

ANALYSIS OF IMPACT OF RISING INSECURITY ON TOURISM IN LAMU

By Lamu County Department of Tourism and Lamu
Tourism Association (LTA)

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LAMU COUNTY GOVERNMENT



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Background

Following rising insecurity issues in Lamu, starting from the Mpeketoni attack on June 15th, 2014 and those that followed in Witu, Hindi, and Gamba, as a result of which Foreign Travel Advisories were imposed, it was noted that the numbers of tourists coming into Lamu decreased. Further impacts were seen after the imposition of the curfew in Lamu County. To enumerate the impact the recent attacks have had on the tourism industry in Lamu, the Lamu Tourism Association (LTA), in partnership with the Lamu County Department of Tourism undertook a brief and urgent survey to individual hotels and business members of the association.

Methodology

A sample of 76 members of the LTA including: hotels, villas, guesthouses, airlines, and shops, were surveyed. Questions asked were:

1. Have you had to close down your business?
2. How long can you stay open if business doesn't come back?
3. What is your usual number of employees?
4. How many employees have you had to lay off already?
5. How many employees will have to be laid off or sent on unpaid leave?
6. How many bed nights did you have between June and December last year?
7. How many bed nights have been cancelled between June and December this year?
8. How many remaining bed nights do you have for June to December this year?
9. *Airlines*: Please advise number of passengers leaving from / arriving to Lamu since 15th June, 2014?
10. *Shops*: Try to quantify the % loss of business in expected revenues from June to December compared to last year.

Results

Of the 76 members surveyed, 47% responded. The findings are as per Table 1 and the summary is as follows:

- Out of the respondents **19% have already had to close down their businesses**. When asked how long the remaining businesses can afford to stay open if business doesn't return to normal, **23% answered that they will have to close if business doesn't return back to normal by Christmas or New Year**. Most owners report using their personal savings to keep their businesses afloat.
- The facilities currently employ a total of 556 staff. About 61% of the respondents stated that they have already had to lay off some of their employees, which amounts to about 253 (i.e. over 50%) jobs lost so far. An additional 194 staff are expected to be laid off or sent on unpaid leave if the situation does not improve soon.
- The hotels had a total of 12,362 bed nights between June and December 2013. As a result of insecurity issues around Kenya since June 2013-2014, the expected **bed nights had already reduced by 51% this year** to 6,005 bed nights in June to December 2014.
- Of these remaining expected bed nights for 2014, **57% were cancelled directly following the June 2014 attacks**, amounting to a further 3,402 bed nights lost.
- Out of the 87% of the respondents that had cancellations, **33% of these have no remaining bookings for June-December 2014**. The average is 112 bed nights lost per hotel; with over 400 bed nights lost in 13% of the hotels.
- While only 1 of the 3 commercial airlines in Lamu responded to the survey with passenger numbers, the result was indicative that the **numbers of passengers leaving**

Lamu were much higher than those arriving to Lamu since 15th June, 2014, with a ratio of about 2:1.

- Of the shops and businesses that responded to the survey, about **85% loss of revenues** is expected from June to December compared to last year.

Table 1: Summary of Results

QUESTION	#	Yes	No	%
Closed down business	-	19%	79%	-
JOB LOSS				
What is your usual number of employees?	556	-	-	-
Laid off employees	253	61%	39%	46%
Will be laid off or sent on unpaid leave if not improved	194	38%	62%	35%
REVENUE LOSS				
Bed nights June-Dec 2013	12,363	-	-	-
Bed nights June-Dec 2014	6,005	-	-	-
Cancelled Bed nights June-Dec 2014	3,402	87%	13%	57%
Remaining Bed nights June-Dec 2014	2,603	65%	35%	43%
Shop revenue loss	-	-	-	85%
AIRLINE TRAVELERS				
Passengers in	219	-	-	-
Passengers out	355	-	-	-

Additional Remarks:

Additional remarks given were that there were also a significantly reduced number of enquiries and new bookings. This was not quantified but can be further studied.

Estimates for the County

Considering that the results are only a sample of the hotels in Lamu as the study is based on willingness to participate and only focuses on hotels in Lamu and Manda Island, the results only give a glimpse of the impacts of insecurity on the tourism industry in Lamu County as a whole.

In order to better comprehend the impact on the entire County, the data was extrapolated to the 182 registered hotels in Lamu, resulting in the estimates in Table 2, which are based on averages and percentages computed from the sample population.

Table 2: Extrapolated Results of Hotel Data

QUESTION	Av	Extrapolated Total		Yes	No
Closed down business	-	-		35	143
JOB LOSS					
What is your usual number of employees?	18	3,276		-	-
Laid off employees	7	777		111	71
Will be laid off or sent on unpaid leave if not improved	8	552		69	113
REVENUE LOSS					
Bed nights June-Dec 2013	563	102,466		-	-
Bed nights June-Dec 2014	218	39,676		-	-
Cancelled Bed nights June-Dec 2014	112	17,696		158	24
Remaining Bed nights June-Dec 2014	147	17,346		118	64

- The estimates indicate 3,276 staff directly employed by the hotels. Of which **1,329 have been, or will be laid off** by the end of the year as a result of the reduction in tourists in the County.
- It is estimated that there are 61% fewer bed nights booked in June and December 2014 than in 2013. Using the computation that there are 62,790 bed nights fewer in 2014, the estimate is that **Ksh 440 million (USD 5.2 million) has been lost through reduced bookings for June to December 2014 following National Security concerns**. This is based on an average standard bed rate of Ksh 7,000 for hotels in Lamu County.
- An extra **Ksh 124 million (USD 1.5 million) in losses due to cancellations made following the Mpeketoni attacks** is estimated from the additional 17,696 cancelled bed nights between June to December 2014.

Conclusion:

While the study provides an insight into the impact of insecurity on the tourism sector, it was only done by a segment of the businesses in Lamu. The current situation has had a very heavy impact on the Lamu economy as a whole, ranging from dhow captains and taxi boats to fishermen and shop owners, and a larger study with participants other than LTA members to quantify the impact on the entire County revenue is required. Nonetheless, the extrapolations made give a useful estimate for extrapolation on the County level.

The results above clearly indicate that the tourism industry in Lamu has been dramatically affected and revenue has significantly decreased due to reduced number of guests, especially foreign tourists, following the June 2014 attacks.

The existence of the curfew and travel advisories pose a direct challenge to ensuring visitors that Lamu is safe and are highly detrimental to the economy in Lamu. **The economic impact of the insecurity threats in Lamu therefore needs immediate attention to ensure that the tourism investors do not face closure.** Failure to pay attention at this critical stage will further increase unemployment, and consequently increase crime rates and insecurity in Lamu in a cycle that will be even more difficult to tackle.