the measures adopted by the Ministry to increase the length of stay for international tourists. In order to gather information on the number of international tourists visiting the country, the Tourism Statistical Digest was

reviewed, including the Annual Reports for the Ministry and the National Heritage Conservation Commission (NHCC), which provided statistics on the number of international tourists at each site.

5.9 Interviews

Interviews were conducted with management and staff from the Ministry of Tourism and Arts, the Zambia Tourism Agency, and the National Heritage Conservation Commission in order to gain an insight on the Ministry's responsibilities towards the improvement of the performance of the tourism sector and also to corroborate information from the document review.

5.10 Physical Inspections

Physical site inspections were carried out to verify the information obtained through interviews and document reviews. The physical inspections were also used to inspect and verify the following issues:

- (i) tourism products available at each site and whether the Ministry of Tourism and Arts had promoted diversification of tourism products from the traditional mode of tourism;
- (ii) infrastructure development projects that were undertaken at each site to improve length of stay of international tourists;
- (iii) the basic visitor facilities that were available at each site;
- (iv) the visitors' registers at the sites to verify information obtained from the Ministry of Tourism and Arts and the National Heritage and Conservation Commission; and
- (v) Accessibility of the sites.

6.0 CONSIDERATION OF SUBMISSIONS ON THE AUDIT FINDINGS AND OBSERVATIONS

The Committee considered submissions from the identified stakeholders and the Permanent Secretary of the Ministry of Tourism and Arts. The submissions of these stakeholders and the Permanent Secretary, as well as the observations and recommendations made by the Committee are set out below.

6.1 Major Findings

6.1.1 Length of Stay and Influx on International Tourists

Submissions by Stakeholders

Stakeholders submitted that visitor satisfaction had a positive effect on tourists as they would be inclined to re-visit a destination because of the contentment

that they experienced during their first visit. Stakeholders further submitted that comfortable travel arrangements and the provision of comfortable accommodation were important prerequisites to steady visitor inflow. Other stakeholders stated that the service that tourists received at a particular destination determined whether they would attempt a repeat visit and subsequent visits thereafter.

Stakeholders submitted that destination marketing was a useful tool that could be used to attract tourists to visit and even spend more time at a tourist destination. Destination marketing provided all the necessary information to would-be tourists in order for them to make an informed decision about a particular destination. In addition to destination marketing, other stakeholders submitted that destination branding complimented destination marketing. The latter presented all the necessary characteristics of a destination in a manner that evoked curiosity among potential tourists long before they travelled. Stakeholders were of the view that in branding a country's tourist attractions, care should be taken to retain the authenticity of the tourist attractions, which had proved to be the preference of most international tourists.

Stakeholders further submitted that natural heritage attractions provided adventure for tourists. They informed the Committee that some tourists traveled just to see cultural heritage attractions such as traditional ceremonies.

Stakeholders submitted that with technological advancement in the world, it was imperative that tourism destinations had reliable information facilities for internet, mobile communication and television for easy exchange of information. Frequent disruption of such services tended to frustrate visitors and would result in them not spending more time at a tourism destination. Other stakeholders informed the Committee that there should be circuits of tourist attractions in one destination so that tourists could move from one site to another and in the process lengthen their stay.

Some stakeholders submitted that although Zambia had recorded a notable and sustained increase in the number of international arrivals in the last five years, it was surpassed by countries such as South Africa, Zimbabwe, Namibia and Botswana. Zambia was considered an expensive tourist destination and most tourists preferred to stay longer in other countries that offered competitive tourism packages. For instance, direct flights from to Zambia from Europe and Asia were limited, resulting in the country being ascribed the status of 'add-on' destination for international travelers visiting neighbouring countries like South Africa and Botswana.

Submission by the Permanent Secretary, Ministry of Tourism and Arts

In noting the findings and recommendations by the Auditor General, the Permanent Secretary submitted that there had been an increase in tourist arrivals over the last five years. She indicated that in the year 2019, the country recorded 1,266,427 international tourist arrivals compared to 931,782

recorded in 2015. However, she informed the Committee that the average length of stay for international tourists had decreased from six days in 2013 to four days in 2019. This decrease was testimony that Zambia was considered an 'add-on' option for leisure visitors, rather than an end destination. The Permanent Secretary highlighted some of the factors that inhibited increase in the average length of stay as those listed below.

- (i) Poor access to most of the tourism sites due to undeveloped or lack of fully developed road infrastructure.
- (ii) The tourism tour circuits were not well linked and operated as standalones due to infrastructure challenges such as limited accessible roads.
- (iii) Lack of product development in areas richly endowed with natural tourism products such as those found in the Northern Circuit.
- (iv) High cost of travel on domestic flights making it prohibitive for tourists to visit tourism sites in both the Northern and Southern circuits. In some instances, domestic flights were more expensive than international flights.

Committee's Observations and Recommendations

The Committee observes with concern that the strategies being employed by the Government to increase the length of stay of international tourists have not yielded the desired results as evidenced by the decline in the length of stay for international tourists from six days in 2013 to four days in 2019. The Committee further notes that the reduction of the number of days is a clear indication that there is need to review the strategies being employed in order to increase the length of stay for international tourists.

In light of the above, the Committee recommends that the Government should review the strategies used to lengthen the period of stay for international tourists.

The Committee expresses concern that in comparison to other countries in the region, Zambia is considered an expensive tourist destination. Air travel and Jet A1 fuel costs, accommodation, visa, landing and parking fees were all expensive, this situation is partly attributed to shorter periods of stay for international tourists. In this regard, the Committee urges the Government to review the cost structure of the tourism industry in Zambia.

The Committee further observes that tourist destinations in Zambia are not easily linked, thus difficult for tourists to connect from one destination to another. The Committee, therefore, recommends that the Government should accelerate implementation of plans to link tourism circuits, especially the Southern and Northern tourism circuits.

6.1.2 Data Collection Systems for International Tourists

Submissions by Stakeholders

Some stakeholders submitted that statistics on the length of stay of international tourists may not be accurate due to faulty data collection systems

used to capture data. The challenges of the systems included recording, storing, cleaning, analysing and publishing arrival information. Stakeholders submitted that the problem of unreliable data systems was further compounded by lack of fencing to some tourist sites resulting in difficulties to regulate entry. Stakeholders further submitted that the absence of a Tourism Satellite Account had made it difficult to accurately measure the country's tourism contribution to economic growth and development.

Submission by the Permanent Secretary, Ministry of Tourism and Arts

The Permanent Secretary in noting the findings and recommendations by the Auditor General, indicated that the Ministry of Tourism and Arts planned to undertake a domestic and exit survey, an exercise which was supposed to inform the operationalisation of the Tourism Satellite Account. However, with regard the challenge of data collection and statistics for the sector, the Permanent Secretary submitted that the Ministry had not conducted the surveys due to non-availability of resources. The Permanent Secretary further submitted that Ministry had embarked on the process of engaging the United Nations Development Fund for support to conduct a survey on how the COVID-19 pandemic had impacted the Zambian tourism sector, which survey would, among other issues include information to be used Tourism Satellite Account. The Ministry had also engaged the Common Market for Southern and East Africa to support training in Tourism Satellite Account data collection.

The Permanent Secretary further submitted that in order to enhance productivity and service delivery with regard to data collection and management information systems, the Ministry had started the process of automating some of its manual data collection processes. The Ministry had made some strides one of which resulted in the development of the Hotel Managers' Registration System and the licensing and grading system which would assist the Ministry to provide better services and ease the cost of doing business.

The committee was further informed that the Ministry worked closely with the Department of Immigration in the collection and compilation of international tourist arrival data. She indicated that generation of length of stay data from the Zambia Immigration Management System (ZIMS) was limited to only those ports of entry that were computerised. This presented a challenge to accurately capture the actual length as a tourist could enter the country from a port of entry that was computerised and exit through a non-computerised port of entry/exit. The Permanent Secretary submitted that the Ministry would continue to liaise with the Department of Immigration to devise a more efficient way of capturing data following the discontinuation of the Immigration Form One which was a good source for various variables such as purpose of visit, average length of stay, among others.

Committee's Observations and Recommendations

The Committee notes that while the Government adopted the Tourism Satellite Account framework as a measurement tool, it had taken long to put it into operation. In this regard, the Committee urges the Government to accelerate the implementation of the Tourism Satellite Account.

The Committee further notes that reliable statistics and accurate data is not only necessary to determine the length of stay of international tourists but is also important for decision making in the tourism sector. The Committee, therefore, recommends requisite collaboration between the tourism sector and the Zambia Statistics Agency for improved and reliable statistics and data in the tourism sector.

6.1.3 Number of International Tourists Visiting the Northern Circuit in Comparison to the Southern Circuit

Submissions by Stakeholders

Some stakeholders submitted that most areas with high tourism potential in Zambia had underdeveloped infrastructure. The problem of poor infrastructure was preventing the Northern circuit from growing as an emerging tourist destination, despite the area having so many natural attractions. Stakeholders reminded the Committee that the Northern circuit was less developed in terms of road network, air travel, product diversification, and lodging facilities. However, its counterpart the Southern Circuit, especially Livingstone had relatively good roads and other social amenities that attracted tourists to visit. Further, stakeholders informed the Committee that tourism products in the Northern Circuit were poorly packaged and skewed towards waterfalls as the major tourist attraction. This had rendered the circuit unattractive to international tourists.

Submission by the Permanent Secretary, Ministry of Tourism and Arts

The Permanent Secretary in noting the findings and recommendations of the Auditor General, submitted that the Ministry had collaborated and partnered with various stakeholders such as the African Parks, Lake Tanganyika, World Wildlife Fund, Kasanka Trust and Frankfurt Zoological Society in the Northern Circuit to help boost tourism in the circuit. It was envisaged that the collaborations would enhance investments and ultimately result in growth in the sector.

Committee's Observations and Recommendations

The Committee observes with concern the slow pace at which investments and infrastructure development are being undertaken in the Northern circuit. The Committee further observes that the marketing strategies being used in the Northern Circuit fall short of what is required to attract tourists in a newly created tourism hub. The Committee further notes that there is lack of

product diversification in the Northern Circuit, hence it is difficult to keep tourists for longer periods.

The Committee recommends that the Government should intensify marketing efforts and invest heavily in the diversification of tourism products in order to raise the visibility of the Northern Circuit. The Committee further recommends that the Government should prioritise infrastructure development, especially road, air travel and comfortable accommodation facilities if the Northern Circuit is to attract more tourists and investment.

6.2 Tourism Promotion and Marketing

Submissions by Stakeholders

Some stakeholders submitted that the Tourism Development Fund was not being administered in line with the provisions of the *Tourism and Hospitality Act, No. 13 of 2015*. For instance, Section 64(1) of the Act established the Tourism Development Fund and its purposes included tourism product development, tourism infrastructure, tourism marketing, tourism training and research. However, stakeholders submitted that the Zambia Tourism Agency was not adequately funded to enable it carry out three of the functions they were mandated to execute, namely; tourism product development, tourism marketing, and training. Further, the method of disbursement of the Tourism Development Fund was not programme oriented but was on project proposal basis. As a result, entities had to apply for allocation of the Tourism Development Fund based on submission of a concept note with a standardised format. The process was further subjected to approval by the committees of the Tourism Development Fund, which at times were inclined to support other projects. Stakeholders further submitted that the process of accessing the funds was cumbersome and lengthy, which resulted in delays. Secondly, the process prevented entities from effectively budgeting for an expected quantum of funding from the Fund at the beginning of the year.

Stakeholders submitted that the budgetary allocation towards marketing for the tourism sector was low. This had contributed to failure to carry out tourism marketing activities. Stakeholders further submitted that there was a positive correlation between marketing and length of stay especially when marketing was informed by empirical data.

Other stakeholders welcomed the Government's initiative to waive off some taxes and provide certain incentives to the tourism sector in the 2021 Budget. However, stakeholders were of the view that such measures without an aggressive marketing strategy of Zambia's tourism potential would not result in increased the length of stay of international tourists and growth of the sector.

Submission by the Permanent Secretary, Ministry of Tourism and Arts

The Permanent Secretary submitted that the Ministry was committed to positioning Zambia as a preferred tourist destination at international level. In

that regard, Zambia participated in international tourism fares and exhibitions. The country was represented at one of the largest tourism and travel fair, the International Tourism Bourse, an annual event that takes place in Germany. The event attracted participation from 180 countries, 1,000 tourism buyers, 10,000 exhibitors, 12,000 trade visitors, 6,000 media representatives and 26,000 convention visitors. The Permanent Secretary informed the Committee that such events exposed the country at international level to potential visitors to Zambia.

The Permanent Secretary further submitted that the Ministry was focusing on growing the tourism industry by increasing market penetration and exploiting emerging markets to expand the tourism base. In that regard, the Ministry had developed competitive systems in pricing of accommodation facilities to accommodate different niche markets. The Permanent Secretary reported that the Ministry had embarked on a robust campaign through local and international fora such as the Zambia International Trade Fair, Zambia Agriculture and Commercial Show, Zambia Travel Expo, Livingstone International Cultural and Arts Festive (LICAF), Takulandirani (Malawi) INDABA (South Africa), International Tourism Trade Fair (Spain), International Tourism Exchange (Berlin) and World Tourism Market.

Committee's Observations and Recommendations

In noting the Permanent Secretary's submission, the Committee expresses concern that the Zambia Tourism Agency, is unable to fully perform its function of marketing due to poor funding.

In light of the above, the Committee urges Government to adequately fund and provide resources to the Zambia Tourism Agency to enable it develop and promote tourism products. The Committee further urges that the Government to review the operations of the Tourism Development Fund in order to remove the bottlenecks surrounding the disbursement of funds to entities. This will result in predictable allocation of funds and allow entities to plan and implement marketing activities efficiently.

The Committee further observes that the disbursement of funds to the Zambia Tourism Agency is not done in a coherent manner. The method of disbursement is on project proposal basis and eligible entities are made to apply for allocation of the Tourism Development Fund once they submit a concept note whose format is standardised. The process is further subjected to scrutiny and approval by the Tourism Development Fund Committee. The Committee observes that this mode of disbursement of funds presents great challenges to the Agency and other entities, as they can-not implement long term plans since allocation of funds is not always guaranteed.

In view of the foregoing, the Committee further recommends that in disbursing the funds, the Government should adhere to the provisions of Section 6(1) of the *Tourism and Hospitality Act, No. 13 of 2015*. In the same vein, the Committee urges the Government to simplify the method of disbursement of

funds and adopt the system being used by the Treasury, where approved budgets at the beginning of the operating year are systematically funded in order to remove the impediments being experienced by entities to access funds.

In terms of enhancing marketing activities, the Committee recommends that the Government should enhance collaboration with the private sector and offer marketing incentives that can spur the growth of emerging tourist destinations such as the Northern Circuit.

6.2.2 Diversification of Tourism Products

Submissions by Stakeholders

Stakeholders submitted that most of Zambia's tourism potential was skewed towards wildlife, limiting tourism activities for tourists. Stakeholders informed the Committee that there was need to develop and package Zambia's tourism products in order to attract tourists and increase the length of stay of international tourists. Some stakeholders informed the Committee that the Zambia Tourism Agency (ZTA) was unable to market and promote Zambia's tourism potential due to poor funding. Stakeholders were of the view that the focus had mainly been on Livingstone and the Victoria Falls despite several other tourism products across the country. Stakeholders submitted that the ZTA needed to broaden promotion and marketing activities in the tourism sector.

Stakeholders further submitted that the Northern circuit suffered from lack of tourism product diversification, yet it was endowed with abundant natural resources, which if well developed and packaged, could boost tourism to that part of the country. Stakeholders were of a view that the model used in the Southern Circuit in terms of product diversification could be replicated in the Northern Circuit. Some of the activities which were found in the Southern Circuit but absent in the Northern circuit included but were not limited to game viewing, cultural ceremonies, heritage sites, water rafting, bungee jumping, micro-lighting abseiling, game viewing and boat cruising.

Other stakeholders submitted that the marketing of tourism products had not been expanded to include other lucrative products such as handicrafts and arts. Stakeholders submitted that Zambia's handicrafts were unique and authentic, but yet to be fully exploited. Stakeholders acknowledged the efforts that the Zambia Tourism Agency and other players in the sector were making to promote arts and culture, but noted that these efforts were being hampered by lack of resources and information on arts and culture in Zambia.

Submission by the Permanent Secretary, Ministry of Tourism and Arts

In noting the findings and recommendations in the Auditor General's Report, the Permanent Secretary submitted that the Ministry of Tourism and Arts was committed to promoting and facilitating the diversification of the tourism product by focusing on opening up other areas such as the Northern Circuit.

The Permanent Secretary indicated that the Tourism Development Fund (TDF) supported the development of many tourism products such as the Source of the Zambezi River Tourism Site in Mwinilunga, Moto moto Museum in Mbala, Livingstone Memorial Site in Chitambo, Lumangwe Falls, Ntumba Chushi Falls, Samfya Beach in Luapula and other tourism projects in the country.

The Committee was further informed that the Ministry of Tourism and Arts was focusing on expanding the tourism industry beyond the traditional tourism sites and products with a view to make Zambia more competitive in the region. In 2020, the Ministry made head ways in developing more diversified products which included, among others, bush dinners, night drives, quad bike rides, use of drones in filming and mooring.

Committee's Observations and Recommendations

The Committee observes that there is lack of diversified tourism products in Zambia, particularly in the Northern circuit. As a result of this limitation, it is difficult to attract and retain international tourists. The Committee, therefore, recommends that the Government should provide incentives for the development and promotion of tourism products based on the uniqueness of the tourism development areas enshrined in the Zambia Tourism Master Plan.

The Committee further observes that there is inadequate promotion of certain tourism products like visual arts, culture and heritage sites. The Committee recommends that the Government should devise and implement a robust tourism marketing strategy that incorporates all tourism products including visual arts culture and heritage sites among others.

6.2.3 Investment in the Tourism Sector by both Local and Foreign Investors

Submissions by Stakeholders

Stakeholders submitted that the tourism sector in Zambia was unattractive for investment for both local and foreign investors. Stakeholders informed the Committee that the numerous license and lengthy processes discouraged meaningful investments in the sector. Other stakeholders informed the Committee that some Government institutions had very prohibitive scrutiny fees for development plans. For instance, scrutiny fees for a stand-alone structures on a 1,500 square metre piece of land on the lake front of Bangweulu was about K30,000.00. Stakeholders informed the Committee that the sector would not attract investment if investments in the sector continued to be perceived as high cost undertaking, especially for micro and small businesses. Some stakeholders further submitted that small businesses in the sector had challenges to access funds from the K10 Billion Economic Stimulus Package, due to prohibitive measures required by banks.

Other stakeholders were of a view that underdeveloped tourism infrastructure was a major hindrance for many potential investors. Some stakeholders

submitted that there was poor coordination in the tourism sector which made it difficult for the sector to operate smoothly.

Submission by the Permanent Secretary, Ministry of Tourism and Arts

The Permanent Secretary submitted that in recognition of the importance of tourism to the economy, the Ministry prioritised the promotion of investment in the sector by local and international investors through various engagements with potential investors. However, the Permanent Secretary informed the Committee that the COVID 19 pandemic had negatively impacted on the sector. The Ministry of Tourism and Arts had proposed a number of measures to the Ministry of Finance to resuscitate the tourism sector. Consequently, a number of incentives had been provided for in the National Budget for 2021 to revive the tourism sector as well as encourage both local and foreign investment. Some of the incentives were those listed hereunder.

- (i) Reduction of corporate tax rate to 15 per cent from 35 per cent on income earned by hotels and lodges on accommodation and food services.
- (ii) Suspension of import duty on safari game viewing motor vehicles, tourist buses and coaches.
- (iii) Suspension of license renewal fees by hotels and lodges.
- (iv) Suspension of the retention fees by tourism enterprises.
- (v) Suspension registration fees for hotel managers

Committee's Observations and Recommendations

The Committee observes that onerous licensing procedures and scrutiny are a deterrent to potential investors. The Committee, further, observes that the high cost of doing business in the tourism sector is a hindrance to both local and foreign investors. The Committee, therefore, urges the Government to review all the requirements needed to set up an enterprise in the tourism sector.

The Committee expresses concern that small businesses in the tourism sector have challenges to access funds from the K10 Billion Economic Stimulus Package due to stringent measures that the banks are imposing on beneficiaries. The Committee recommends that the Government in conjunction with financial institutions disbursing the loans should relax the modalities of accessing funds.

6.3 Development in Tourism Sites

Submissions by Stakeholders

Stakeholders informed the Committee that a well developed tourism sector depended on good infrastructure. The type of infrastructure necessary for a thriving tourism sector ranged from access to energy, roads, water facilities and telecommunications. Stakeholders further submitted that most operators in the sector bemoaned the poor state of most infrastructure especially road and

airport infrastructure. Stakeholders further submitted that as a result of poor road network, it was difficult to access many tourist sites.

Stakeholders informed the Committee that most tourism sites were domiciled in remote areas which were underdeveloped. The development of natural heritage sites, historical buildings or monuments would add to the range of tourism products on offer in Zambia. Stakeholders, however, informed the Committee that there was need for the country to evaluate and develop the areas before they could be marketed as tourism sites.

Submission by the Permanent Secretary, Ministry of Tourism and Arts

The Permanent Secretary in noting the findings and recommendations by the Auditor General, submitted that as espoused in the Seventh National Development, Strategy 1, the Government pledged to develop, upgrade and rehabilitate roads, viewing loops and airstrips to and within the major national parks, namely, Kafue, Lower Zambezi and the Mosi-Oa-Tunya to efficiently interlink the major destinations in the southern tourism circuit and the South Luangwa in order to prolong the tourism season from seven to twelve months per annum. Further, through the Public-Private Partnerships (PPPs), and private sector investment, the Government planned to develop the requisite infrastructure to provide access to Nsumbu National Park as a low volume but high value tourist destination.

The Permanent Secretary further submitted that the Ministry of Tourism and Arts had been receiving funding to upgrade and rehabilitate roads and viewing loops in the National Parks. However, progress had been slow as the resources were insufficient. The Permanent Secretary explained that the Ministry was in need of increased funding and equipment in the form of graders to expedite the road works to promote tourism-related infrastructure in the tourism priority areas. The Permanent Secretary informed the Committee that the Ministry of Tourism and Arts in conjunction with Frankfurt Zoological Society had signed a PPP to develop the Nsumbu and North-Luangwa National Parks.

The Permanent Secretary further submitted that the Ministry of Tourism and Arts was guided by the Zambia Tourism Master Plan (ZTMP) in the implementation of all projects. In that regard, the Ministry's developmental plans for the tourism sector were based on a spatial approach and anchored on the ZTMP, which had zoned the country into circuits and fourteen Tourism Development Areas with ten identified priority areas. In line with ZTMP, the Ministry continued to develop infrastructure at priority sites such as the Zambezi Source Tourism Site in Mwinilunga, Motomoto Museum in Mbala, David Livingstone Memorial Site in Chitambo, Lumangwe Falls, Ntumba Chushi Falls and Samfya Beach.

With regard to the road networks, the Permanent Secretary submitted that the Ministry worked in close collaboration with the National Roads Fund Agency and the Roads Development Agency to facilitate the development of tourism

and tourism related infrastructure to and within the tourism priority areas so as to improve access to tourism sites.

Committee's Observations and Recommendations

The Committee observes that underdeveloped and/or lack of infrastructure is negating all the efforts being undertaken to boost the tourism sector. The Committee further notes that access to most of the tourist sites is difficult due to poor infrastructure such as roads, airports/airstrips and marine transportation.

The Committee, therefore, recommends that the Government should prioritise infrastructure development in all the tourism development areas in order to attract more tourists and increase length of stay of international tourists.

General Observations and Recommendations

- (i) The Committee notes that while the greatest proportion of revenue for the tourism sector is derived from international tourists, the COVID 19 pandemic has exposed the vulnerabilities of most countries including Zambia, in relation to the challenges of over reliance on international tourism. In this vein, the Committee recommends that the Government should provide more incentives to help boost domestic tourism.
- (ii) The Committee further observes that most insurance companies do not provide health insurance cover to tourists who visit remote tourist destinations that do not have hospitals or health centres. This problem is further compounded by poor roads or lack of airstrips to evacuate tourists in the event that they fall ill. The Committee further notes that some countries remain preferred tourist destinations because of having such facilities in place. The Committee, therefore, recommends that the Government should consider incorporating health facilities or mini hospitals as the new tourism sites are being developed. The Committee further recommends that the Government should collaborate with insurance companies and tour operators to provide medical insurance is provided to tourists.

7.0 CONCLUSION

The Committee notes that the major challenge affecting the tourism sector is lack of funding to carry out many tourism-related programmes that have the potential to attract both local and international tourists. The lack of funding has also resulted in poor and underdeveloped infrastructure which discourages tourists and investment in the sector. The Committee, therefore, recommends that the Government should ensure that the tourism sector is adequately funded.

Lastly, the Committee is grateful to you, Mr Speaker, and to the Clerk of the National Assembly for the guidance and support rendered to it during the consideration of the Report of the Auditor-General on Performance of the Tourism Sector in Ensuring an Increase in the Length of Stay of International Tourists for the period 2015 to 2019. The Committee is also indebted to all the witnesses who appeared before it for their cooperation in providing the necessary memoranda and briefs.

E K Belemu, MP
CHAIRPERSON

January, 2021
Lusaka

APPENDIX I - List of National Assembly Officials

Ms C Musonda, Principal Clerk of Committees
Mr H Mulenga, Deputy Principal Clerk of Committees (FC)
Mrs C K Mumba, Senior Committee Clerk (FC)
Mrs S B M Nyirongo, Committee Clerk
Mrs D H Manjoni, Personal Secretary II
Mr M Chikome, Committee Assistant

APPENDIX II – List of Witnesses

MINISTRY OF TOURISM AND ARTS

Dr A B Ponga, Permanent Secretary
Ms L S Bwalya, Director, Tourism
Mr C Simukonda, Acting Director – Department of National Parks and Wildlife
Mr Z Chilembo, Data Manager
Ms C Sikaneta, Senior Planner

AUDITOR GENERAL’S OFFICE

Dr D C Shichembe, Auditor General
Mrs C Mazimba, Deputy Auditor General – Corporate Affairs
Mr F Mbewe, Deputy Auditor General - Audit
Ms M Munkanta, Assistant Director
Ms C Chituta, Principal Auditor
Ms B B Chanda, Auditor
Mr C Mwewa, Executive Assistant to the Auditor General
Ms E M Chikale, Public Relations Officer

NATIONAL MUSEUMS BOARD

Mr F M Mizinga, Director General
Mr L Situmbeko, Development and Marketing Manager

ZAMBIA AIRPORTS CORPORATION LIMITED

Mr F Mondoloka, Managing Director
Mr C Ngoma, Director Strategy
Mr A Buulani, Director Airport Services

ZAMBIA INSTITUTE FOR TOURISM AND HOSPITALITY STUDIES

Dr W Silungwe, Executive Director

ZAMBIA INSTITUTE FOR POLICY ANALYSIS AND RESEARCH

Mr Z Chikuba, Senior Research Fellow
Mr S Manchishi, Research Fellow
Ms M Phiri, Research Fellow

NATIONAL ARTS COUNCIL OF ZAMBIA

Mr M A Chipindi, Director
Mr C Chinyama, Assistant Director

TOURISM COUNCIL OF ZAMBIA

Dr T Ngwenya, Board Chairperson, Zambia Tourism Agency

Mr V Inambwae, Chief Executive Officer

Mr R Sikumba, Board Member, Tourism Council of Zambia and Chairman of the Livingstone Tourism Association

ZAMBIA TOURISM AGENCY

Mr F S Chaila, Chief Executive Officer

Ms A C Chimpindi, Tourism Promotions Manager - International

ZAMBIA STATISTICS AGENCY

Mr M Musepa, Interim Statistician General

Mr L Simbangala, Principal Statistician

Mr N M Bukoka, Chief Statistician

Mr N Kabibwa, Senior Statistician

NATIONAL HERITAGE CONSERVATION COMMISSION

Mr C Chipote, Executive Director

Mr K Chanda, Chief Natural Heritage Officer

Ms B Mvula, Publications Officer