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Sustainable Tourism in Kenya: Policy Gaps and Recommendations

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EXECUTIVE SUMMARY OF KEY POLICY GAPS THAT HAVE AN IMPACT ON SUSTAINABLE TOURISM IN KENYA

The UNWTO adapted the Sustainable Development Goals to guide Tourism Sector players on implementation and achievement of the SDGs. Sustainability principles refer to the environmental, economic, and socio-cultural aspects of tourism development. A suitable balance must be established between the dimensions to guarantee its long-term sustainability.

GreenTour Kenya aims to replicate tourism industry sustainability best practices into the Kenyan and wider African tourism supply chain through an integrated business led approach. The goal is to reduce the negative impacts of tourism in order to achieve ecologically sustainable, economically viable, ethically and socially equitable outcomes in Kenya.

The EU funded GreenTour Kenya Project has commissioned a study on the Sustainable Tourism Policy Framework in Kenya, identifying policy gaps and recommendations. The study has informed this White Paper that presents an analysis of the current policy environment in Kenya, and highlights policy gaps and recommendations to encourage future policy interventions for sustainability.

Analysis of other policy landscapes, especially in Africa and East Africa, has been crucial in understanding the gaps in policy implementation. Benchmarking with selected organizations has been a key activity in the project. As a result, minimum sustainability standards that can be principally adopted by tourism enterprises have been identified in 5 key themes:

1. Regulatory and Institutional framework
2. Environmental sustainability
3. Economic sustainability
4. Socio-cultural sustainability & inclusivity
5. Financing and technological sustainability.

The collaborative approach used in developing this paper for gathering data towards implementation is valuable in understanding the challenges involved in attaining policy standards.

The key policy gaps that have an impact on sustainability in tourism that were identified are summarised in the figure below:

Figure: Summary of Policy Gaps

Low Stakeholder Capacity

Participants observed that there is low capacity among the industry players which is characterised by:

1. Untrained local tour guides, who are not able to attain TRA's certification

2. Inability to design sustainability programmes
3. Inadequately resourced training institutions, especially TVETs.

Low awareness of policies

Low awareness levels and knowledge gaps were identified among the industry stakeholders:

1. Limited knowledge and awareness of the existing policies and laws with impact on sustainability in tourism
2. Low community awareness on value of natural resources and possible local benefits to them, especially in relation to tourism
3. Limited knowledge of potential funding sources for sustainability funds in tourism
4. Low awareness of the global best practices on sustainability in tourism that could be adopted in Kenya.

Weak law enforcement

Participants observed that there has been low enforcement of laws governing tourism and sustainability. This contributed to the presence of unlicensed industry operators and low uptake and updating of sustainability standards in the tourism industry.

Low technology uptake

Technology is a key driver in the tourism industry. However, participants observed that there is limited uptake of new technologies by industry players due to:

1. Low awareness of the diverse technology-based products
2. High cost of technology
3. The fact that many of the industry players are micro, small, and medium enterprises (MSMEs).

Costly regulatory framework

The regulatory framework presents a hindrance to establish, grow and develop sustainability in the industry. The key problems referred to were cited as:

1. Multiplicity of laws governing the sector
2. High taxation
3. Multiple licenses
4. Overburdening licensing conditions for operators
5. Inefficient administration of regulatory processes
6. National government agencies are not effectively decentralized at the county level
7. Lack of comprehensive classification of enterprises in the industry.

Weak public sector coordination

Participants observed that the public sector is poorly coordinated in the tourism industry:

1. There is inadequate national and county level coordination
2. There is limited clarity on functional assignment between national and county governments in relation to tourism.

Weak inclusivity

Inclusivity is a key driver of sustainability in tourism. Participants observed that there is a lack of inclusivity in relation to:

1. Branding of cultural tourism
2. Access by persons with disability
3. Stakeholder and local communities' engagement in the policy process
4. Design and provision of support between large enterprises and micro, small, and medium enterprises.

Low access to finance

Participants observed that there is limited access to finance for sustainable tourism. This could be attributed to limited knowledge of the available funding mechanisms locally and globally. The micro, small and medium enterprises were observed to be most affected, especially in relation to accessing government funds designated for the tourism industry.

TOURISM SUSTAINABILITY POLICY GAPS & RECOMMENDATION SUMMARY

In order to mitigate and resolve the policy challenges on sustainability in tourism and create an overarching framework for sustainable tourism, the following policy interventions are proposed for adaptation.

Policy Problem		Policy Recommendations
1	Limited stakeholder capacity	1. Collaboration between governments, institutions, international actors, civil society organizations, and locals is required to promote governance based on justice, inclusion, trust, and equitable power relations. Local communities must become genuine partners in Africa's sustainable tourism governance 2. Initiate capacity building programme targeted for each category of stakeholders 3. Enhance capacity of training institutions and facilitate access to the institutions by the stakeholders 4. Enhance capacity of industry stakeholders on land use planning.
2	Inadequate policy awareness	1. Initiate awareness creation and education among stakeholders on existing laws and policies 2. Simplify the existing laws and policies 3. Establish a legal empowerment programme targeting the stakeholders 4. Initiate awareness creation and mobilization programme on tourism-related natural resources and land use planning.
3	Weak law enforcement	Strengthen law enforcement through: 1. Multi-agency collaboration 2. Capacity development for law enforcement agencies 3. Community and stakeholder engagement and participation 4. Provide incentives for encouraging compliance with regulatory standards 5. Enhance compliance with industry-based sustainability standards

4	Low technology uptake	1. Facilitate access to affordable technology 2. Create awareness on available technology 3. Create industry linkages with technology industry to facilitate development of industry-focused tech products and adaptation to the technology 4. Provide incentives for industry players to adopt modern industry-based technology
5	Costly regulatory framework	1. Undertake industry regulatory reforms to eliminate bottlenecks, especially in relation to taxation and licensing 2. Eliminate industry entry barriers and prohibitive conditions that result in high cost of doing business.
6	Weak public sector coordination	1. Facilitate effective inter-governmental and inter-agency collaboration in the tourism industry 2. Establish an online platform with all legal and regulatory requirements in the industry and other relevant industry information related to sustainability in tourism.
7	Weak inclusivity	1. Undertake research and analysis on the inclusion of diverse cultures/ ethnic communities in Kenya on tourism branding and marketing 2. Establish mechanisms for stakeholder engagement in policy processes 3. Promote, ensure and facilitate adoption of inclusion of persons with disability in accessing tourism products.

8	Low access to finance	1. Establish mechanisms for access to tourism sustainability funds by micro, small, and medium enterprises 2. Create awareness of available opportunities for tourism sustainability funding 3. Provide financial incentives for industry players to afford the adoption of sustainability processes and requirements in the industry 4. Facilitating and incentivizing the use and production of high-quality green technologies will encourage tourism businesses' involvement in climate action 5. Creating matchmaking platforms will help to inform of green financing opportunities and technical assistance programmes will improve the ability to take on financing 6. Creating tailored MSME's financing products will increase their demand for financing and improve their ability to access finance. 7. Financial incentives to encourage green investment and discourage brown investments, could help to make returns on climate investments more attractive relative to traditional investment 8. Developing national strategic plans for climate change could reduce investment uncertainty for investors 9. Reducing knowledge gaps and increasing awareness on climate finance 10. Reducing the cost and risk of lending to MSMEs. 11. Increasing the pool of available finance for on-lending by intermediaries could encourage intermediaries to enter the market.

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ABBREVIATIONS

A2R	Anticipate, Absorb, Reshape
ABTA	Association of British Travel Agents
AREI	Africa Renewable Energy Initiative
CCCF	Kenya's County Climate Change Funds
CEO	Chief Executive Officer
CTCN	Climate Technology Center and Network
EAC	East African Community
ECEAT	European Centre for Ecological and Agricultural Tourism
EK	Ecotourism Kenya
EU	European Union
GTRCMC-EA, KU	Global Tourism Resilience and Crisis Management Centre – Eastern Africa Kenyatta University
ICT	Information and Communications Technology
KATO	Kenya Association of Tour Operators
KTB	Kenya Tourism Board
KTF	Kenya Tourism Federation
MEA	Multilateral Environmental Agreements
MICE	Meetings, Incentives, Conferences & Exhibitions
MoTW	Ministry of Tourism and Wildlife
MSMES	Micro-, Small and Medium-sized Enterprises
NGO	Non- Governmental Organization
RoI	Return on Investment

SDGS	Sustainable Development Goals
SME	Small and Medium Enterprises
TRA	Tourism Regulatory Authority
TVETS	Technical and Vocational Education and Training
UNTWO	United Nations World Tourism Organization
USD	US Dollars

1.0 SUSTAINABLE TOURISM IN KENYA: POLICY GAPS AND RECOMMENDATIONS

1.1 Introduction

Tourism is one of Kenya's most important economic drivers. In 2019, Travel and Tourism accounted for 8.8% of the country's, worth USD 8.5 billion with 2.05 million international tourists' arrivals. As a result of COVID-19 pandemic, international visitor arrivals to Kenya declined by 65% between 2019 and 2020. However, after the relaxation of the travel restriction in 2021, the arrivals improved as the sector reported 800,000 arrivals as compared to 500,000 in 2020 (Tourism Research Institute, 2022). Despite the pandemic being a global health crisis that rattled industries, the aftermath has raised sustainability efforts especially in the tourism industry (UNWTO, 2022). This has led to renewed research inquiries on how best the industry can be sustainable, even regenerative.

Sustainability principles refer to the environmental, economic, and socio-cultural aspects of tourism development. A suitable balance must be established between these three dimensions to guarantee its long-term sustainability.

The study is commissioned under the GreenTour Kenya Project whose main outcome is to replicate tourism industry sustainability best practices into the Kenyan and wider African tourism supply chain through an integrated business-led approach.

1.2 Objectives of the Study

1.2.1 Main Objective

This study aims at identifying existing sustainable tourism development policy gaps and recommend appropriate interventions. The study has also evaluated access to green financing by MSMEs and how this is supported by existing policies.

1.2.2 Specific Objectives

1. Identify and analyze all relevant Tourism Policy Documents developed over the past 10 years (county, country, regional) and the sustainability provisions contained therein
2. To assess the key stakeholders' roles for sustainable tourism in Kenya
3. To compare existing tourism policies with best practices in East Africa, Africa, and beyond
4. To correlate policies and sustainable tourism practices among sampled tourism institutions in Kenya and recommend appropriate interventions.

1.3 Methodology

The project used a mixed-methods approach to triangulate data findings. Secondary data was derived from published journals, reports from various organizations including United Nations, UN World Tourism Organization, World Travel and Tourism Council and private sector, NGOs and government reports. Content analysis was carried out on Strategic Directives, Treaties and Ramifications, National Sector Policies, Frameworks and Guidelines, Tourism Sector Legislation, County Planning and Service Delivery, Inter-sectoral Linkages and Tourism and Wildlife Committees.

1.3.1 Response Rate

Focus Group Discussions interviews and surveys with various tourism practitioners were conducted on ten (10) Focus groups, with 6-8 participants each, discussing the five thematic areas identified in the conceptual stage of the study.

In-depth interviews were conducted with the public and private sector CEOs. Nine (9) CEOs, were interviewed from Kenya Tourism Federation, Kenya Tourism Board, Kenya Association of Tour Operators, Kenya Wildlife Service, Kenya Association of Hotel Keepers and Caterers, Kenya Utalii College, Emboo River Lodge and two CBOs.

Eighteen (18) surveys were successfully conducted representing data from tour operators, hotels, caterers, ecotourism establishments, destination management companies, travel solutions consultancies and tour guides.

1.4 Thematic Areas

Data collected under the key thematic areas of tourism sustainability were discussed as follows:

Figure 1.1: Tourism Sustainability Approach

2.0 REGULATORY AND INSTITUTIONAL FRAMEWORK: TOURISM POLICY AND GOVERNANCE IN KENYA

Tourism Policy documents are sets of legislation guidelines that govern operations by all practitioners in the sector. The Ministry of Tourism and Wildlife, through the Tourism Regulatory Authority, is mandated to oversee the implementation of various policies and regulations. It is scientific consensus that Sustainable Tourism Practices are enabled by clear policies that are both accessible and implementable.

Following secondary research derived from published journals, reports from various organizations including United Nations, UN World Tourism Organization, World Travel and Tourism Council, private sector, NGOs and government reports, the following regulatory framework was identified in Kenya:

1. National Tourism Policy 2020 on Enhancing Sustainable Tourism in Kenya;
2. The Wildlife Policy of 2020
3. National Sector Legislations
4. Tourism Act 2011
5. The Wildlife Conservation and Management Act 2013
6. The Climate Change Act 2016
7. National Museums & Heritage Act 2012
8. The National Tourism Blueprint
9. Kenya's Vision 2030
10. East African Community Policies Policy Framework for Climate Change in the EAC
11. Sustainable Development Goals
12. Multilateral Environmental Agreements (MEAs)
13. Johannesburg Declaration
14. Paris Agreement
15. Agenda 21
16. Agenda 2063

2.1 Gap Analysis: Sustainability and Compliance to Policies

As a result of surveys, interviews and Focus Group Discussions with various tourism practitioners in Kenya, some gaps were identified in policy implementation. Compliance to the tourism sector legislation was cited as difficult especially when renewing licenses as stipulated by the Tourism Regulatory Authority. For tourism businesses outside the capital Nairobi, annual renewal of licenses was daunting as offices are not easily accessible. In the wake of COVID-19 and other markets changes, practitioners noted that regulations are not flexible. There is also over regulation especially as a result of devolution with National and County governments duplicating policy requirements. Often, guidelines and regulations are clear but not enforced. This can lead to poor experiences for the tourists and security incidences. Policy training should be demanded as part of employment recruitment and tourism education.

Over 60% of the respondents indicated that they do not have any directives that support their organization to grow sustainably. 64% of respondents were also not aware of any National or County policies that inform the sustainability activities their organization was engaged in. However, majority of the respondents were aware of international ramifications on climate change and the UN-SDGs. Slightly over 30% of the respondents had been trained on general and specific sustainability action plans within their organizations. Notably, interviewed tour operators mentioned enacting the KWS directive of "No Plastics" in the parks and reserves. Moreover, other compliance to sustainable practices was informed by their own branding efforts.

The results were indicative, to a large extent, that individual tourism businesses do not translate policy into practice. Respondents indicated sentiments that communities and stakeholders are often excluded in policy-making processes, yet these policies affect them. There are perceived to be *too many* "top-down" policies, lack of incentives for bottom-up policies and a disconnect between national and county governments (licenses are duplicated and unclear).

2.2 Self -Regulatory Frameworks: Stakeholder Associations

The study identified three groups of Tourism stakeholders in Kenya:

1. Public Sector Tourism Stakeholders
2. Private Sector (Kenya Tourism Federation and other Associations)
3. Wildlife Conservancies and Associations.

Whilst State Agencies (Parastatals under MoTW) did not have a self-regulation mechanism as they fall under the Tourism Act, majority of the surveyed Tourism Organizations have a mission and vision that reflects sustainability in their strategy. The strategies largely reflect awareness of the dependence of Kenya's Tourism on natural resources. Sampled organizations also reflected aspects of local community involvement as a mark of sustainability.

Despite the comprehensive policy documents identified by secondary data, sentiments from the interviewees indicated that subscribing to sustainability practices was voluntary and entirely dependent on the ethics of individual businesses.

80% of the respondents noted that sustainability needed to be a collaborative effort between individual tourism businesses, regulatory bodies, the local community and the government.

2.3 Policy and Enforcement Gaps in the Tourism Industry

The following gaps relating to the policy making process and enforcement were identified in the study:

Policy Gaps

1. The policy making process was perceived not to be consultative enough by engaging all relevant stakeholders.
2. Policies relating to licenses for foreign investors were deemed to be very stringent.
3. The definition of "growth" in tourism was found to be largely centred around visitor numbers and revenue with inadequate focus on sustainability of the same.
4. Practitioners felt that there were too many licenses needed to set up and operate a business.

5. The format of taxation was deemed to be insensitive of seasonal, political and other variations in the industry e.g., losses incurred during COVID–19 pandemic were not being considered as a basis for tax reliefs or other measures to allow the industry to recover.
6. Stakeholders felt that the process of renewing licenses with TRA is cumbersome and restrictive.

Enforcement Gaps

1. Respondents expressed sentiments that quality standards meant to be complied with as per the licensing requirements were not being strictly followed so as to provide a level playing field.
2. The industry was perceived to be overregulated with poor enforcement of licensing requirements especially for tour operations.
3. Some of the rules and regulations were deemed to be outdated and not in conformity to current market trends e.g., the requirement for tour operators to own vehicles instead of sub-hiring on need basis.
4. TRA offices were reported not to be accessible in most towns outside Nairobi, which hindered compliance with regulatory requirements by industry players.
5. Industry players also reported inefficiencies in the regulatory processes e.g., inspection of motor vehicles, which takes at least 3 days.
6. A key constraint was the lack of regulations requiring all industry players to join a relevant sector association for enhanced self-regulation.

2.4 Policy Gaps Relating to Destination Management

The following gaps were also highlighted in framework of destination management activities within the tourism industry:

1. Stakeholders felt that there was poor coordination among government agencies in the marketing of tourism destinations and products in Kenya.
2. The appointment criteria for leaders serving in various tourism-based public bodies was reported to be unclear, with several such entities not having adequate skilled tourism personnel.

3. Coordination between government agencies involved in land use planning and management was reported to be weak, resulting in inappropriate land use in sensitive ecosystems.
4. The capacity of TVETs to undertake the requisite training for the tourism industry was reported to be inadequate.
5. There was also reported to be inadequate local community buy-in, resulting in inappropriate activities/land use in conservation areas.

2.5 Legal, Policy and Administrative Recommendations

Arising from the gaps identified in the above section, the following recommendations were proposed by respondents to help address the challenges highlighted:

1. There is need to revise existing tourism policies e.g., the Tourism Act 2011
2. Review the licensing system to reduce or consolidate the multiple licenses currently in force and present the same in an e-platform for ease of administration
3. Demarcate the powers and duties of national and county governments with respect to the tourism licensing process
4. Create a level playing field by improving enforcement of existing requirements and standards
5. Improve government coordination at national and county level with respect to marketing of destinations and products
6. The Tourism Value Chain should provide for funding of industry apex bodies e.g., Kenya Tourism Federation (KTF)
7. Provide and implement a framework for effective private sector participation in various tourism-based public bodies
8. The government should develop and implement appropriate fiscal policies to provide tax reliefs to tourism industry players during periods of market shocks
9. Allocate adequate budgetary provisions to support marketing and product development in the tourism industry
10. Enhance the training capacity of TVETs to adequately cater for tourism industry needs, including key areas of entrepreneurship and ICT.

11. Improve inter-agency coordination all agencies responsible for land use planning and tourism management
12. Increase regulatory enforcement on land use planning and management
13. Enhance community involvement and awareness and incentivise communities to be more involved in natural resource management.

3.0 ENVIRONMENTAL SUSTAINABILITY

Further, to associate the link between policy and sustainability, data was gathered and analyzed along the pillars of sustainability. By identifying best practices initiatives and programmes of environmental sustainability in Kenya, practical ways through which operations can also implement policy is exhibited. Of the four pillars, environmental sustainability contains the mode of policies and regulations. Regulations taking effect in Kenya include:

1. Prevention of Pollution in Coastal Zone and other Segments of the Environment Regulation (2003)
2. National Environmental Tribunal Procedure Rules (2003)
3. Lake Naivasha Management Plan Order (2004)
4. Environmental Management and Coordination of Fossil Fuel Emission Control Regulations (2006)
5. Conservation of Biological Diversity and Resources (2006)
6. Access to Genetic Resources and Benefit Sharing Regulations,
7. Water Quality Regulations (2006)
8. Wetlands, Riverbanks, Lake Shores, and Sea Shore Management Regulation (2009)
9. Noise and Excessive Vibration Pollution (Control) Regulations (2009)
10. Environmental Management and Coordination (Amendment) Act (2015)
11. The Climate Change Act (2016)
12. National Climate Change Action Plan (NCCAP 2018–2022)
13. The Energy Act (2019).

3.1 The Environmental Stakeholders Regulators

The following stakeholders have separate mandate of regulating environmental issues in Kenya:

1. The National Environmental Management Authority (NEMA)
2. The Environment and Land Court
3. The National Environment Tribunal
4. The National Climate Change Council

5. The Climate Change Directorate
6. National and County governments.

3.2 Mitigating Climate Change and Sustainability

The policy regulations and stakeholder frameworks are ratified by different bodies which aim to provide guidelines and facilitate ascribing members. They provide Carbon Offsetting Proposals to Different Stakeholders in the Tourism Industry. They encourage carbon labeling and low carbon vacation options.

These include Anticipate, Absorb, Reshape (A2R), Africa Renewable Energy Initiative (AREI), Climate and Clean Air Coalition, Climate Initiatives Platform, Green Climate Fund, Portfolio Decarbonization Coalition Programme for Action on the Green Economy, The Adaptation Fund and Climate Technology Center and Network (CTCN).

However, majority of the sentiments on the achievement of carbon neutral and renewable energy by 2030 were negative. Respondents agreed to a 40-60% implementation if governments-initiated support to the industry. Moreover, they appealed to strict regulations that would compel Tourism players to shift to renewable energy. Standardization was pointed to as the missing link, since adoption of solar and wind power was seen as "voluntary". Some respondents indicated that COVID-19 pandemic slowed down their efforts in transitioning to renewable energy.

3.3 Environmental Sustainability Gaps

Respondents outlined challenges in the implementation of regulations that aid environmental sustainability. Among the most featured was political interference, corruption and misappropriation of funds in various environmental programmes, global recession (hence limited donor funding), inadequate and limited resource allocation. Majority of the respondents said that the national budgetary allocation for environment-related strategy was inadequate and ineffective in encouraging tourism operators to implement sustainable practices. This resulted to"Poor linkage of policy, planning, and budgeting at the local level."

3.3.1 Policy Gaps and Challenges in Environmental Sustainability

The following gaps were identified by respondents in the course of the study:

1. Limited awareness of environmental laws and policies governing tourism
2. Weak enforcement of environmental laws and policies.

3.3.2 Land Use Planning Policy Gaps: National and County Levels

1. Weak enforcement of land use laws and policies related to tourism sustainability.
2. Over development of facilities (camps and lodges) in conservation areas leading to overcrowding and poor visitor experiences.

3.4 Environmental Sustainability Policy Recommendations

Subsequently, the following recommendations were proposed to address the environmental sustainability gaps:

1. Enhance sensitization of stakeholders and local communities on the existing environmental policies and laws
2. Develop and share the Park Environmental Management Guidelines with all stakeholders
3. Increase enforcement of existing regulations
4. Enforce development of Area Management Plans and eliminate overcrowding and constraints imposed on the environment and natural resources
5. Develop a road map to attaining non-fossil fuel use in conservation areas by 2030
6. Provide incentives for green practices in the tourism industry
7. Enforce the ban on single use plastics in all parks and tourist attractions.

4.0 ECONOMIC TOURISM SUSTAINABILITY

The study focused on economic sustainability, which was conceptualized as using tourism revenue for economic expansion and poverty eradication. Economic Policy Framework identified included Investment Policy Framework for Sustainable Development and the National Tourism Policy on Enhancing Sustainable Tourism in Kenya (2020). The Kenya's Fiscal Policy Green Economy Policy and Monetary Policy are not directly related to Tourism but do affect tourism economic sustainability.

Inputs into tourism economic sustainability were made by different tourism stakeholders in both public and private sectors.

4.1 Gaps and Challenges in Economic Sustainability

Respondents identified the following key economic constraints:

1. High taxation of tourism products and services
2. Costly Green taxation
3. Stringent licensing mechanisms.

4.1.1 Trade/Business-related Policy Gaps and Challenges

The following trade and business-related gaps were also identified:

1. Taxation regime does not favor green technology
2. Lack of a "one stop shop" to facilitate establishment of tourism enterprises
3. Fragmentation of tourism industry players within various professional bodies, which weakens their lobby efforts
4. Weak community involvement and inclusion by the government and various tourism stakeholders.

4.1.2 Gaps Relating to Utilization and Development of Alternative Tourism Products

The following challenges were highlighted as gaps requiring to be addressed:

1. Lack of proper branding of Kenya's tourism products to reflect their diversity and all year-round status. Whilst Kenya is well known for wildlife and beach products, there is an overconcentration on activities such as the migration. There is also need to highlight the diversity of the product offering e.g., Sports, adventure, cultural, MICE, Agri–tourism destination
2. Lack of a proper policy, road map or incentives that would give confidence to investors to invest in diverse tourism establishments e.g., sports tourism, MICE, Agri Tourism, adventure tourism (accommodation, local guides, health facilities, security presence.

4.2 Recommendations to Enhance Economic Sustainability in Tourism

Consequently, the following recommendations were proposed:

1. Develop a well-defined "green" financing policy to address industry needs
2. Develop tax regimes that are consistent with environmental sustainability targets
3. Expand the use of tradable pollution permit systems for industry players as a means of combating climate change
4. Reduce exemptions to environmental taxes and restrictions
5. Provide permanent incentives to innovate and diffuse technologies that support sustainable development objectives
6. Facilitate the development of county-based tourism product differentiation
7. Formulate a tourism policy that is friendly to all stakeholders' right from the grassroots (community-based organizations) to the top.

5.0 SOCIO-CULTURAL SUSTAINABILITY AND INCLUSIVITY

Social Sustainability and Inclusion focuses on the need to "put people first" in development processes.

5.1 Policies Addressing Socio-Cultural Inclusivity

The following policies were identified by secondary data stipulating socio-cultural inclusivity for sustainable tourism:

1. The National Tourism Policy (2020)
2. National Museums & Heritage Act (2012)

They identify stakeholders involved in Socio-Cultural Inclusivity as the Host Community, the Government, Investors, Employees and Suppliers.

5.2 Policy Gaps and Challenges

At the time of the study, the Tourism Act of 2011 provided the legal framework within which the tourism industry operates. As cited in the previous findings, there is need to review the Act and corresponding regulations in order to clarify the mandates and roles of the existing institutions. Some of the social-cultural inclusivity gaps and recommendations identified by the study are highlighted below:

1. Inclusivity is not addressed in the Tourism Act
2. Inclusivity in tourism sustainability has not been defined clearly and explained to local communities and stakeholders
3. There is limited access and adaptation to technology by local communities so as to be able to tell their own story and heritage. Marketing of other ethnic communities has not been done extensively – only one community is popular
4. Tourism destinations, facilities and vehicles have limited accessibility to persons with disability
5. There is more emphasis on international/foreign tourism at the expense of local or domestic tourism

6. Local communities are often excluded from decision-making process on tourism policy and sustainability despite the fact that the policies affect them
7. There is limited access to information and employment for local communities that live within the wildlife zones, which are mainly located in the interior and remote areas
8. There is no coordinated approach to local community engagement and sector inclusivity especially for youth, women and elderly persons
9. There is inadequate policy intervention to protect local tourism value chains e.g., local handicrafts and foods
10. Local guides who are not trained and certified are normally locked out of jobs at local level
11. Lack of support/incentives for private sector to work with local communities
12. Lack of awareness at the community level on sustainability i.e., Gaps between policies and implementation (Community Education)
13. Product knowledge and awareness is very low
14. No action plan on the development or promotion of the different regions in Kenya.

5.3 Policy Recommendations to support Social-Cultural Inclusivity in Tourism Industry

1. Provide incentives for the private sector to support community-based tourism organizations.
2. Enhance community education and awareness on sustainability and tourism.
3. Promote cultural sensitivity in cultural tourism.
4. Ensure all tourism products support and encourage social and cultural diversity.
5. Remove barriers for persons with disabilities and advance accessibility, i.e., PWD friendly vehicles and buildings.
6. Provide rewards or incentives e.g., prioritization in marketing destinations with access for persons with disabilities.
7. Support by financial mechanisms inclusivity of disadvantaged (minority) people to be able to participate in the tourism industry or the supply chain.

8. Ensure mandatory inclusion of local community, women, people with disabilities and the youth at destination management level representing different sector associations.
9. Support an inclusive work environment and travel experience for all individuals, regardless of race, ethnicity, gender, ability or age.
10. Adopt a policy to promote authentic and inclusive cultural diversity in domestic and international tourism expos.
11. Facilitate the establishment of collaborations and linkages between the different sectors and stakeholders; CBTOS and KTB, to have an administrative presence at the policy and local level.
12. Policy intervention to protect local employment for local indigenous communities where tourism is being practiced.
13. Adopt long-term planning on action plans in marketing to ensure the different cultures are recognized in the different tourism expos or times e.g., rotational basis regional destination management at the county level.
14. Promote local marketing and create awareness for local products to allow the local people to also benefit and participate in tourism.
15. Promote Voluntary Certification to support policy enforcement.
16. Include local guides in the tourism policy process and facilitate capacity development for the local trained and untrained guides.
17. Protect local tourism value chains using policy, promote enforcement of local purchasing.

6.0 FINANCING AND TECHNOLOGICAL SUSTAINABILITY

Financial flows (investments and lending) aimed at developing; promoting, implementing, or supporting sustainable projects have come to be known as green financing.

Stakeholders of Green Finance in Kenya include:

1. Public Finance
2. National Treasury
3. Financial regulators and authorities
4. County public finance
5. Private Sector Capital Markets
6. (M)SMEs
7. Local, Regional, African and International Development Partners and Finance Institutions
8. International, National and Sub-national Civil Societies and Community-Focused Institutions.

6.1 Policy Gaps and Challenges that Hinder Access to Sustainable Finance and Returns on Investment

Over 80% of the respondents objected to having access to finance and technology for facilitating sustainability. The size of the organization and business structure were noted to be precursors for accessing financing provided for sustainability from whichever source. Moreover, government incentives were deemed to be discriminatory against small and medium tourism enterprises. Specific responses in relation to the COVID-19 relief fund provided by government to tourism businesses in the wake of the pandemic were said to lean towards the bigger companies.

Notably, despite the barriers to incentives, respondents from SMEs acknowledged tax relief and waivers. However, there were sentiments about taxation regulations being biased against certain commodities. Members belonging to KATO were especially deemed to have more voting power in access to more categories of financing and incentives.

Respondents felt that umbrella bodies were not doing enough to advocate for concessions and tax waivers that would encourage sustainable practices such as borrowing from banks and sustainability pooled funds. Tourism vehicles, some of which were servicing loans, remained idle for a long time due to the nosedive in the tourism sector caused by COVID-19. While independent transporters need to belong to an association, there are perceived huge barriers to entry into these tourism associations.

Industry-based public funding has primarily targeted big firms at the expense of the micro, small, and medium sized enterprises. Additionally, there is no clear and comprehensive definition and classification of enterprises in the industry in terms on micro, small, and medium enterprises. There exist industry entry barriers for startups as tour transport operators as one must belong to an association, have an office and have at least 2 vehicles. Moreover, the requirement that industry players must be registered as a limited liability company is prohibitive for micro, small, and medium enterprises in the industry. Respondents felt that costs for acquiring modern and sustainability-oriented tourism related assets are very high while there is lack of adequate and easily accessible funds to support tourism stakeholders.

20% of the respondents agreed to a substantial return on investment on the application of sustainable technology in their operations. Moreover, about 60% considered the technology a luxurious and prohibitive cost. Additionally, 40% of these admitted to not knowing the exact nature of investment and costs that are involved in sustainable technologies. ROI being a 'paradox', since they would want to be sustainable, but are 'afraid' of trying new things and the risk involved. Respondents from luxury hotels objected to applying new sustainable practices with the sentiments of 'downgrading' the quality that their customers are used to. However, operators that had already incorporated sustainable practices in their operations considered it a worthy strategic direction.

6.2 Policy Gaps and Challenges Hindering Access to Sustainable Finance, Technology Acquisition and Adaptation

1. Tourism regulations are perceived to make it difficult for new players to enter the industry. There are industry entry barriers for start-ups as tour transport operators as one must belong to an association, have an office and foreign investors must have at least 2 vehicles. There are also perceived to be many entry barriers to joining the requisite associations.
2. The risk premium given to tour operators is very high.
3. The requirement that industry players must be registered as a limited liability company is prohibitive for micro, small, and medium enterprises in the industry.
4. Industry-based public funding has primarily targeted big firms at the expense of micro, small, and medium enterprises.
5. Costs for acquiring modern and sustainability-oriented tourism related assets are very high.
6. There is lack of incentives to switch to better technology due to high upfront costs. Moreover, maintenance costs of green energy are high.
7. Access to information and necessary capacity building on the available technologies in the market is limited.

6.3 Recommendations to Encourage Adoption of Sustainable Financing and Technology

Overall, majority of the respondents agreed that government and other agencies that give incentives to tourism should consider SMEs to bring in issues of financing. Regulations for start-ups from regulating authorities i.e., Tourism Regulatory Authority were deemed to be punitive and a barrier to accessing finance and incentives. As a result, respondents recommended the following actions:

1. There is a need for fiscal incentives in terms of taxation for businesses to start up. Small upcoming enterprises need to be provided with special financing mechanisms
2. Provide incentives to encourage adoption of sustainability in tourism e.g., use of clean energy and adoption of green products and processes.

3. The COVID-19 pandemic left many tourism enterprises and communities around tourism attractions and SMES, very exposed and vulnerable. There is need to facilitate and support the establishment of an easily accessible fund that can assist tourism stakeholders and cushion them financially during tough times. This could be established by the government and tourism industry and could be a Savings and Credit Cooperative or revolving fund with friendly policies
4. There is need for a clear and comprehensive definition and classification of enterprises in the industry in terms on medium, micro, small, and medium enterprises, based on multiple factors applicable to the industry.

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ABTA	Association of British Travel Agents (ABTA) is a trade association for UK travel agents, tour operators and the wider travel industry.
ECEAT	European Centre for Ecological and Agricultural Tourism (ECEAT) is the leading European organisation in the field of small-scale sustainable tourism with a special attention to rural areas and organic farming.
KATO	Kenya Association of Tour Operators (KATO) is one of Kenya's leading tourism trade Association representing the interests of over 300 of the most experienced tour operators in Kenya.
ECO-TOURISM KENYA	Ecotourism Kenya (EK) was the first ecotourism society in Africa and a leader in the fields of voluntary tourism certification, and community asset building through tourism projects.
GTRCMC-EA, KU	Report prepared in partnership with the Global Tourism Resilience and Crisis Management Centre – Eastern Africa, Kenyatta University (GTRCMC-EA, KU).

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