

THE UNIVERSITY OF MANITOBA

SOME SOCIO-ECONOMIC IMPLICATIONS  
OF TOURISM DEVELOPMENT IN DEVELOPING COUNTRIES:  
THE GHANAIAN CASE

By

Victor Teye

A Thesis

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## ABSTRACT

This study examines some of the social and economic implications of mass tourism development in Ghana. Three approaches are adopted for the study. An examination of factors underlying present programs to expand tourism in Ghana indicates that it is the same concept that explains why other developing countries are increasingly turning to tourism development: the inherent problems of economic development based on limited unprocessed agricultural and mineral exports.

The second approach evaluates the resource, infrastructural and market potentials in order to assess their viability for development.

The third approach follows from the second. It is pointed out that although there are resources that would permit tourism development, tourism encompasses all sectors of the economy. And since the economy is undeveloped, large imports and dependence on foreign investors could lead to large leakages that could negate any economic benefits. Furthermore, the profile of the market indicates that the type of tourist that would be coming to the country, their spending habits, and lifestyles, could lead to several social problems and dislocations.

The nature of the resources, particularly the cultural resources, inadequacy of infrastructure, the colonial history of the country and the dualism that tourism could create between the old and younger generation, workers in the tourism sector and other less rewarding sectors of the economy, could increase the social costs, lead to dislocations, xenophobia, and possibly paralyze the industry.

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## TABLE OF CONTENTS

	Page
ABSTRACT	ii
ACKNOWLEDGEMENTS	iii
LIST OF FIGURES	viii
LIST OF TABLES	ix
LIST OF PLATES	xi
CHAPTER I INTRODUCTION	1
Background to the Study	1
Objective of Thesis	4
Purpose of Study	4
Methodology	5
Study Area	7
Data for Thesis	9
Plan of Thesis	10
CHAPTER II THE SIGNIFICANCE OF TOURISM IN DEVELOPING ECONOMIES AND ITS RELEVANCE TO DEVELOPMENT IN GHANA	12
Development Problems in the Developing Countries	12
Relevance of Tourism in Developing Economies	19
Role of Tourism in Developing Economies	26
Foreign Exchange Earning Capacity	
Gestation Period	
Capital-output Ratio	
The Multiplier Effect	
Investment Criteria	
General Model of Ghana's Economic Development	32
Major Sectors of the Ghanaian Economy	
Performance of the Economy Since Independence (1957)	
Present State of the Economy	

Dimensions of Tourism in Ghana	45
History and Development of Tourism in Ghana	
Tourist Arrivals	
Foreign Exchange Earnings	
Average Length of Stay	
Purpose of Visit	
Summary	59
CHAPTER III AN APPRAISAL OF GHANA'S TOURIST RESOURCES	61
Climate and Health	64
Beaches	69
Dangerous Surf, Undercurrent, and Quality of Beaches	
Availability of Basic Infrastructure and Other Facilities	
Wildlife	84
Number and Variety of Species	
Wildlife Environment	
Accessibility and Proximity to Tourist Circuits Facilities	
Monuments, Architectural, Cultural and Other Resources	94
Exogeneous Cultural Resources	
Indigenous Cultural Resources	
Other Resources	
Summary	99
CHAPTER IV APPRAISAL OF EXISTING GENERAL AND TOURIST INFRASTRUCTURE IN GHANA	103
PART I GENERAL INFRASTRUCTURE	104
Transportation Network	104
Roads	
Railways	
Water Transport	
Local Mode of Transport	
Telecommunications	119
Other General Infrastructure	120

PART II TOURISM INFRASTRUCTURE	123
Accommodation Facilities	
Entertainment and Recreation	
Shopping	
Local Travel Agents	
Tourist Information	
INVESTMENT CHARACTERISTICS OF GENERAL AND TOURIST INFRASTRUCTURE	136
Summary	139
CHAPTER V AN EVALUATION OF GHANA'S TOURIST MARKET POTENTIAL	143
Volume and Trend of International Tourism Movement	
Volume and Rate of Growth of International Tourism Movement	
Regional Pattern of Tourism Movement and Growth	
Future Market Projections	
Ghana's Potential Market	
Regional Composition and Characteristics of Ghana's Potential Market	157
Present Composition of Arrivals in Ghana by Region and Nationality	
Socio-economic Characteristics of Ghana's Potential Market	
Realizing Ghana's Tourist Market Potential	171
Role of Tour Operators	
Overseas Promotions	
Charter Flights	
Summary	179
CHAPTER VI SOME SOCIO-ECONOMIC IMPLICATIONS OF TOURISM DEVELOPMENT IN GHANA	182
Economic Costs	183
Foreign Exchange Earnings	
Income and the Multiplier Effect	
Seasonality, Unstable Economic and Political Climates and the Productivity Index	
Escalation of Land Values	
Demonstration Effect	
Employment	

Social Costs	200
Resettlement	
Demonstration Effect and the Erosion of Indigenous Culture	
Cultural Problems and Xenophobia	
Other Social Problems	
Co-ordination of Development	214
Summary	218
CHAPTER VII SUMMARY AND CONCLUSION	221
APPENDIX	
I TERMS OF REFERENCE OF THE OBUAM COMMITTEE	232
II RESPONSIBILITIES OF THE GHANA TOURIST CONTROL BOARD AND THE TOURIST DEVELOPMENT COMPANY	233
III GUIDELINES TO PROSPECTIVE INVESTORS IN THE TOURIST INDUSTRY UNDER THE CAPITAL INVESTMENT DECREE N.R.C.D. 141, 1973	236
IV TERMS OF REFERENCE OF THE DANISH STUDY TEAM ON TOURISM IN GHANA: DEVELOPMENT GUIDE 1975-1990	239
V ABSTRACT OF THE TOURIST DEVELOPMENT PLAN 1975-1990	241
BIBLIOGRAPHY	255

## LIST OF FIGURES

FIGURE	PAGE
1.1 Location Map	8
3.1 Main Touristic Resources of Ghana	63
3.2 Mean Annual Temperatures in Ghana	65
3.3 Mean Annual Rainfall in Ghana	66
3.4 Mean Annual Bright Sunshine (Hours per day) For Africa	68
3.5 Location of Eight Proposed Beach Resort Areas	71
4.1 Major forms of Transportation in Ghana	105
4.2 Africa's Intercontinental Air Transport Network	113
6.1 Institutions and Their Areas of Involvement in Tourism Development in Ghana	215

## LIST OF TABLES

TABLE	PAGE
2.1 Gross Domestic Product by Industrial Origin, 1966-1972 (in million cedis at current prices)	33
2.2 Gross Domestic Product by Kind of Economic Activity, 1968-1972 (Percentage Distribution)	33
2.3 Commodity Composition of Exports, 1968 - June 1973	35
2.4 A comparative Demographic and G.D.P. Statistics of Ghana and Selected African Countries	36
2.5 Average Annual (%) Rates of Growth of G.D.P. at Constant Prices: A Comparison of Ghana and Different Economies	37
2.6 Ghana: Gross National Product, 1957-1966	38
2.7 Ghana: Value of Imports, 1971-1974	43
2.8 Tourist Arrivals: 1966-1974	51
2.9 Comparison of Arrivals in Ghana with Selected African Countries: 1969-1973	52
2.10 Tourist Revenue by Component Receipts, 1969-74	53
2.11 Comparison of Tourist Receipts for Ghana and Selected African Countries	54
2.12 Comparison of the Average Length of Stay in Ghana and Selected African Countries	56
2.13 Purpose of Visit, 1972-1974	58
4.1 Hotels Run by the State Hotels Corporation	125
4.2 Government Rest Houses	125
4.3 Tours and Excursions Offered by Akuaba Agency	132
5.1 World Arrivals from 1950 to 1971	145
5.2 Average Annual Growth Rates of International Tourist Arrivals: 1950-1970	145
5.3 Tourist Arrivals: 1971-1975	146

5.4	Regional Generation of International Tourists: 1967	147
5.5	Regional Arrivals of International Tourists: 1971	148
5.6	International Tourist Arrival Index: 1963-1968	154
5.7	Summary of Projections of International Tourist Arrivals - 1980	154
5.8	Percentage Composition of Tourist Arrivals in Ghana by Region and Nationality: 1972-1974	158
5.9	Percentage Distribution of Arrivals from Africa, Europe and North America: 1972-1974	160
5.10	Comparative Figures for Arrival of French Nationals in Ghana and Some French-Speaking West African Countries: 1972-1973	162
5.11	Comparative Population and G.N.P. Figures for Western Europe and the United States	165
6.1	Annual Foreign Exchange Earnings for Selected Years: 1975-1990	184

## APPENDIX V

1.	Projected Tourist Arrivals, 1973-1990	242
2.	Required Number of Beds in Alternative I	245
3.	Required Number of Beds in Alternative II	245
4.	Required Development in Bed Capacity, 1973-1990	246
5.	Development of Facilities for the Mass Charter Market, 1976-1990	247
6.	Estimates for Government Investment (1975-80) Directly Related to the Tourism Development Plan	252
7.	Estimates for Government Investment (1981-1990) Directly Related to the Tourism Development Plan	254

## LIST OF PLATES

PLATE		PAGE
I - II	Ada	75
III - IV	Prampram	76
V - VI	Bortianaw	77
VII - VIII	Butre	78
IX - X	Bushua	79
XI	Alkwida	80
XII	Cape Three Points	80
XIII	Section of the Coast Between Axim and Takoradi	81
XIV	Miemia (Prince's Town)	81

## CHAPTER I

### INTRODUCTION

#### Background to the Study

International Tourism is considered to be the largest single item in international trade.<sup>1</sup> Due to its economic magnitude, its steady growth rate, and its apparent economic and social benefits,<sup>2</sup> developing countries have been increasingly turning to tourism as a field of diversification in addition to the traditional means of development, namely, agriculture and manufacturing industry.

The potential benefits of tourism to developing countries have been widely publicized and made apparent in many publications.<sup>3</sup> As a result,

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<sup>1</sup>D. E. Lundberg, The Tourist Business. Boston: Cahners Books, 1974, p.1.

<sup>2</sup>The dimensions are fully developed in Chapter II

<sup>3</sup>Among the important ones are: M. E. Bond and J. R. Ladman, "Tourism: A Strategy for Development", Nebraska Journal of Economics and Business, Winter 1972, p. 37-52; D. A. Ball, "Permanent Tourism: A New Export Diversification for Less Developed Countries", International Development Review, Vol. XIII, No. 4, 1971, p. 20-23; D. H. Davis, "Potential for Tourism in Developing Countries", Finance and Development, Vol. V, No. 4, December 1968, p. 34-39; I. Galeotti, Industrialization of Tourism in the Developing Areas. Geneva, International Union of Official Travel Organizations (IUOTO), Travel Research Journal Supplement, 1969; K. Krapf, Tourism as a Factor in Economic Development: Role and Importance of International Tourism, United Nations Conference on International Travel and Tourism 1963; S. R. Walters, "Tourism: A New Path to Economic Improvement in the Developing Nations", An address delivered before the New York Travel Writers Association, New York, Child and Waters, Inc. 1967.

Such activities as Conferences and publications by organizations like the former International Union of Official Travel organizations (now the World Tourism Organization (W.T.O.)), the Pacific Area Travel Association, the United Nations Economic Commission for Africa, and the South American Travel organizations, have also largely contributed to making the potential benefits of tourism in developing countries apparent.

most international aid agencies, together with the World Bank, have recently become increasingly interested in tourism, and there are only few development plans in these countries that do not refer to tourism in some form. However, in their zeal to reap the benefits, governments of developing countries have been concentrating solely on the benefits without considering the fact that not only are there serious social and economic costs involved, but also that since such costs are peculiar to each country, feasibility studies are essential to identify their extent within a local framework.

As a result of the experience of some countries whose economies predominantly depend on tourism, such as Spain and those in the Caribbean, more concerned people are calling for a balanced approach to the development of tourism. Gray, for example, points out that the potential benefits of tourism are oversold on many occasions and thus the tourism picture is "too brightly and unrealistically painted".<sup>4</sup>

The question of socio-economic viability of tourism in developing countries has received only meagre attention for two main reasons. Firstly, although the industry has grown into a world-wide phenomenon, this growth has taken place within the short period of two and a half decades. Secondly, as a field to be studied "it is one of the most inter-disciplinary".<sup>5</sup> Consequently, not only are empirical studies relatively few, but the theoretical aspects of the field are also not well-established. Much of the material that exists focus on the benefits derived from tourism, leaving very few recent studies that attempt ob-

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<sup>4</sup>P. H. Gray, International Travel-International Trade. Massachusetts: Heath Lexington Books, 1972 p. 11.

<sup>5</sup>D. E. Lundberg, op. cit. p. 23

jective evaluation of tourism. But even these are either too general or broad as is the case with Young<sup>6</sup> and Jafari<sup>7</sup>, or too narrow and specialized like the studies by Mitchell<sup>8</sup> and Goldsmith<sup>9</sup>, which are restricted to only economic parameters. Works by Jones<sup>10</sup>, and particularly Bryden<sup>11</sup>, on the Caribbean are perhaps the most comprehensive examination of the two sides of the tourism development coin<sup>12</sup>. They present evidence that raise serious doubts about the viability of developing tourism in these countries. Bryden observes that "under certain circumstances a perfectly recognized 'economic' case alone can be made against tourism development without necessarily calling upon the various kinds of external diseconomy or on 'transcendental' costs which may be associated with tourism in developing countries".<sup>13</sup>

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<sup>6</sup>G. Young, Tourism: Blessing or Blight? Middlessex, England: Penguin Books Ltd., 1973

<sup>7</sup>J. Jafari, Role of Tourism on Socio-economic Transformation of Developing Countries. Ithaca, N.Y.: Cornell University, January, 1973 (M.Sc. Thesis)

<sup>8</sup>F. Mitchell, The Economic Value of Tourism in Kenya, Los Angeles: University of California, 1971, (Ph.D. Thesis)

<sup>9</sup>W. W. Goldsmith, The Impact of the Tourism and Travel Industry on a Developing Regional Economy: The Puerto Rico Case. Ithaca, N. Y.: Cornell University, 1968 (Ph.D. Thesis)

<sup>10</sup>J. F. Jones Jr, Tourism As A Tool of Economic Development with Specific Reference to the Countries of Jamaica, Trinidad and Guyana, Florida: University of Florida, 1970 (Ph.D. Thesis)

<sup>11</sup>J. M. Bryden, Tourism and Development: A Case of the Commonwealth Caribbean, Cambridge: At the University Press, 1973

<sup>12</sup>The Cost and Benefits of Tourism in Kenya, Report Presented to the Kenya Tourist Development Corporation, 1968, by F. Mitchell does not contain a cost-benefit analysis in the accepted sense of the term.

<sup>13</sup>J. M. Bryden, op. cit. 1973, p. 218

Even though all the above-mentioned studies have obvious limitations, they identify problems that are relevant to other developing countries other than their specific study areas. However, the combination of several factors peculiar to a specific region such as the nature of its tourist resources, its social and economic history, current state of its socio-economic framework and the type of tourists it attracts, as well as distance from its tourist markets abroad, all mean that the viability of tourism and the dislocations it creates differ from region to region within the developing world.

#### Objective of Thesis

Against the above background, this thesis examines the socio-economic implications of developing mass international tourism in Ghana, a developing country. The objective is to explore, identify and analyze the potential socio-economic benefits and costs of the large scale development that is currently going on in the country. A great deal of attention is placed upon the nature and development capability of the basic components of a tourist industry, namely the resources, infrastructure and market potentials. Furthermore, their significance in tourism development as factors generating benefits and trade-offs are examined.

#### Purpose of the Study

The study contributes to current efforts aimed at a more objective and balanced approach to tourism development, particularly in developing countries. Ghana has recently joined the race <sup>14</sup> to

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<sup>14</sup>The Indian Hotelier and Caterer clearly makes the point about the race: "Time is running out. In many countries tourism has become a major industry to feed their economies and therefore the longer the delay on our part, the greater the chance of our being left in the rear" (Editorial, October 1971, p. 17)

embrace tourism. A Fifteen Year Tourism Development Plan (1975-1990) is in its first year of implementation. The results generated by this study indicate that preliminary surveys which form the basis of the Plan<sup>15</sup> exaggerate and assume some of the benefits of developing tourism in Ghana. The purpose of the study is therefore, to highlight the areas of inadequate research which tend to overemphasize the benefits of tourism while neglecting the costs. By establishing circumstances specific to Ghana, which could then be compared with situations in other developing areas, this study will be contributing to efforts aimed at understanding the mechanism of tourism in the developing region, particularly the less apparent socio-economic costs.

#### Methodology

In order to gain an insight into the implications of large scale development of tourism in Ghana, three broad approaches are adopted. Firstly, the significance of tourism as an instrument of economic development is examined within the context of general economic development in the developing world, and within the specific context of Ghana's economic framework. Factors responsible for the economy's poor performance since independence in 1957 are identified in order to indicate the necessity for diversification into other productive sectors. This leads to the relevance of tourism and reasons for its relative attractiveness vis à vis the major sectors of the economy, namely agriculture and manufacturing. Then the present dimensions of tourism

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<sup>15</sup>Hoff and Overgaard, Planning Consultants, Tourism in Ghana-Development Guide 1975-1990. Copenhagen, Denmark: A Two-volume Master Feasibility Study Presented to the Government of Ghana, 1974 (Financed by the Danish International Development Agency (DANIDA))

in Ghana and reasons behind current attempts to raise its existing levels are linked with the significance of tourism in economic development.

Secondly, the components of Ghana's tourist industry are examined in order to assess their viability for successful development. This involves

- (a) an analysis of the nature and attractiveness of the tourism resources,
- (b) an examination of the capacity of existing infrastructure and its future potential, and
- (c) an evaluation of the market potential and its peculiarities for tourism development.

Thirdly, the potential socio-economic benefits and costs are analyzed within the context of the findings in the first two sections.

The three approaches are all based on qualitative analyses<sup>16</sup> due to constraints that barred conducting field work and data limitations that are discussed later in this introductory chapter. Despite this, the approaches utilized achieve the objectives of the thesis. The review of the significance of economic development and the performance of the Ghanaian economy since independence assist in understanding current efforts to develop tourism on a large scale beyond present dimensions, and why this has not been attempted before. The evaluation of resources, infrastructure and market potentials provide the basis for assessing the viability of tourism development even if it has been found to be economically desirable earlier on. The examination of the socio-economic implications logically follow from discussions in the first two sections.

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<sup>16</sup>As opposed to quantitative statistical analysis.

### Study Area

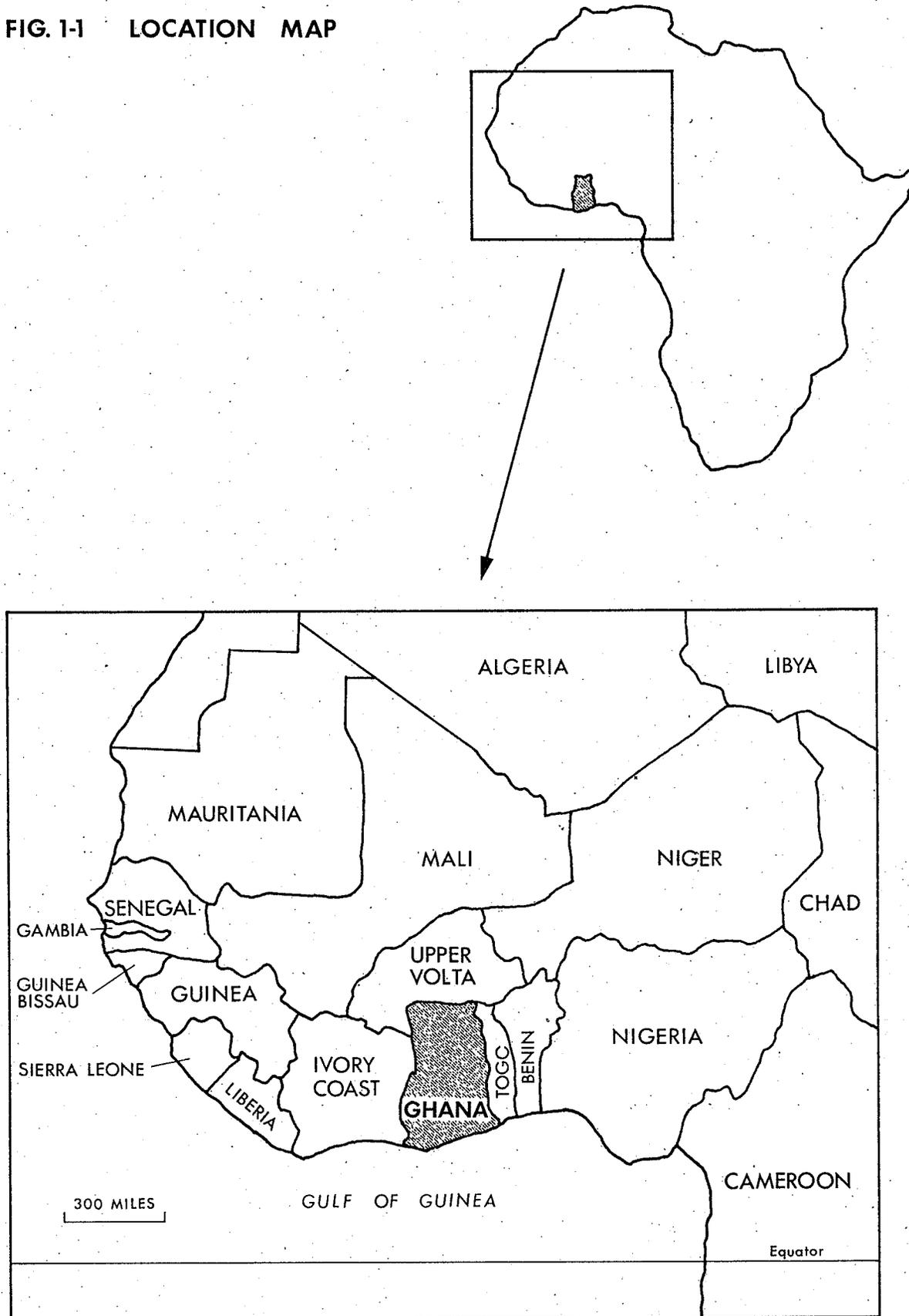
Location. The location of the study area is shown in Figure 1.1. Ghana covers an area of 92,100 square miles which corresponds to the size of West Germany or the United Kingdom. It lies between latitudes  $5^{\circ}$  and  $11^{\circ}$  North of the Equator, and half way on the coast of West Africa between longitudes  $1\frac{1}{2}^{\circ}$  East and  $3\frac{1}{2}^{\circ}$  West. It has about 350 miles of coastline on the Atlantic Ocean (the Gulf of Guinea). This location provides the country with significant assets for tourism, mainly a Tropical Equatorial climate and white sandy beaches.

History. Ghana was a British colony until 1957 when it became the first Black African country south of the Sahara to attain political independence which was to enable it to manage its own social and economic affairs. Language-wise, there are four other English-speaking countries namely Nigeria, Sierra Leone, the Gambia and Liberia which are spread over West Africa (Figure 1.1). Ghana is consequently surrounded on its northern, eastern and western boundaries by Francophone countries with which it has few relations as a result of different colonial history<sup>17</sup>.

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<sup>17</sup>This contrasts with the three East African countries of Kenya, Tanzania, and Uganda which have a common colonial history, making possible the formation of the East African Community. With a common infrastructural services and English as the official language there is greater mobility which has benefited tourism. Several attempts at economic co-operation in West Africa have failed because of the differences arising from different colonial rule. As far as tourism in the region is concerned it presents a problem for mobility and co-operation.

FIG. 1-1 LOCATION MAP



Source: Hoff and Overgaard, Tourism in Ghana - Development Guide 1975-1990, Part I, 1974, p. 28.

The above geographical and historical factors and their resultant political, economic and social developments that are the characteristics of the country provide a setting which enable the analysis for this study.

#### Data for Thesis

Data for the analysis on Ghana was obtained from two main sources. Statistical data were mainly obtained from the Ghana Tourist Control Board, government and international organizations such as the International Monetary Fund and the former International Union of Official Travel organizations. Material on the resources, infrastructure and market potential were extensively drawn from government-initiated studies most of which were financed by international and intergovernmental agencies.

Extensive use was also made of economic, geographical and general literature on tourism for discussions on the wider aspects of tourism in developing countries.

There were significant data limitations that emerged at several stages in the research. The distance from the study area created a situation whereby up-to-date data could only be obtained through the mail. This led to a big time lag between publication of data in Ghana and its receipt by the author.<sup>18</sup>

Comprehensive appraisal of tourism in Ghana was limited by lack of adequate data due to the fact that the Research Department of the Ghana Tourist Control Board was only established in 1972, and statistical

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<sup>18</sup>A problem compounded by the seven weeks long late 1974 national postal strike.

gathering procedures are still being improved. Also, since 1968 there has been a deterioration in statistical output on the whole Ghanaian economy. These two situations created problems with the availability and reliability of data especially for comparative analysis with other African countries where data are available.

The analysis in the study must consequently be interpreted with due consideration of these limitations.

### Plan of Thesis

The remainder of this thesis is organized into six chapters. Chapter II briefly reviews the problems of economic development in developing countries. It stresses the factors that render tourism an attractive field of diversification in order to break out of the poverty cycle. Then the rationale behind expansion of present levels of tourism in Ghana are analyzed within the country's economic framework as it has evolved since independence. The objective of the chapter is twofold. Firstly, it is to set the scene for Ghana's present level of tourism and why it is currently undergoing unprecedented expansion. Secondly, it is to place the acknowledgement of the potentials offered by tourism within the broader perspective of not only the economic circumstances in Ghana, but as part of the trend in the developing world as a whole.

Chapters III, IV, and V evaluate Ghana's tourist resources, infrastructure and market potential, in that order. The objective is to examine the capacity of these basic factors upon which the development of a successful tourist industry rests. The exercise is supplemented where possible, by comparisons with selected African countries in order to present a broader and relative perspective to Ghana's potential.

Chapter VI focuses on the potential benefits and costs of tourism development in the light of the analysis in Chapters II - V. The chapter is divided into two parts. The first part examines the economic aspects of the issue while the second part analyses the social issues peculiar to developing tourism in Ghana.

The Conclusion, Chapter VII, summarizes the principal findings. It indicates that tourism depends on almost all sectors of the internal economy as well as several external factors. Because of its broad spectrum and dependence on external factors that cannot be controlled and regulated from within the country, it is prudent to develop the industry gradually. This should be done by identifying the country's tourism absorptive threshold which would expand as the whole economy grows. It also indicates that the existence of several socio-economic costs require detail research, co-ordinated planning, management and control of the industry in order to maximize the benefits while minimizing those economic costs and social dislocations which are inevitable.

## CHAPTER II

### THE SIGNIFICANCE OF TOURISM IN DEVELOPING ECONOMIES AND ITS RELEVANCE TO DEVELOPMENT IN GHANA

Studies on the role of tourism in economic development in developing countries are only now beginning to appear in published materials. The available studies<sup>1</sup>, however, suggest that tourism is a potential agent of economic progress, and that it is capable of assisting in remedying many of the problems of underdevelopment. Furthermore, the studies indicate that the realization of such a potential is within the reach of developing countries.

This chapter examines the economic factors and the potential of tourism that have led several developing countries to accept the industry as a development tool. These issues are considered first within the broad framework of problems of general economic development in Third World Countries, and then narrowed down to focus specifically on Ghana. The chapter concludes by examining the dimensions of tourism which is currently undergoing expansion in the country.

#### Development Problems in the Developing Countries

The designation of the 1960's as a United Nations Development Decade sought to underline the gap between the few rich nations and the many poor nations whose inhabitants represent more than two thirds of

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<sup>1</sup>See studies listed in footnote 3 in Chapter I, particularly those by Jafari, Mitchell, Bryden, and Davies.

the world population.<sup>2</sup> The two groups are separated by a wide gap in the level of per capita income and state of technical development, and are consequently referred to as Developed and Developing countries respectively.<sup>3</sup> It is generally accepted that during the second U.N. Development Decade the gap has widened rather than narrowed.

Although the developing countries have varying degrees of underdevelopment, in general they exhibit several common economic and social characteristics which allow them to be placed in one large group.<sup>4</sup> Among the most important of these characteristics is the use of predominantly traditional methods of production (such as the hoe and cutting knife). The result is low productivity which also means low income. Since income is low, the first priorities of demand are for basics such as food, clothing, and shelter. But with traditional methods, productivity per person is so small and at a subsistence level that it requires a large share of the economically active population to produce these prerequisites. Consequently, a high percentage of the aggregate output of developing countries is primary produce and predominantly

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<sup>2</sup>J. Bhagwati, The Economics of Underdeveloped Countries, New York: McGraw-Hill Book Company (World University Library), Third Impression Reprint, 1971, p. 17.

<sup>3</sup>The term "Developing Countries" in this discussion refer to all of Africa except South Africa, all of Asia except Japan and Israel, and all of Latin America. The classification is based on per capita income and level of technology.

<sup>4</sup>For a detailed discussion of the characteristics see E. E. Hagen, "Characteristics of Less Developed Economies" The Economics of Development, Irwin Series in Economics, 4th Printing, 1969, p. 5-28; J. Bhagwati, op. cit.; L. W. Shannon, Underdeveloped Areas, New York: Harper and Row Publishers, 1965; K. Buchanan, "Profiles of the Third World" in A. B. Mountjoy (Ed), Developing the Underdeveloped Countries, London: MacMillan Press, 1971, p. 17-44.

peasant agriculture on small holdings. About 60 to 80 percent of the population is engaged in agriculture in contrast to about 4 to 8 percent or even lower in the developed countries. For example, only 2.9% of the total working population were engaged in farming in the United States in 1970<sup>5</sup>.

Despite the large agricultural sector, food must still be imported to subsidize local production. Furthermore, there is a large demand for imported consumer and capital goods which have to be paid for by the foreign exchange earned by the export sector. But since exports are mainly primary products whose prices not only fluctuate much more widely than industrial goods, but are also largely determined by the importing countries and not the producing countries, foreign exchange earnings of developing countries and hence their ability to pay for large imports also fluctuate widely.<sup>6</sup>

The above characteristics have related socio-economic conditions such as low rate of savings and capital formation, lack of basic infrastructure, inadequate health and educational facilities, small size of the internal market with effective purchasing power and the concentration of a large unskilled apparent and disguised unemployed labour force.

While it is generally held that developing countries have large proportions of unskilled labour force, there is some disagreement

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<sup>5</sup>A. Golenpal (Ed.) Information Please Almanac Atlas and Yearbook, 13th Edition, New York: Simon and Schuster Ltd., 1976, p. 69.

<sup>6</sup>One factor which also worsens the problem of fluctuations is the falling of export prices while that of imports simply tend to rise.

about its extent. For example, Singer<sup>7</sup> and Reynolds<sup>8</sup> suggest that growing unemployment is a common feature of these countries. This assertion has, however, been challenged by Weeks<sup>9</sup> who rightly points out the difficulties of measuring and defining unemployment in developing countries. The same problems are encountered with Gross Domestic Product and Per Capita Income measurements in these largely subsistence agricultural economies.

Despite these and other similar observations, it is generally agreed that the above conditions, especially low productivity, low foreign exchange earning from exports and large unemployment characterize developing countries. The aim of the process of economic growth and development is, therefore, to improve these conditions. Economic theories hold that this could be achieved through the proximate causes of economic development, namely capital formation and technical progress<sup>10</sup>. This in turn would raise per capita income and also, economic and social standards. Of these two closely related proximate causes of economic development, capital formation is given more weight in theories of economic development with particular reference to developing countries. It is however, acknowledged that just like in the case of problems of

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<sup>7</sup>H. Singer, "Rural Employment as a Background to Rural Urban Migration in Africa" Paper presented to the Conference on Urban unemployment in Africa; Institute of Development Studies, Sussex, September, 1971.

<sup>8</sup>L. G. Reynolds, "Economic Development with Surplus Labour- Some Implications" Oxford Economic Papers, Vol. 21. No. 1, March, 1969. p. 95-97 and 101.

<sup>9</sup>J. Weeks, "The Problems of Urban Imbalance" Paper presented to the Conference on urban unemployment in Africa, Sussex: Institute of Development Studies, September, 1971.

<sup>10</sup>E. E. Hagen, op. cit., 1969, p. 29.

development, the role of capital in development is circular or cyclic and therefore closely related to several other factors. Nurkse sums up this point thus:

"Perhaps the most important circular relationship of this kind are those that afflict the accumulation of capital in economically backward countries. The supply of capital is governed by the ability and willingness to save; the demand for capital is governed by the incentives to invest. A circular relationship exists on both sides of the problem of capital formation . . .

. . . On the supply side there is the small capacity to save resulting from the low level of income. The low real income is a reflection of low productivity which in its turn is due largely to lack of capital. The lack of capital is a result of the small capacity to save and the circle is complete. On the demand side, the inducement to invest may be low because of the small buying power of the people, which is due to their small real income, which again is due to low productivity. The low level of productivity, however, is a result of the small amount of capital used in production, which in turn may be caused at least partly by the small inducement to invest."<sup>11</sup>

Capital formation (defined in the broad term of the word to include both fiscal accumulation and capital equipment for production) appears to be at the root of the problem of development. It is also therefore the major key to social improvement in these countries.<sup>12</sup>

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<sup>11</sup>R. Nurkse, "The Theory of Development and the Idea of Balanced Growth" in A. B. Mountjoy (Ed.) op cit., 1971, p. 115.

<sup>12</sup>The definitions of a developing country imply that they have the potential resources for development. Viner, for example, says a developing country "has good potential prospects for using more capital or more labour or more available natural resources or all of these to support its present population on a higher level of living, or if its per capita income level is already fairly high, to support a larger population on a not lower level of living." (Cited in Shannon, op. cit., p. 3) It is generally agreed that developing countries have the resources, labour and land, and that the most important requirement is capital (and technology.)

The main sources of capital formation could be classified into three groups all of which have serious problems:

- a) The first is internally through savings and government revenue.

But as indicated earlier there are internal barriers to this kind of capital formation, mainly in terms of low income and the subsequent low government revenue through taxes, and the virtual absence of savings.

- b) Capital could also be acquired externally through such means as loans and other forms commonly called external aid.

Experience over the past decade and a half has shown that this kind of supposed capital formation does not really lead to development. In a few cases, it has led to growth but not development. In several other cases it has created worse problems than at the beginning<sup>13</sup>. Much capital aid has been in the form of loans whose rates of interest have varied considerably from nominal rates to as much as 6 or 7 percent. As a result, interest payments increase over the years. In recent years much of the loans has gone straight back to service debts or repay old loans. In 1960, \$2,300 million was paid back in interest by the major developing countries. By 1965 their repayments had reached \$3,500 million and capital had yet to be repaid<sup>14</sup>. It has been claimed that

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<sup>13</sup>See J. Tendler, Inside Foreign Aid, Baltimore: The Johns Hopkins University Press, 1975; W. L. Thorp, The Reality of Foreign Aid, Published for the Council on Foreign Relations, New York: Praeger Publications, 1971; and G. Arnold "How Aid Underdevelops Africa" African Development, June 1976, Vol. 10, No. 6, p. 560-562.

<sup>14</sup>A. B. Mountjoy, op. cit., 1971, p. 11.

"it is possible that 12-15 percent of developing countries' foreign exchange earnings are being paid back in debt servicing".<sup>15</sup>

- c) The third means of capital formation is through expansion of the export sector in order to increase internal revenue to finance development, and more important, to obtain foreign exchange to purchase capital goods for development. The expansion of exports, however, depends on marketing the products through trade with countries that require mineral and tropical agricultural products, namely the developed countries. But trade with these countries has been plagued by several frustrating problems, especially tariffs.

It appears, therefore, from the above discussion that developing countries are trapped with hardly any realistic means of capital formation and hence, unable to break the cycle of underdevelopment. Expanding the export sector seems to hold more prospect than the first two methods of capital formation. Consequently, in a desperate effort to break the circular deterioration of their terms of trade with European countries, forty-four African, Caribbean and Pacific (A.C.P.) countries came together in 1974 to negotiate as a body (rather than as individual countries with weak bargaining power) with the European Economic Community (E.E.C.). After one and a half years, the negotiations are still only in preliminary drafting stages.<sup>16</sup>

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<sup>15</sup>Ibid, p. 11.

<sup>16</sup>H. R. Weiss, "Africa and the E.E.C." in C. Legum (Ed.) Africa Contemporary Record - Annual Survey and Documents, 1974-1975, N. Y.: Africana Publications, 1976, p. A16, "Also E.E.C. and Africa-Negotiations between the European Economic Community and the Countries of Africa, the Caribbean and Pacific, October 1974", p. c31-33.

But even if favourable terms of trade are achieved in the long run, that will only be relatively a drop in the bucket. Developing countries depend on one or two primary crops which fluctuate widely on the world market. This problem and those involved in the three methods of capital formation as well as the need to diversify into other forms of activity with better capacity for capital formation especially foreign exchange, underlies the relevance of tourism in economic development and the attraction that developing countries see in it.

#### Relevance of Tourism in Developing Economies

Over the past decade an increasing number of developing countries have come to view tourism as an economic activity to be given a central place in their development plans. The countries of Latin America especially Mexico and some of the Caribbean Islands (Jamaica, Trinidad and Barbados) have been traditionally favoured as vacationland and are today highly involved in the tourist industry due largely to their proximity to Industrialized North America. Although Africa is relatively new on the tourist scene, significant developments over the last decade exist and as will be indicated later in Chapter V, its rates of tourist arrivals are among the highest. Indeed, trends suggest that development levels may reach Caribbean proportions by 1985.

In both Kenya and Tunisia, International Tourism has now become the leading export industry.<sup>17</sup> Morocco, which received 1.4 million visitors in 1973, has since announced intentions to create an annual tourist capacity of 2.5 million and an addition to a total of 98,000 hotel rooms by 1977

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<sup>17</sup>IUOTO, World Travel, Geneva: Vol. 108, 1972, p. 11

(from 18,805 in 1973<sup>18</sup>). The East African countries of Kenya and Tanzania (and until recently Uganda) lead Black Africa in tourism development. Kenya, for example, recorded 438,000 arrivals in 1973 while earning \$55.2 million<sup>19</sup>, and continues to expand tourist infrastructure such as hotels and game parks.

West Africa on the whole has been comparatively slow in developing its tourism potential. However, the situation is changing as Scandinavian countries, for example, develop tourism in Gambia and with a \$30 million Italian aid Cameroon is developing its tourist plant. And as will be indicated later in this chapter, within the last three years Ghana has instituted remarkable policies and plans for tourism development. Similar development can be found elsewhere in Central and Southern Africa and other parts of the developing world especially in Central and South-East Asia.

This indicates that International Tourism is being accepted by an increasing number of developing countries as a development option for economic and social improvement. This new focus upon tourism represents a departure from the developing region's traditional concepts of development strategy, namely emphasis on industrialization in economic development. Industrialization was widely regarded as the principal means for obtaining a fair share of the benefits of technical progress and for progressively raising living standards. For example, in May 1950, Raul Prebisch of the United Nations Commission for Latin America (E.C.L.A.) set forth, in a historic document, the basic rationale for industrialization

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<sup>18</sup>IUOTO, International Travel Statistics, Geneva, Vol. 27, 1973, p. 2

<sup>19</sup>A. J. Hughes, (Ed.) Africa Report, New York: The Africa - American Institute, March - April 1, 1974, p. 29.

- as an agent for social and economic development - that has been widely accepted within Latin America and elsewhere in the developing world.<sup>20</sup>

While structural changes in this manner has, and continues to be thought of as the primary path to longer range economic development, the extent of industrialization in many parts of the developing world has, inter alia, been restricted by the limited purchasing power of the domestic market, the barriers to increased exports of manufactured goods and the scarcity of foreign exchange earnings available for industrial expansion. Notwithstanding the continuing progress in overcoming these and other obstacles to industrialization, the pace of progress relative to desires for development has remained slow. Consequently, much of the conditions and characteristics of under-development discussed earlier in this chapter continue to exist with hardly any improvement. In response to this situation, attention has increasingly shifted to considerations of alternatives while at the same time sustaining continuing effort in the long-run goal of industrialization.

One of such alternatives is tourism whose phenomenal growth<sup>21</sup> has been the result of major industrial developments in the developed countries particularly since 1960<sup>22</sup>. Current concepts which appear to

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<sup>20</sup>See L. E. Marco (Ed.), International Economics and Development; Essays in Honour of Raul Prebisch, New York Academic Press, 1972; and Raul Prebisch, Change and Development - Latin America's Great Task; Report submitted to the Inter-American Development Bank. New York, Praeger 1971.

<sup>21</sup>Chapter VI discusses the extent of this growth.

<sup>22</sup>For example, major developments in industrialization have resulted in large discretionary and disposable incomes, as well as larger single and even double vacations. Improvements in transportation especially aviation, have brought about shorter travelling distance and package tours at discount prices all, with relative ease.

be at the root of much interest in the possibilities offered by tourism development in the developing world can be summarized as follows. Developing countries mostly depend on one or two primary resources for their foreign exchange earnings. But they are faced here with marketing problems and circular decline in their terms of trade<sup>23</sup>. Furthermore, attempts to diversify away from traditional agricultural and crude mineral exports to manufacturing are largely frustrated because of limited domestic markets, tariff policies of the industrialized countries and trading blocks like the European Economic Community<sup>24</sup>. Finally, although escalating oil prices have had world-wide effect, their impact has been devastating in developing countries, most of which already had chronic adverse balance of trade and payment deficits prior to the late 1973 price hikes. Consequently, industrial development plans have been disrupted, while increased prices of fertilizers, petro-chemicals, machinery and other imported equipments for agricultural production have left many of these countries economically strangled and at the mercy of the Organization of Petroleum Exporting Countries (OPEC).

Tourism on the other hand, appears to be subject to very different demand conditions than are agriculture and manufacturing; it has particularly, a very high income elasticity of demand. The former International

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<sup>23</sup>H. G. Johnson, Economic Policies Towards the Less Developed Countries, Brooking Institute, 1967; R. Nurkse, Patterns of Trade and Development, First Wicksell Lecture, Stockholm, 1959; and also, R. Nurkse, "Some International Aspects of the Problem of Economic Development" in A. N. Agarwala and S. P. Singh (Ed.) The Economics of Underdevelopment, New York: Oxford University Press, 1970.

<sup>24</sup>R. Prebisch, "Development Problems of the Peripheral Countries and the Terms of Trade", Towards a Dynamic Development Policy for Latin America (UNECLA) 1963, p. 16-22.

Union of Official Travel Organizations (now the World Tourism Organization) suggests a general income elasticity of 1.5, although this "would not, by itself, be enough to explain the growth of world tourism in the past thirteen years"<sup>25</sup>.

Houthakker and Maggee<sup>26</sup> in discussing "Income and Price Elasticities in World Trade" have made an empirical estimate of the income elasticities of total exports for several developing countries. They conclude that traditional exports from these countries have remained relatively unresponsive to the changes in the level of world incomes. As a result, according to economists like Krause and Mathis, there has been a secular deterioration in the region's terms of trade<sup>27</sup>. Economists of this persuasion have, therefore, called for increasing diversification into productive activities with greater long term growth potential. It is in this context that some have come to see tourism as an increasingly attractive alternative<sup>28</sup>.

Tourism, furthermore, seems to be subject to less restrictions by industrialized countries, although such restrictions are not unknown, as for example, limited provision of foreign currency and travellers' cheques. Moreover, vested interests in some industrialized countries

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<sup>25</sup>IUOTO, "Study on the Economic Impact of Tourism in National Economies and International Trade." Special Issue of the Travel Research Journal, Geneva, 1972, p. 15.

<sup>26</sup>H. S. Houthakker and S. P. Maggee, "Income and Price Elasticities in World Trade" Review of Economics and Statistics, May 1969, p. 111-125

<sup>27</sup>W. Krause and F. J. Mathis, Latin America and Economic Integration, Regional Planning for Development, Iowa City, University of Iowa Press, 1970.

<sup>28</sup>W. Krause, G. D. Jud and H. Joseph, International Tourism and Latin American Development, Austin: Bureau of Business Research, University of Austin, 1973; M. E. Bond and J. R. Lalman, "Tourism - A Strategy for Development" Nebraska Journal of Economics and Business, Winter, 1972 p. 37-52.

which might lose by expansion of International Tourism in developing countries (particularly international airlines, tour operators and travel agents) are "perhaps less entrenched, (and) less vocal than in the case with agricultural producers and manufacturers"<sup>29</sup>. Finally, the restriction of tourism by currency, passport or visa controls is perhaps a more obvious limitation of individual freedom than that of availability of developing countries' exports.

The above theory to a large extent explains the acceptance of tourism as a tool of economic development and social improvement. At its third session at Santiago de Chile, the U. N. Conference on Trade and Development adopted a resolution on the promotion of tourism in developing countries which states that:

"receipts from international tourism may constitute an important item in the balance of payment of the developing countries and may also be a favourable effect by generating additional employment and income for the populations of these countries. Wide-spread access to tourism for all segments of the population may be a factor contributing to the basic objective of raising standards of living and promoting real awareness of internal obstacles to development"<sup>30</sup>

The potential of tourism as an instrument of economic development was given universal recognition on September 1970 when the Extraordinary General Assembly of the International Union of Official Travel Organizations (IUOTO) met in Mexico to adopt a new statute to create an inter-governmental tourism organization, the World Tourism Organization (W.T.O.) Its creation was in accordance with the United Nations General Assembly

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<sup>29</sup>Bryden, op. cit. 1973, p. 4.

<sup>30</sup>IUOTO - "U.N.C.T.A.D. and Tourism". World Travel, Vol. 107  
July - August, 1972, p. 2.

resolution 2529 (XXIV) on December 5, 1969<sup>31</sup>. In pursuing the aims of the World Tourism Organization, it is stressed that:

"the organization shall pay particular attention to the interests of developing countries in the field of tourism"<sup>32</sup>

Also, in formulating proposals for increasing the economic gains and economic development of the developing countries during the Second U. N. Development Decade (the 1970's) the United Nations has called for "promotion of conditions to attract foreign tourists" to developing countries.<sup>33</sup>

Studies within the last few years have established that as an industry, tourism has the capacity for the economic and social development which it has been universally accorded. It is, therefore, pertinent to examine briefly some of the specific areas in which tourism generates growth for development.

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<sup>31</sup>The basis of the resolution was: "Acknowledging the vital contribution that international tourism is making to economic, social, cultural and educational progress of mankind and in safeguarding world peace, Taking into account the important role that tourism can play in the national economy, particularly in that of the developing countries.

"Believe that a formula that would allow agreement to be reached more readily among governments for the establishment of an international tourism organization of an intergovernment character, particularly to assist the developing countries". (U. N. Establishment of an Intergovernmental Tourism Organization, 1823rd Plenary Meeting, Adopted Resolution, 2529 (XXIV) 5 Dec. 1969).

<sup>32</sup>U. N. Economic and Social Council (50th Session, agenda item 12(b)), Co-operation and Relations Between the U. N. and the World Tourism Organization, Note by the Secretary General, E/4955, Feb. 24, 1971. Annex, "Statutes of the World Tourism Organization (W.T.O.)" p. 1.

<sup>33</sup>U. N., Towards Accelerated Development: Proposals for the Second United Nations Development Decade, New York, 1970, p. 19.

### Role of Tourism in Developing Economies

Foreign Exchange Earning Capacity. According to Jafari, the obvious answer to ending the vicious circle and overcome the economic bottleneck which hinders the economic advancement of the developing countries is to export what they have in abundance. This will then provide them with part of their foreign exchange requirement<sup>34</sup>. In this respect, tourism offers more prospects as an answer to the above problems than other sources of foreign exchange, namely, export of primary products, semi-processed and manufactured goods, and also through loans or grants commonly referred to as "aid". In fact, not only has tourism more foreign exchange earning potential, but Waters for example, sees it as capable of improving these other sources of foreign earnings too<sup>35</sup>.

The annual growth rate of world tourism has been increasing by an average of about 10.2 percent for the last decade, which is faster than the rate for international trade in general. Moreover, the share of developing countries in tourism, in contrast to their decreasing rate of participation in world trade, is increasing. More important, this trend tends to remain favourable for tourism in developing countries<sup>36</sup>.

Tourism also provides a framework for both local and foreign investment in industry and other sectors of the economy. Also, in contrast with aid, tourism is a facesaving device. For unlike borrowing, there are no embarrassments, it does not require several negotiating commit-

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<sup>34</sup>Jafari, op. cit., 1973, p. 98.

<sup>35</sup>S. Waters, "The Role of Tourism in Improving the Climate for Aid, Trade and Investment in Developing Countries", New York: Child and Waters, Inc., 1970.

<sup>36</sup>Jafari, op. cit., 1973, p. 108.

ments or restrictions on how to use or invest the earnings and which country to import from.

Gestation Period. As seen earlier, lack and scarcity of capital investment is a common characteristic of developing countries. Advanced technology in the developed countries is embodied in the form of capital goods. Capital and technological investment are therefore inseparable prerequisites to development.<sup>37</sup> To enhance development, developing countries would therefore have to shift their economies from the present low capital intensity to much more capital intensive economies. This has to be done, among other things, by adopting methods that would best function within the limited capital framework, namely, limited savings, capital and foreign exchange. This means discouraging current consumption in order to save and accumulate capital for subsequent investment. The initial stages of economic development require investment with long gestation period. This is also the period when such capital intensive infrastructural investments without immediate returns such as railways, roads and telecommunications have to be made. But as Jafari puts it,

"a fast maturing industry can ease the shortage of capital by increasing availability of reinvestment funds. This kind of investment is desirable, it may even be crucial if the development plans are to succeed. Thus the developing countries may also devote part of their limited investment resources to those investments with short or average gestation periods, where emphasis is on the relatively immediate return of the investment"<sup>38</sup>

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<sup>37</sup>P. A. Samuelson, Economics: An Introductory Analysis, 7th Edition, McGraw Hill Book Co. 1967, p. 736-738.

<sup>38</sup>J. Jafari, op. cit., p. 110-111

In this respect tourism has a special appeal to developing countries. According to IUOTO "one of the main attractions of investment in tourism for most developing countries is the shortness of the gestation period before an investment yields returns"<sup>39</sup>. In other words, "the magic of tourism as a development tool - the thing that sets it apart from other export industries - is that it goes to work fast. It can produce much-needed foreign exchange earnings within a year or two after the launching of a strong advertising campaign"<sup>40</sup>. The development and expansion of tourism can therefore, "contribute rapidly to the development process"<sup>41</sup>.

Capital-Output Ratio. A very important consideration in any investment is the capital-output ratio. When compared with competing claims for investment, investment in the development of tourism "requires relatively little direct capital investment in relation to the cash flow generated"<sup>42</sup>. The Spanish Ministry of Tourism and Information has made an estimate on the return on foreign and domestic investment in their industry. In 1970 total investment of \$7 billion generated a gross return of \$1.7 billion or 34 percent. After taking into account the characteristics and components of the investment, an estimated 16 percent return "which appears

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<sup>39</sup>IUOTO, Economic Review of World Tourism, Geneva, 1966, p. 43.

<sup>40</sup>S. Waters, "Tourism: A New Path to Economic Improvement in the Developing Nations" An Address to the New York Travel Writers Association, April 10, 1967, New York: Child and Waters, Inc., 1967.

<sup>41</sup>D. H. Davis, "potential for Tourism in Developing Countries," op. cit., p. 39.

<sup>42</sup>M. Peters, International Tourism, The Economics and Development of International Tourist Trade. London: Hutchinson and Co. Ltd., 1969 p. 32.

reasonable" on the investment to the economy of Spain is assessed.<sup>43</sup>

There are also other degrees of estimation on capital-output ratios, ranging from 1.4 to 1.5. This, it is suggested, is "an unusually favourable ratio since capital-output ratios generally fall within the range of 2.0 to 4.0".<sup>44</sup> Measures taken to avoid investment in prestigious tourism infrastructure coupled with careful planning could lead to better capital-output ratio in developing countries.

### The Multiplier Effect

Another way of looking at the efficiency of investments is by examining its multiplier effects.<sup>45</sup> The injection of investment funds may stimulate a rise in the level of activity in sectors where there are capital and infrastructure bottlenecks. Resources that are underutilized or lying idle in developing countries such as unemployed and underemployed labour could be mobilized through investment in tourism. However, there has been a great deal of controversy and uncertainty in the measured size of the tourism multiplier effect.<sup>46</sup>

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<sup>43</sup>IUOTO, International Tourism Quarterly. London: The Economist Intelligence Unit, Ltd., 1971, No. 2, p. 21.

<sup>44</sup>Department of State, Agency for International Development, Panama Tourism Loan, Capital Assistance Paper, Proposal and Recommendations for the Review of the Development Loan Committee, AID/DIC/ p. 991, unclassified, p. 71.

<sup>45</sup>Samuelson defines multiplier as follows: "Modern income analysis shows that an increase in net investment will increase national income by a multiplied amount - by an amount greater than itself. This amplified effect of investment on income is called the 'multiplier' doctrine; the word multiplier itself is used for the numerical co-efficient showing how great an increase in income results from each increase in investment . . . . The multiplier is the number by which the change in investment must be multiplied in order to present us with the resulting change in income" (op. cit., p. 222-223).

<sup>46</sup>This controversy and uncertainty is discussed in Chapter VI.

### Investment Criteria

In deciding upon the distribution of investment capital, developing countries are concerned with the repercussions of the investment on the development effort as a whole, and, therefore, a straightforward application of the "rate of return" as the investment criteria is not the optimum policy. Rather, they are interested in the impact of projects on the balance of payment, employment, spread of general development, and the effect on other economic activities. In this respect it is generally held that "tourism can help produce a situation favourable to economic development in terms of generating net foreign exchange capital accumulation, employment creation, reinvestment flows, generation of linkage effects, etc. Therefore investment in tourism has to be considered with the wider ramifications of investment in mind."<sup>47</sup> It thus appears that tourism has a much wider and comprehensive scope for development which would satisfy the investment criteria of developing countries.

### Socio-Cultural and Environmental Considerations

Besides the economic focal points of tourism, there are several social, cultural and environmental benefits to be derived from tourism development in developing countries. For example, preservation of the environment and wildlife species through the development of games and parks as well as the preservation and conservation of the country's cultural heritage in the form of historical and religious buildings and the promotion of the arts and festivals.<sup>48</sup> Other benefits commonly identified are: a sense of pride in appreciating one's own culture as a result of seeing it being sought after by nationals of other countries;

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<sup>47</sup>Jafari, op. cit., p. 117-118.

<sup>48</sup>UNESCO; "Tourism and the Cultural Heritage of Mankind" IUOTO, World Travel, No. 77, December 1966 - January 1967, p. 30-35.

making the inhabitants less outward looking; demolition of "unrealistic" traditions; fostering international understanding and co-operation, as well as fostering domestic tourism with its associated social and economic benefits<sup>49</sup>.

Briefly then, these are some of the socio-economic considerations which indicate that tourism is a positive tool for economic development which has consequently led several developing countries, including Ghana to formulate plans to develop tourism. To move the discussion from the general to specific, it is pertinent to consider Ghana's general model of development which has necessitated its acceptance of tourism as an instrument for socio-economic development and growth.

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<sup>49</sup>D. J. Greenwood, "Tourism as an Agent of Change: A Spanish Basque Case", *Ethnology*, Vol. XI, No. 1. January 1972, p. 80-91.

### General Model of Ghana's Economic Development

This section seeks to analyze the general model of Ghana's economic development since independence in 1957 by:

1. examining the major components of the economy.
2. evaluating their contribution to the growth of the economy, and
3. by examining the present state of the economy.

It must be pointed out that in the past seven years it has become more difficult to analyze developments in Ghana's economy as a result of deterioration of statistical services. According to the International Monetary Fund (IMF), "the exact extent of the change in real incomes since 1968 cannot be precisely ascertained. Sectoral data on production are lacking in some areas, especially in manufacturing; and the lag in publishing indices and trade data has lengthened".<sup>50</sup> This situation could partly be attributed "to the process of revising many of the current data"<sup>51</sup>, and partly to the unstable political situation after 1966 which as will be obvious later in this section, has also adversely affected economic development in general. The analysis is thus undertaken with this statistical limitation in mind.

### Major Sectors of the Ghanaian Economy

The figures in Table 2.1 and 2.2 show that like most developing countries, close to half of Ghana's Gross Domestic Product is from the Agricultural Sector. The contribution of this sector to the economy has further been increasing while those of the Industrial and Service Sectors have been on a relative decrease. Specifically:

"Since 1966 the proportion of the G.D.P. at current prices contributed by the agricultural

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<sup>50</sup>International Monetary Fund (IMF), Survey of African Economies Washington, D.C., 1975, Vol. 6, p. 90.

<sup>51</sup>Ibid, p. 90.

TABLE 2.1 GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN,  
1966-1972 (IN MILLIONS OF CEDIS AT CURRENT PRICES)

	1966	1967	1968	1969	1970	1971	1972
Agriculture, Forestry & Fishing	673	620	727	931	1,075	1,121	1,364
Agriculture & Livestock	491	392	461	585	658	782	934
Cocoa	108	150	184	249	317	245	308
Forestry	61	62	63	70	74	71	89
Fishing	14	15	18	27	25	23	33
Industrial Production	282	311	350	371	397	440	473
Mining	41	43	42	40	37	41	60
Manufacturing	155	179	214	236	243	258	283
Electricity, Water & Gas	12	15	21	19	23	23	26
Construction	74	74	73	76	94	118	104
Transport, Storage & Communications	62	60	63	79	97	113	131
Distribution & Other Services	502	513	560	604	677	799	853
Wholesale & Retail Trade	182	171	192	227	263	304	323
Public administration & Defence	62	77	102	94	92	95	116
Others	257	265	266	283	322	400	414
GDP at Market Prices	1,518	1,504	1,700	1,985	2,246	2,474	2,821

Source: I.M.F. op. cit., Vol. 6, 1975, p. 93.

TABLE 2.2 GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY  
1968-1972 (PERCENTAGE DISTRIBUTIONS\*)

	1968	1969	1970	1971	1972
Gross Domestic Product at Current Prices	1700.2	1998.9	2258.6	2500.5	2827.0
Agriculture <sup>1</sup>	43	47	48	45	48
Industrial Activity <sup>2</sup>	16	15	14	14	13
Construction	4	4	4	5	4
Wholesale and Retail Trade	12	12	12	13	12
Transport and Communication	4	4	4	5	4
Other <sup>3</sup>	19	16	15	16	16

1. Agriculture, hunting, forestry and fishing.
2. Mining and quarrying, manufacturing, electricity, gas and water.
3. Financing, insurance, real estate and business services; community, social and personal services and public administration and defence.

\* The percentages do not add to 100% because import duties are in many cases not included in the reported industrial groups.

Source: U.N. Yearbook of Nat. Acc. Statistics. 1974, Vol. III, p. 61.

sector (including forestry and fishing), increased from 44.3 percent in 1966 to an estimated 48.4 percent in 1972. This increase was achieved at the expense of the industrial sector whose share dropped 18.6 percent to 16.8 percent, and of the service sector, whose share decreased from 33.1 percent to 30.2 percent in the same period".<sup>52</sup>

With regards to employment, the agricultural sector also engages over 70 percent of the total working or economically active population<sup>53</sup>.

The export sector of the economy is made up of a few primary agricultural and crude mineral exports (Table 2.3). Out of the total exports, cocoa beans and cocoa products account for about 65 percent, minerals for 13 percent, timber for 10 percent and aluminum for 9 percent.<sup>54</sup> Cocoa exports alone earn about 60 percent of foreign exchange and 25 percent of Government revenue.<sup>55</sup> (Table 2.3)

The structure of Ghana's economy, therefore, has the basic characteristics of a developing economy. It is heavily agricultural in terms of sectoral contribution to the Gross Domestic Product and employment. The manufacturing and service sectors are relatively small and their contribution to the G.D.P. has been decreasing over the years. The export sector is based on a few unprocessed agricultural and mineral products. But in terms of generating foreign exchange and local revenue, the economy is monocultural, depending heavily on one agricultural product, cocoa. The composition of exports has been traditional, having

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<sup>52</sup>Ibid, p. 92.

<sup>53</sup>Information Services Department, Ghana Official Handbook, 1973-1974, Accra: Ghana Publishing Corporation, 1975, p. 10.

<sup>54</sup>D. Rimmer, Africa South of the Sahara 1975, London: Europa Publications, 1975, p. 362.

<sup>55</sup>C. Legum, (Ed.), Africa Contemporary Records - Annual Survey and Documents, 1974/1975. New York 1975, PB654.

TABLE 2.3 COMMODITY COMPOSITION OF EXPORTS, 1968-JUNE 1973<sup>1</sup>  
(MILLION PREDEVALUATION CEDIS)

	1968	1969	1970	1971	1972	June 1973
Cocoa beans	185.6	158.3	300.4	195.1	204.4	165.7
Cocoa products	29.4	27.5	31.2	27.8	28.3	15.7 <sup>2</sup>
Other Exports						
Aluminum	26.7	43.9	31.9	29.7	40.7	18.1
Timber	28.6	39.1	37.0	28.8	45.7	37.8
Gold	25.9	25.9	26.1	32.7	36.5	23.2
Diamonds	17.4	13.9	14.5	11.8	13.7	3.2
Manganese	10.5	7.0	7.2	6.6	7.1	4.4
Veneers and plywood	0.5	0.7	1.2	2.1	2.2	3.1
Bauxite	1.5	1.4	1.3	2.3	1.9	1.0
Coffee beans and products	2.6	1.6	3.2	2.5	2.4	0.6
Miscellaneous	5.4	7.2	6.3	9.6	8.7	6.1
Re-exports	4.7	6.8	7.1	8.5	10.8	2.3
SUB-TOTAL (other exports)	123.8	147.5	135.8	134.6	169.7	99.8
TOTAL EXPORTS	338.8	333.3	467.4	357.5	402.4	281.2

1. Based on trade returns which include exports of aluminum from the Volta Aluminum Company, and re-exports. In some years also, exports of cocoa beans recorded in the trade returns differ from the actual shipment data recorded by the Cocoa Marketing Board, which are used in estimating the balance of payments.

2. Partly estimated.

Source: I.M.F. op. cit., 1975, Vol. 6, p. 182.

been the same for the past thirty years. The role of cocoa in exports by both volume and foreign exchange receipts has also been traditional for the nearly two decades that Ghana has been the world's leading producer of the crop.

Performance of the Economy Since Independence (1957) Ghana's Domestic Product, both per capita and gross, is still one of the highest in Sub-Saharan Africa (Table 2.4).

TABLE 2.4 A COMPARATIVE DEMOGRAPHIC AND G.D.P. STATISTICS OF GHANA  
AND OTHER SELECTED AFRICAN COUNTRIES

Country	Mid 1973 Population (000)	Mid 1973 Pop. Density Per Sq. K.M.	Average Pop. Increase 1970-1973 % Per Year	Life Expectancy At Birth (Years)	1972 G.D.P. \$ Million	1972 G.D.P. Per Head (\$)
Dahomey	2,219*	26	2.7	38.5	300	110
Gambia	493	44	n.a.	41.0	50	100
Ghana	9,355*	39	2.7	46.0	2,700	300
Ivory Coast	4,641*	14	2.5	40.9	1,840	410
Kenya	12,482	21	3.6	47.5	2,056	170
Nigeria	59,607*	65	2.7	38.5	9,350	160
Sierra Leone	2,861	40	n.a.	41.0	520	190
Upper Volta	5,737*	21	2.1	34.8	400	70
Zaire	23,563	10	2.8	41.0	1,920	85
Zambia	4,635	6.1	3.5	43.5	1,730	390

\*U. N. Estimate

Source: The Europa Year Book 1975: A World Survey, Vol. I, p. xviii.

However, the performance of the economy especially between 1960 - 1970 has been very poor. The average annual rate of growth has been below that for both Developing Economies and all of Africa excluding South Africa. (Table 2.5)

TABLE 2.5 AVERAGE ANNUAL (%) RATES OF GROWTH OF G.D.P. AT CONSTANT PRICES: A COMPARISON OF GHANA AND DIFFERENT ECONOMIES

Region and Country	1960-65	1965-70	1960-70	1970-73	1970-71
MARKET ECONOMIES					
Total G. D. P.	5.2	5.0	5.2	5.3	
Per Capita G.D.P.	2.9	2.7	2.9	3.2	
DEVELOPED MARKET ECONOMIES <sup>1</sup>					
Total G.D.P.	5.3	4.8	5.2	5.1	
Per Capita G.D.P.	3.8	3.9	4.0	4.1	
DEVELOPING MARKET ECONOMIES <sup>2</sup>					
Total G.D.P.	4.9	5.9	5.3	6.0	
Per Capita G.D.P.	2.3	3.3	2.7	3.2	
AFRICA (EXCLUDING S. AFRICA)					
Total G.D.P.	4.6	5.5	5.0	5.1	
Per Capita G.D.P.	2.0	2.9	2.4	2.2	
GHANA					
Total G.D.P.	3.2	2.6	2.3		7.8
Per Capita G.D.P.	0.6	0.0	-0.2		5.1

1. Countries in Europe and North America, together with Australia, Israel, Japan, New Zealand and South Africa.
2. Countries in Africa (except South Africa), Caribbean and Latin America, East and South East Asia (except Japan), the Middle East (except Israel) and Fiji.

Source: U. N. Yearbook of National Accounts Statistics, 1974, Vol. III, p. 99 and 111.

The rate of growth of aggregate real output of the economy slowed down after Independence in 1957, then fell to less than 1 percent in 1965. (Table 2.6)

TABLE 2.6: GHANA GROSS NATIONAL PRODUCT, 1957-66

	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
G.N.P. Million G£										
Current Prices	368	389	443	473	504	542	595	673	795	890
Constant (1960) Prices	392	388	443	473	488	514	528	543	547	555
Rate of Increase	-1	+14	+7	+3.2	+5.3	+2.7	+2.8	+7	+1.5	

Source: P. Foster and A. R. Zolberg, Ghana and the Ivory Coast, op.cit., 1971, p. 192.

If Ghana's Central Bureau of Statistics' estimation of annual population growth rate of 2.5 percent is accepted, then per capital G.N.P. in 1965 and 1966 was about the same as it had been in 1960. But if as Caldwell claimed, the population was increasing by as much as 3.5 percent annually<sup>56</sup>, then of course, per capita growth was even less.

The above figures only give a mild indication of Ghana's economic performance. To get a sharper picture, it is not only necessary but important to consider the tremendous capital that was injected into the economy during this period. Between 1960 and 1965, investment as a proportion of G.N.P. was very high by the standards of a developing country, reaching 22 percent of G.D.P. in 1965. Berg gives some idea of orders of magnitude involved:

"between 1960 and 1965, it can be inferred that in the neighbourhood of G£700 million were invested in fixed capital formation . . . . plus an estimated G£100 million

<sup>56</sup>J. C. Caldwell, "Population Change", in W. Birmingham, S. Neustadt, and E. N. Omaboe, (Ed.), A Study of Contemporary Ghana. Vol. II, Some Aspects of Social Structure, Evanston: Northwestern University Press, 1967, p. 109.

in supplier credit financed capital investment installed during the period, but not paid for (and hence not included in the budget or in the national accounts). Output in real terms at constant 1960 prices increased by G£70 million between 1960 and 1965. The capital-output ratio implicit in these figures is extraordinarily high" <sup>57</sup>

The economic policy pursued by Ghana after independence, to a large extent, explains this enormous capital expenditure. At least, after 1960 priority was given to import-substituting industrialization, capital-intensive state-managed agricultural development, reduction of external dependence, and Ghanaianization of the economy. Such a policy, referred to as Structural Transformation<sup>58</sup>, required very heavy capital investment. Ghana's external assets at independence totalled over G£160 million, or about \$450 million. These were largely gone by 1963, and virtually at zero by 1965. In addition, and of much consequence, heavy borrowing, mainly of relatively short-term supplier credit type, left the country with foreign obligations of G£190 million in external debts by 1965. In nine years (1957-1966) the government, therefore, spent almost \$900 million in foreign exchange.<sup>59</sup>

The result of all this "investment" however, was the meagre increase in total output shown in Table 2.6. And as could be seen from Table 2.5, there was no growth in the period 1965-70. That for 1960-1970 was a negative rate of -0.2. If this is pegged to a population growth rate of 2.6, the negative impact is more than apparent.

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<sup>57</sup>E. J. Berg, "Structural Transformation Versus Gradualism: Recent Economic Development in Ghana and the Ivory Coast", in P. Foster and R. Zolberg, (Eds.), Ghana and the Ivory Coast, Perspectives on Modernization; Chicago: University Press, 1971, p. 193.

<sup>58</sup>Ibid, p. 187.

<sup>59</sup>Ibid, p. 188

Again, the figures by themselves do not tell much about the general socio-economic consequence and dislocations. Much has been written on the subject<sup>60</sup> and so only brief remarks will be made here.

Debt service requirements in 1966 and 1967 amounted to 25 percent of foreign exchange earnings - an unsupportable proposition. It has been observed that "it was evident that Ghana would have defaulted on her external payments"<sup>61</sup>. This prospect directly led to the military takeover of government in 1966 and the rescheduling of debt payments. But even after 1966, the economy did not experience real growth. The military government of the National Liberation Council considered itself only a caretaker government with no economic policy but to "straighten" things out for a civilian rule in 1969. In fact, much of the investment of the preceding socialist government was abandoned for ideological reasons. As a result of such abandonment, new capital plant never yielded any returns.

Several arguments have been put forward to explain Ghana's decade of what could be called economic catastrophe, especially, since at independence the country had both natural and capital resources to achieve a much greater growth rate. Berg, for example, attributes it

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<sup>60</sup>For general economic analysis of the period, see T. Killick, E. N. Ombaoe, and Szereszewski, The Economy of Ghana, London: Allen and Unwin, 1966; Economic Survey of Ghana 1967, Accra: State Publishing Corporation, 1968; J.D. Essek, "Political Independence and Economic Decolonization: The case under Kwame Nkrumah" Western Political Quarterly, March 1971; D. Rimmer "The Crisis in the Ghana Economy", Journal of Modern African Studies, Vol. 4, No. 1, p. 17-32; B. Fitch and Oppenheimer, Ghana: End of an Illusion, New York: Monthly Review Press, 1966.

<sup>61</sup>Ghana Economic Survey, op. cit., 1966, p. 26.

to the policy of structural transformation (instead of gradualism) adopted to stimulate the economy<sup>62</sup>. Eshag and Richards, on the other hand, argue that the economy was made vulnerable through its dependence on cocoa as the major export and the overwhelming source of government revenue.<sup>63</sup> According to them, fall in cocoa prices after 1958 explains the poor economic performance. Their argument is that Ghana's strategy of structural transformation between 1960 and 1966 was essentially correct, although it is recognized that its execution was bad and certain "errors" were made. Green also acknowledges the errors in executing the policy, but apparently does not consider them fundamental to the economic failure, just like Eshag and Richards. According to him:

"Ghana's deteriorating performance, and to a significant extent the 'unsoundness' of her 1961-1965 international and financial policy stemmed directly from world market conditions for her exports. . . . These would not have been fatal if either the export proceeds had remained buoyant or implementation had not been woefully inept in critical areas"<sup>64</sup>

In the opinion of the present author, multiple, rather than a single factor were responsible for the negative growth of the economy. Consequently, all the above arguments are valid. For example, it is obvious that Ghana did not have the administrative machinery and expertise necessary to implement a strategy of structural transformation

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<sup>62</sup>E. J. Berg, op. cit., p. 187-215

<sup>63</sup>E. Eshag and J. Richards, "A Comparison of Economic Development in Ghana and the Ivory Coast since 1960", Bulletin of the Oxford University Institute of Statistics, Vol. 29, No. 4, 1967, p. 353-357.

<sup>64</sup>R. H. Green, "Reflections on Economic Strategy, Structure, Implementation, and Necessity: Ghana and the Ivory Coast - 1957-1967," in P. Foster and A. R. Zolberg, op. cit., 1967, p. 233.

soon after independence. At the root of the problem, however, was the adverse export situation compounded by trade restrictions of Ghana's trading partners such as the E.E.C. which imported close to a third of the country's total exports. For example, Green observes again that as a result of the Ivory Coast's association with the E.E.C. (as a Francophone West African country) and a previous Franc Zone Membership, its exports gained preference and price stabilization. This led to a phenomenal 210 percent growth rate between 1957 and 1967 while Ghana's exports rose by only 35 percent in the same period<sup>65</sup>.

The period between 1966 and 1972 was politically unstable. It saw four changes in governments: from a civilian rule in 1966 to military, back to a civilian government in 1969, which was overthrown by the present military government in 1972. Apparently then, there was little political stability to foster economic growth in this period (Table 2.5). Up to 1970, the governments were more concerned with payment and re-scheduling of debts, consolidating the economy, and reducing imports. These measures however, further stagnated economic growth, created inflation, shortage of consumer goods, unemployment, all of which in turn, led to social and political unrest which account for the frequent changes in governments.

Present State of the Economy. Although, as pointed out earlier, there are no reliable statistics available since 1968, it is generally held that Ghana's economy has achieved a recovery since 1970 (Table 2.5).

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<sup>65</sup>Ibid, p. 232-237.

Also, see V. L. Galbraith, "When Trade Does Act as an Engine of Growth: The Case of the Ivory Coast" in S. Schatz (Ed.) South of the Sahara; Development in African Economics, Philadelphia: Temple University Press, 1972, p. 300-316.

However a new problem generally referred to as "imported inflation" has appeared on the scene since late 1973, as a result of the oil price increase and consequent world-wide recession.<sup>66</sup>

This problem has firstly, increased Ghana's import bill for oil, capital and consumer goods, all of which have experienced price hikes. Secondly, the value of the few traditional exports has undergone sharp decrease as a result of suppressed demand for them by Ghana's trading partners in order to cope with their economic crisis. For example, in 1974 the country had to pay \$140 million for crude oil imports compared with \$33 million for a slightly smaller quantity in 1973. All other imports rose in value, the extent of which is shown in Table 2.7 against 1973 and 1974 figures.

TABLE 2.7 GHANA: VALUE OF IMPORTS, 1971-74

YEAR	Total Value in \$ Million	Increase or Decrease in Value of Previous Year	% Increase or Decrease Over Previous Year
1971	443.1		
1972	393.3	- 49.8	- 11.2
1973	526.0	132.7	33.7
1974	943.7	417.7	79.4

Source: Ghana Commercial Bank, Annual Report for the Year Ended 30th June, 1975, p. 19

From a level of \$526 million in 1973, the value of imports rose sharply by \$417.7 million or 79.4 percent to \$943.7 million at the end of 1974. This record increase contrasts the \$132.7 or 33.7 percent increase in 1973 and the \$49.8 million or 11.2 percent decrease in 1972.

<sup>66</sup>Ghana Commercial Bank, Annual Report for the Year Ended 30th June, 1975, (Accra: Ghana Commercial Bank.) p. 19.

All the major export commodities, namely cocoa, timber and gold, have experienced decrease in value. For example, from a monthly average peak of \$1,202.6 per ton in May 1974, the spot price of cocoa on the London Market dropped to a monthly average of \$580.5 in June 1975 - the lowest since May 1973. This is a decrease of \$622.1 in value or 51.7 percent over a short period.<sup>67</sup> The second largest export item, timber, also declined by 51 percent in volume and 52 percent in value in 1974 over 1973.

The result of the steep increase in import bills and sharp decrease in both export volume and value has been the erosion of capital reserves built over 1971 and 1972, and the reduction of foreign exchange earnings. Together, they have led to a foreign exchange deficit. Provisional estimates of the balance of payment situation indicate a deficit of \$220 million on current account at the end of 1974. Reserves have fallen by about 89 percent from their level at the end of 1973.<sup>68</sup>

The situation described so far has serious social and economic repercussions. By the end of the period January - June, 1975, the national average consumer price index was 23 percent over the same period in 1974. To put a brake on current account deficit, severe import restrictions have been imposed which have adversely affected agriculture, industry and service sectors of the economy "because 65 to 70 percent of imports consists of capital goods and raw materials for local production".<sup>69</sup>

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<sup>67</sup>Ibid, p. 21.

<sup>68</sup>Ibid, p. 19.

<sup>69</sup>Ibid, p. 24.

The single major conclusion that can be arrived at after reviewing the performance of the economy and its present state is that, Ghana's economy after nineteen years of independence still depends on the same few traditional primary exports. This continues to place the economy in a very precarious and vulnerable situation whereby its growth is still dictated to a large extent by conditions on the world market and in its trading partners. Another conclusion is that Ghana's model of economic development is similar to the current concept that underlies the acceptance of tourism by developing countries. In view of the poor performance of the economy and its present state, particularly developments since the post 1973 economic crisis, Ghana certainly needs to diversify into other productive sectors with foreign exchange and internal revenue earning capacity. From the discussion on the economic significance of tourism, it is apparent that tourism has such a capacity. The country's economic situation, and the prospects offered by tourism underlines current attempts to develop tourism on a large scale. The last section of this chapter, therefore, examines the level of tourism in the country subsequent to present attempts to expand it.

#### Dimensions of Tourism in Ghana: 1966 - 1974

This section will analyze the flow of tourism into Ghana for the period 1966 to 1974 for which data are available. As a background to this, attention is focused on the history and development of tourism in the country.

#### History and Development of Tourism in Ghana

There is no document on the history of tourism before independence in 1957. According to Kudiabor, "historically, the development of

tourism in Ghana has been linked up with the hotel industry in which the government has been a major participant since the beginning of the Second World War".<sup>70</sup> Tourist Arrival Statistics only go back to 1966, and there was no official body responsible for tourism before independence. But even after independence there was hardly any conscious effort to plan and develop a tourist industry.

The first legislation relating to tourism was in 1959 establishing the Ghana Tourist Board,<sup>71</sup> which was replaced by the State Tourist Corporation in 1964.<sup>72</sup> Between 1964 and 1968, the Corporation shifted from being a separate legal entity, a combined State Hotels and Tourist Corporation, to that of being a private limited liability company.

Towards the close of 1968, the National Tourist Corporation was established.<sup>73</sup> It was:

"to determine policy relating to development and promotion of tourism, and to serve as the central co-ordinating and advisory board in all matters relating to tourism"<sup>74</sup>

Only two years later, the Ghana Tourist Control Board was created to replace the Corporation.<sup>75</sup>

All the above organizations were short-lived, existing in name only since they were ineffective. They lacked both resources for

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<sup>70</sup>C. Kudiabor, "Tourism Development in Ghana" A Paper Presented to the 1970 Dag Hammarskjold/U.N.E.C. A Seminar on the Development of Tourism in Africa, Uppsala: The Dag Hammarskjold Foundation, 1970, p. 1.

<sup>71</sup>Under Executive Instrument No. 121, 1959.

<sup>72</sup>Through Legislative Instrument No. 466, 1964.

<sup>73</sup>Through Decree N.L.C.D. 310 of 1968.

<sup>74</sup>C. Kudiabor, op. cit., p. 1.

<sup>75</sup>Through Act 349 of 1970.

commercial development of tourism and the legislative backing to discharge non-commercial regulatory and advisory roles. Two main factors account for the above situation. First, the political atmosphere was very unstable: it produced four different governments in six years. Each new government tried to undo what its predecessor had done, hence the frequent changes of the National Tourist organizations. Secondly, as was the case with several developing countries immediately after national independence and even now, emphasis was placed solely on agriculture and manufacturing as means of economic and social development, with tourism being neglected.

Since the present (military) government came to power in 1972, however, tourism development has taken a more concrete and positive turn. There has been a wide range of administrative and physical developments which indicate recognition and acceptance of tourism as a potential instrument of economic development. The first measures taken were to enable the Ghana Tourist Corporation to more effectively exercise its role as the main institution entrusted with the development and promotion of tourism.<sup>76</sup> Subsequent developments are listed below in chronological order for a clear presentation of the new trend in tourism development.

- i The first attempt to assess the country's tourism potential led to the appointment of a six member committee (hereafter referred to as the Obuam Committee) in May 1972. It was to undertake a comprehensive country wide study and evaluation

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<sup>76</sup> National Redemption Council (N.R.C.) Decree 86 amended Act 349 to establish the Ghana Tourist Corporation; and Legislative Instrument 762 laid down the Charter Flights and Tour Regulations, both in 1972.

tour of all tourism resources. The terms of reference of this study (Appendix I) gives some indication of its goal structure.

- ii The allocation of \$20 million for the implementation of a 5-year Development Plan (1972-1976) which grew out of the Obuam Committee's study and report.
- iii An appraisal of the structure of the Ghana Tourist Corporation culminated in its replacement by the present Ghana Tourist Control Board and the simultaneous creation of the Tourist Development Company in November 1973.<sup>77</sup> The composition of the Corporation was regarded as being too amorphous to undertake a combination of investment, promotion and control responsibilities. Appendix II shows the responsibilities of the two bodies and the justification for creating them.
- iv Publication of a Policy Paper which for the first time spelt out government intentions and attitude towards tourism promotion and development. The Paper was also "to focus investors' interests on possibilities available in Ghana"<sup>78</sup> which was given legislative meaning in the Capital Investment Decree (N.R.C.D. 141, 1973). The Decree (Appendix III) identifies investment areas for foreign participation and various associated concessions and incentives.
- v A number of government-initiated studies on various aspects of the tourist industry. Among these studies, that by Hoff

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<sup>77</sup>Through N.R.C. Decree 224 of 1973.

<sup>78</sup>Ghana Tourist Corporation, Annual Report for the Year Ended 30th June 1973, Accra: Clear Type Press, 1974, p. 10.

and Overgaard is by far the most comprehensive.<sup>79</sup> The terms of reference of this study (Appendix IV) gives the reader an insight of its relative comprehensive coverage vis-à-vis the Obuam Committee's Study.

vi In the field of physical development and attracting foreign participation, the founding in 1974 of a project which is considered to usher in beach resort development in Ghana. This is the 800-bed resort hotel at Ada (Figure 3.5), a joint project by the Tourism Development Company and Plannungs und Baugesellschaft für International Touristik of West Germany.

From this discussion it is obvious that there is very little in the history and actual development of tourism in Ghana. However, 1972 could be considered as a turning point to a more concrete attempt to develop tourism. In order to understand current efforts to expand tourism in the country, it is necessary to briefly analyze its extent prior to large scale developments.

#### The Dimensions of Tourism in Ghana

The Research and Planning Department of the Ghana Tourist Control Board has been publishing tourist statistics since 1972, although in some cases such as arrivals they date back to 1966. Since the statistical procedures are still undergoing improvement data presented here are

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<sup>79</sup>Hoff and Overgaard, op.cit.

The other studies are: United Nations International Development Program (UNDP), Tourism in Ghana, July 1973. W. H. Stewart, Developing the Tourist Industry in Ghana, Accra: United States Agency for International Development (USAID), November 1973; R. N. Ghosh and R. A. Kotey, Tourism and Foreign Exchange Earnings in Ghana, Accra: Institute of Statistical, Social and Economic Research (ISSER), University of Ghana, December 1973; George Ayittey, The Tourist Multiplier Expenditure in Ghana, Accra: University of Ghana, 1975.

interpreted with the usual caution that applies in the case of many developing countries.

The aim of this section is to describe the profile of tourists arriving in Ghana and also give some indication of their impact on the economy. This exercise serves two purposes. First, it indicates the dimensions of tourism that is undergoing expansion and, secondly, considers whether it is capable of expansion and thereby having increased impact on the economy. The analysis is undertaken by means of some of the traditional methods of evaluating levels of a country's tourism<sup>80</sup>, which are:

- a) The number of Tourist Arrivals
- b) Foreign Exchange Earnings
- c) Average Length of Stay by tourists, and
- d) Purpose of Visit.

Tourist Arrivals. This has fluctuated considerably since 1966<sup>81</sup>.

(Table 2.8) Initial decline was followed by a climb to the highest recorded figure in 1968. The following two years experienced drastic decline to an average of half the 1968 figure, then another climb in 1971, followed by a decline over 1972 and 1973 to 1974's figure which is the lowest ever recorded since 1966. It is explained that "the fall is not only peculiar to Ghana but to a world wide experience which is being attributed mostly to the inflation sweeping the world over.

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<sup>80</sup>See for example, G. Young, op. cit., 1973, p. 48.

<sup>81</sup>The Ghana Tourist Control Board uses 1966 as the base year for arrival statistics. Kudiabor (op. cit.,), however gives arrivals for 1962-67. His figures for these years are much lower than those in Table 2.8. For consistency, 1966 has been chosen as the base year for arrival statistics in this discussion.

This is especially so for countries which are heavily dependent on long distance tourist markets"<sup>82</sup>, an explanation that seems to have some support from IUOTO observation.<sup>83</sup>

TABLE 2.8 TOURIST ARRIVALS: 1966-1974

YEAR	NUMBER OF ARRIVALS
1966	50,269
1967	54,481
1968	66,131
1969	31,088
1970	35,486
1971	65,199
1972	62,381
1973	53,039
1974	30,151

Source: Ghana Tourist Control Board, Quarterly Statistics on Tourism, Vol. II, 1975, p. 36.

The single most important explanation for the fluctuations in arrivals is, again, the political situation of the country which might have discouraged prospective tourists. The year 1966 marked a major military take-over of a civilian government (that led the country to independence in 1957); then a return to a democratic rule in 1969, followed by another military take-over in 1972. There is a definite drop in arrivals after each of the years of military intervention. The low figure for 1969 may be the result of the August 1969 elections prior to which there was all-year political activities intensifying over the months of June - August which are the usual peak arrival periods. The inclusion of Ghanaians living abroad coming on holidays into 1972

<sup>82</sup>Ghana Tourist Control Board, Quarterly Statistics on Tourism, Vol. II, June 1975, p. 36.

<sup>83</sup>IUOTO, World Travel, Vol. 124, April - May, 1975, p. 33.

statistics may account for the large figure for this particular year of military take-over.<sup>84</sup>

The arrival figures themselves are very low compared with North and East African countries. (Table 2.9)

TABLE 2.9 COMPARISON OF ARRIVALS IN GHANA WITH SELECTED AFRICAN COUNTRIES: 1969-1973 (in 000's)

Country	1969	1970	1971	1972	1973
Ghana	31.1	35.5	65.2	62.4	53.0
Egypt	345.3	357.7	428.1	540.9	534.8
Morocco	606.6	747.0	823.3	1,061.9	1,340.6
Tunisia	--	410.7	608.2	780.4	721.9
Kenya	293.3	343.5	411.1	444.2	397.7
Tanzania	55.9 <sup>a</sup>	72.2 <sup>a</sup>	474.4	489.6	--
Gambia <sup>i</sup>	2.9	5.3	9.9	15.1	20.6
Ivory Coast	--	44.8	48.7	52.5	71.0

Sources: U. N. Statistical Yearbook, 1974, p. 517-519

i. IUOTO Travel Statistics; Special Statistics for Gambia, 1973, cited from Hoff and Overgaard, op. cit. Part I, p.92.

a. Excluding arrivals from Kenya and Uganda.

The North African countries (Morocco, Tunisia and Egypt) have a much longer history of tourism development and are also closer to the tourist generating countries of Europe. The East African countries (Kenya and Tanzania)<sup>85</sup> have also been developing their resources over the years much longer than any part of Africa South of the Sahara. Consequently, as pointed out in Chapter III, they have some of the

<sup>84</sup>The percentage of Ghanaian nationals resident abroad on holidays was 20%; the largest percentage for any single group of nationality.

<sup>85</sup>The third East African Country, Uganda, closed its borders to tourists in 1972. There were 80.4 and 88.6 (000) arrivals in 1970 and 1971. (U.N. Statistical Yearbook, op. cit.)

finest resources on the continent, especially game and wildlife. For these reasons, countries in these two regions have a much higher arrival figures.

Compared with those of other West African countries, however, Ghana's figures are on the same scale due to the single fact that the whole region is only now beginning to be opened up for tourism development.

Foreign Exchange Earnings. (Table 2.10)

This is one index of the impact of tourism on the economy. The earnings are taken from Local Expenditure Receipts and International Fare Receipts. The former are compiled from records of travellers'

TABLE 2.10 TOURIST REVENUE BY COMPONENT RECEIPTS IN  
MILLION U. S. \$: 1969-74

Year	Local Expenditure	International Fare Receipts	Total Revenue
1969	1.03	3.85	4.88
1970	.40	4.12	4.52
1971	.92	4.19	5.10
1972	1.87	5.69	7.56
1973	1.51	6.64	8.15
1974	1.61	7.78	9.39
Total	7.34	32.27	39.60

Source: Quarterly Statistics on Tourism, op. cit., Vol. II, 1975, p. 38.

cheques, credit cards and other foreign currency transactions made by tourists in Ghanaian banks and submitted to the Bank of Ghana. There is a considerable leakage of foreign exchange through black market

activities within Ghana. This has been estimated at 23.5 percent<sup>86</sup> which is close to the 22 percent in Kenya<sup>87</sup>. International Fare Receipts on the other hand are taken from records of the Ghana Airways Corporation.

As in the case of Tourist Arrivals, the figures in Table 2.11 show that compared with North and East African countries Ghana's revenues are small but comparable to other West African countries.

TABLE 2.11 COMPARISON OF TOURIST RECEIPTS FOR GHANA AND SELECTED AFRICAN COUNTRIES<sup>88</sup> (in million U.S. \$)

Country	1970	1971	1972	1973
Ghana <sup>a</sup>	4.5	5.1	7.6	8.2
Egypt	71.0	86.0	90.0	—
Morocco	135.0	150.0	192.0	245.0
Tunisia	65.0	108.0	148.0	186.0
Kenya	52.0	67.0	74.0	64.0
Tanzania	13.0	14.0	17.0	15.0
Ivory Coast	7.0	9.0	8.0	—
Nigeria	6.0	8.0	10.0	12.0

Sources: U. N. Statistical Yearbook, op. cit. 1974, p. 517-519.

a. Quarterly Statistics on Tourism, op. cit. 1975, p. 38.

The average yearly growth rate for Local Expenditure and International Fare Receipts are 31.9 percent and 15.7 percent respectively.<sup>89</sup>

<sup>86</sup>G. Ayittey, op. cit., 1975, p. 12.

<sup>87</sup>F. Mitchell, "Economic Impact of Tourism", The 1970 Dag Hammarskjold/UNECA Seminar on Tourism Development in Africa; op. cit., p. 12.

<sup>88</sup>Since figures for Gambia were unavailable, Nigeria is introduced into the Table instead of the Gambian.

<sup>89</sup>Quarterly Statistics on Tourism, op. cit., Vol. II, 1975, p. 38.

Cumulatively speaking, therefore, these low figures are significant over a long term such as for the six year period (totals) in Table 2.10.

Tourist receipts have been increasing at a consistently high rate of 15.3 percent even though arrivals have been decreasing and are actually at a 1.52 percent annual growth rate for 1966-1970.<sup>90</sup>

This consistent growth rate of tourist revenue is one of the most important considerations underlining the belief that tourism has the potential to earn revenue for the country's economic development.

#### Average Length of Stay

The average length of stay also gives an indication of the dimensions of a country's tourism. For example, the average length of stay multiplied by the total number of tourists and their average daily expenditure per head gives the total local expenditure revenue. Consequently, the number of tourist arrivals might remain almost the same (or even decrease as is the situation in Ghana) and local expenditure might also remain the same over a period of time but revenue might increase or decrease depending on whether the average length of stay has risen or fallen.

The average length of stay in Ghana increased from 3 days in 1971 to 5 days in 1972.<sup>91</sup> There are no data for the period after this date. This increase is thought to be possibly due to the inclusion of Ghanaians living abroad coming on holidays into the 1972 statistics. This possibility is accorded some validity by the observation that:

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<sup>90</sup>Ibid, p. 36 and 38.

<sup>91</sup>Hoff and Overgaard, o . cit. Part I, p. 59.

"at the current level of tourism in Ghana, we do not consider the sharp increase to apply to the international traveller, . . . and estimate the average number of hotel nights at 4.0 - this being the average length of stay in accommodation facilities of international standard" <sup>92</sup>

Considering the fact that total number of tourist arrivals has been decreasing (Table 2.8) while expenditure has been increasing (Table 2.10) it could be inferred that the average length of stay might have increased since 1972.

Compared with the average length of stay in selected African countries (Table 2.12), Ghana and the Ivory Coast have about the same average, which may be due to the low, almost non-existent charter traffic. However, the rest of the countries in the Table which all have well-developed two to three weeks charter flight package tours, have higher average length of stay.

TABLE 2.12 COMPARISON OF THE AVERAGE LENGTH OF STAY IN GHANA AND SELECTED AFRICAN COUNTRIES <sup>93</sup>

Country	1971	1972	1973
Ghana <sup>a</sup>	3	4	-
Morocco <sup>b</sup>	-	12	12
Tunisia <sup>b</sup>	-	8.7	8.1
Kenya	9.3	11.1	-
Gambia	15.0	14.0	12.5
Ivory Coast	4.3 <sup>n</sup>	5.1 <sup>n</sup>	-

Sources: IUOTO, Travel Statistics, Special Statistics for Gambia, 1973 cited from Hoff and Overgaard, op. cit., Part I, p. 92.

a. Hoff and Overgaard, op. cit., Part I, p. 59.

b. IUOTO, International Travel Statistics, Vol. 27, 1973

Note: <sup>n</sup> - nights, (other figures are for days.)

<sup>92</sup>Ibid, p. 59.

<sup>93</sup>Unavailability of data for Egypt and Tanzania accounts for their exclusion from Table 2.12.

Gambia is mainly a one-country destination package from Scandinavia<sup>94</sup> while most charter tourists to, for example, Kenya often end up in Tanzania and (until 1972) Uganda which together form the East African Community with several common infrastructural services which arise from the same British colonial rule. Furthermore, unlike Gambia, the other countries have a mix of charter traffic (14-21 days stay) and tourists staying for a few days because they are either on a business visit or are touring a number of countries in the region. These reasons might account for the lower average length of stay in these countries compared with the Gambia.

#### Purpose of Visit

Tourists<sup>95</sup> are usually divided into three classes corresponding to their purpose of visit, namely, on holidays, on business or as students. The percentage composition of these three groups gives some indication of the kind of tourism - vacation or otherwise that is going

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<sup>94</sup> 93 percent of tourists to the Gambia in 1972/73 were Scandinavians, almost all package charter tourists (Hoff and Overgaard, op. cit., Part I, p. 95.)

<sup>95</sup> The 1963 U. N. Conference on International Travel and Tourism in Rome defined "Tourists" as temporary visitors staying at least 24 hours (overnight) in the country visited and the purpose of whose journey can be classified under one of the following:

- i Leisure (recreation, holiday, study, religion and health)
- ii Business, family, mission, meeting.

The definition distinguishes "excursionists" as temporary visitors also, but staying less than twenty-four hours (no overnight stay) in the country visited (including travellers on cruises).

Both tourists and excursionists are "visitors" defined for statistical purposes as "any person visiting a country other than in which he has his usual place of residence, for any reason other than following an occupation remunerated from within the country visited" (IUOTO International Travel Statistics, op. cit., Vol. 24, 1970, p. 2-5).

on at a particular time in a country. Tourists in each group require different facilities although there is some overlap. Their length of stay are different as are their expenditure pattern. For example, business tourists may spend heavily but stay for a short period, while students may stay for a longer time with only small average daily expenditure. And while it is not really possible to reach student tourists because a market does not exist in the sense of the word, it is possible to develop a market strategy to tap the vacation market and, to a lesser extent, the business market, especially that of conventions.

The percentage of holiday tourists in Ghana averages 83 for the three-year period of 1972 - 1974 (Table 2.13).

TABLE 2.13 PURPOSE OF VISIT, 1972-1974

Purpose	1972		1973		1974	
	Number,	% of Total	Number,	% of Total	Number,	% of Total
Holiday	45,430	73.0	47,081	88.8	26,748	88.7
Business	5,621	9.0	3,094	5.8	1,778	5.9
Students	11,330	18.0	2,864	5.4	1,625	5.4
Total	62,381	100.0	53,039	100.0	30,151	100.0

Source: Quarterly Statistics on Tourism, op. cit., Vol. 7, 1974, p.24; Vol. 11, 1975, p. 23.

The large number of tourists in this category may, however, be partly due to the fact that such an answer by student and business tourists facilitates an easier way through Ghana's agonizing custom procedures. A greater percentage of arrivals are still made up of tourists on holidays. However, there is nothing like the modern pleasure tourism found in the Caribbean, North Africa or in the Gambia. This point is lent support with the statement that:

"in accordance with our observation on the spot, very few normal holiday tourists were found, viz, what we would call pleasure tourists. Some group tourists were found; they arrived by Group Inclusive Tours (GIT) on scheduled flights . . . . The pure charter on non-scheduled flights is just about non-existent" <sup>96</sup>

### Summary

This chapter reviewed the factors underlining the continuing acceptance of tourism by developing countries. Initially, the problems of economic development in these countries were examined. The examination established the significance of capital injection in order to break the circular problem that hinders development. However, since various traditional means of capital accumulation at the disposal of developing countries have not produced the desired results, these countries have turned in search of alternative means. The attraction for tourism was then examined in this light and it became apparent that tourism offers growth potential for several sectors of internal development. Tourism has the potential for overall growth rather than as a source of foreign exchange alone.

The examination was shifted from the general to the specific situation of Ghana. It was established that Ghana's acceptance of tourism as a development tool is part of the trend in the developing countries. This acceptance stems from the poor performance of the economy based on a few primary products which form the bulk of the country's export and source of foreign exchange.

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<sup>96</sup>Hoff and Overgaard, op. cit., Part I, p. 56.

The level of tourism in the country up to the period of current expansion indicated that tourism is at a low level in terms of arrivals, expenditure and average length of stay. It also indicated that compared with North and East African countries the capacity in Ghana could be expanded. For example, there are hardly any non-scheduled charter traffic coming into the country. But with the advent of this kind of tourism, the length of stay could be increased from the present 4 days to about two to three weeks as in other non-scheduled charter destinations. Charter tourism could also increase the total number of arrivals, which together with the increased length of stay would raise foreign exchange earnings as a result of greater expenditure on international air fares and local purchases.

Opening up Ghana as a charter destination in a competitive industry, however, depends on some basic requirements, namely, availability of good tourist resources, infrastructure such as hotels, and realizing the overseas market. The three considerations will, therefore, be the subject of the forthcoming chapters.

## CHAPTER III

AN APPRAISAL OF GHANA'S TOURIST RESOURCES <sup>1</sup>

In the broadest sense, tourism is the activity of travelling by tourists and excursionists which includes the functions of serving them in a variety of ways as well as the various spin-offs that travellers generate.<sup>2</sup> As an activity, tourism is multi-faceted and is consequently not only inter-disciplinary in nature but also, its boundaries are ill-defined.<sup>3</sup>

Regardless of its ill-defined and inter-disciplinary nature, however, as in the case of any activity of industry, adequate resources must be available for the successful development of a tourist industry. These include beaches, wildlife, parks and good climate, or what could be termed the "geographic content"<sup>4</sup>. In addition to these natural resources, there are also the socio-cultural (history, religion, tradition and culture)

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<sup>1</sup>The resources considered here are those recommended for development by the Obuam Committee (op. cit., p. 12-41) and Hoff and Overgaard (op. cit. Part II, p. 151-240).

<sup>2</sup>J. Jafari (Ed.) "Tourism - Its Nature and Significance" Annals of Tourism Research, Vol. I, No. 4, Feb. 1974, p. 106.

<sup>3</sup>Lundberg sums this up succinctly: "Tourism is the business of transport, care, feeding and entertainment of the tourist. Its components are many and diverse. . . . The parameters of tourism are not all well-identified, since the boundaries of the activity are at a point permeable and spilling over areas not ordinarily thought of as tourism. As a discipline to be studied, tourism is cross-sectional...., of all subjects, it is one of the most inter-disciplinary (D.E. Lundberg, op. cit., 1974, p. 25)

<sup>4</sup>C. Gunn, A Concept for the Design of a Tourism Recreation Region, Michigan: University of Michigan 1965. (Ph.D. Thesis) p. 8-11.

and the man-made (historical buildings, shrines, and modern architectural objects) elements that together make up the so-called "attractions" of a destination. In this discussion, however, they are referred to as potential resources rather than attractions, since these resources have to be developed and marketed in order to attract tourists who then recognize them as "attractions".

The main objective of this chapter therefore, is to appraise the major tourist resources of Ghana. In each case a description of the resources, their existing state of development, availability of infrastructural facilities and an outline of development requirements. These are aspects that can be found in several of the reports on tourism that were listed in Chapter II, especially reports by the Obuam Committee and, Hoff and Overgaard. Consequently, emphasis is placed in this discussion on the viability of the resources in terms of their positive and negative attributes for tourism development, and also in their competitive framework with those of other African countries. The rationale behind this approach is that, faced with the choice of alternative African tourist destinations, the average prospective international tourist will consider, among other things, the attractiveness of the resources of each destination.

In Figure 3.1 the main tourist resources in Ghana are indicated.

These will be appraised as follows:

climate and health

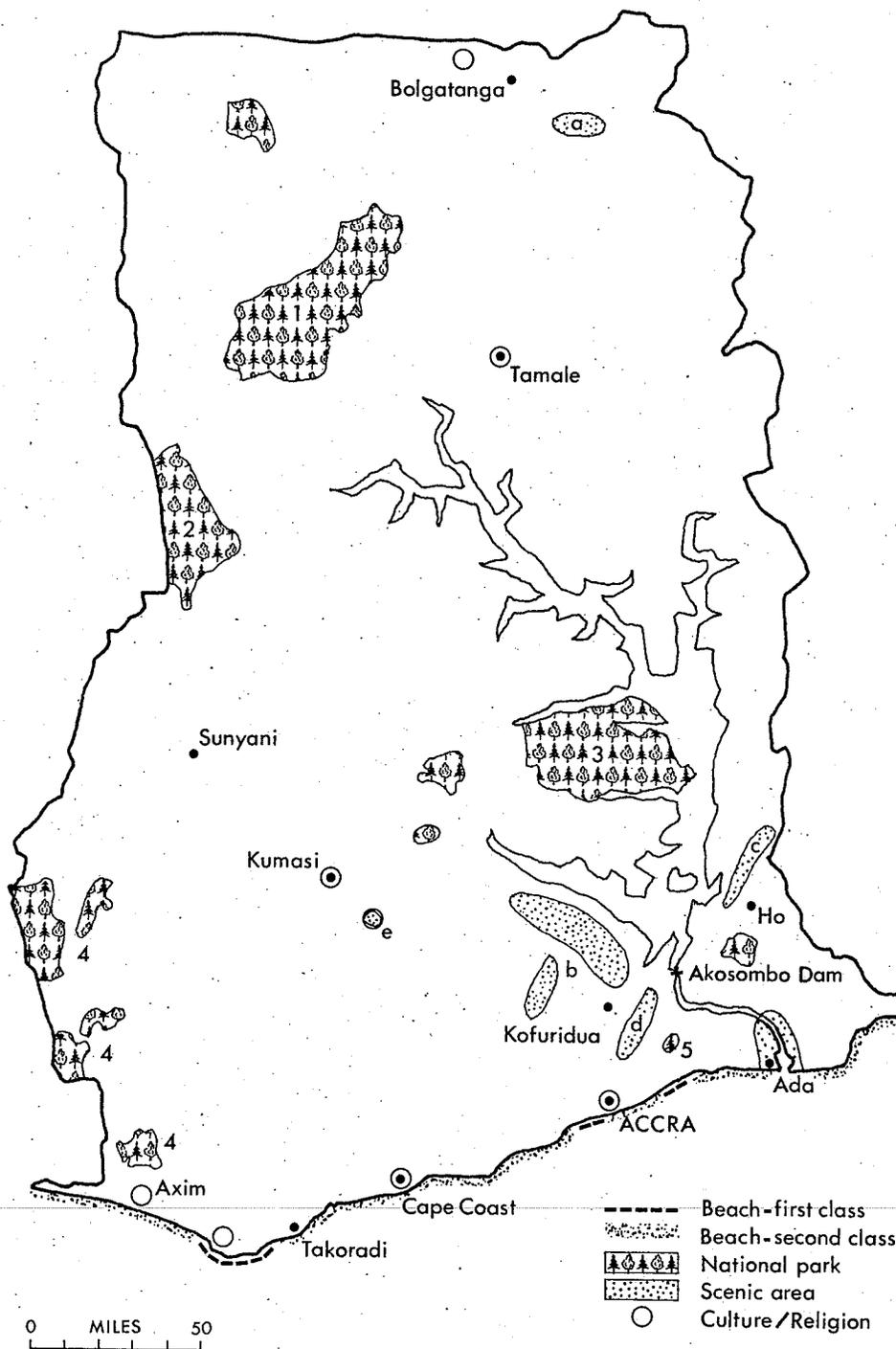
beaches

wildlife

monuments, architectural and cultural resources

other resources.

FIG. 3-1 MAIN TOURISTIC RESOURCES OF GHANA



- PARKS AND GAME RESERVES**
1. Damongo (mole) Game Reserve
  2. Bia-Tawya Game Production Reserve
  3. Digya National Park
  4. Krokosua National Park
  5. Kolor and Shai Hill Game Production Reserve

- SCENIC AREAS**
- a. Tongo Whispering Hills
  - b. Atewa Range Forest Reserve
  - c. Mt. Afadzato, Amedzofe Hills and Wli Water
  - d. Aburi Hills and Botanical Garden
  - e. Lake Bosomtwi

Source: Adapted from Hoff and Overgaard, Tourism in Ghana - Development Guide, 1975-1990, Part I, 1974, p. 51.

### Climate and Health

Ghana lies between  $5^{\circ}$  and  $11\frac{1}{2}^{\circ}$  North of the Equator. Consequently, the chief characteristics of its Tropical Equatorial climate are relatively high temperatures in all regions throughout the year. The mean monthly temperature never falls below  $77^{\circ}\text{F}$ .<sup>5</sup> The mean annual temperatures (Figure 3.2) show slight variations over the country, mainly due to the effects of altitude and distance from the sea.

Figure 3.3 shows that the mean annual rainfall generally decreases inland away from the coast. The driest area is found in the south-east coastal plains where Accra, the capital has a mean of 29 inches of rain.<sup>6</sup> Rainfall is generally torrential, falling heavily even if not for prolonged periods. There are two distinct seasons: cool rainy season from April to October and hot dry season the rest of the year during which there are occasional convectional rains. The seasonality results from the north-south movement of the low pressure belt known as the Inter-Tropical Convergence Zone (I.C.T.Z.) north of Ghana where continental dry Saharan and maritime air masses converge. This affects the wind system which brings rainfall or dry Saharan air.

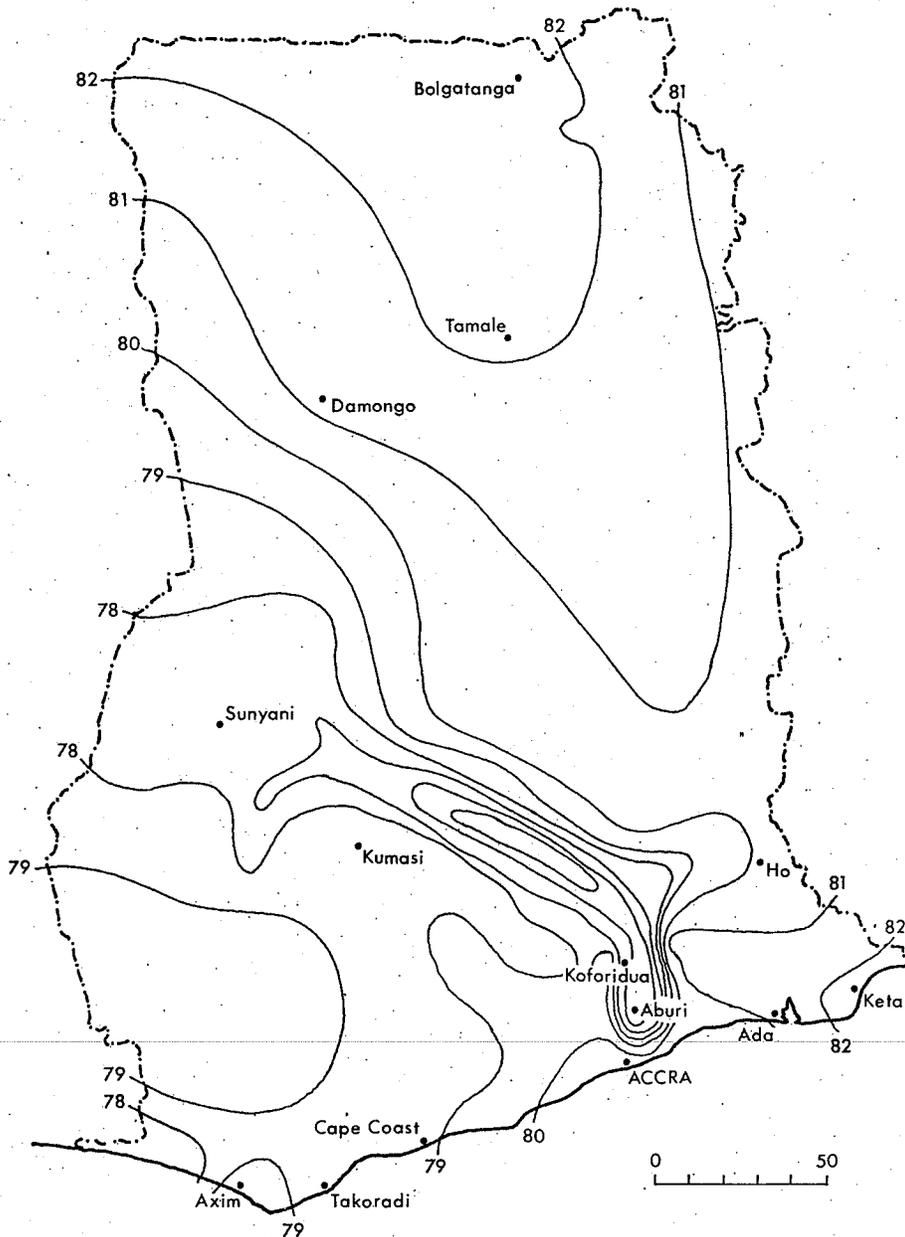
The relative humidity is also high. On the coast it is generally between 95 and 100 percent during the night and early mornings, decreasing

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<sup>5</sup>K. B. Dickson and G. Benneh, A New Geography of Ghana, London: Longmans Publications, 1970, p. 32.

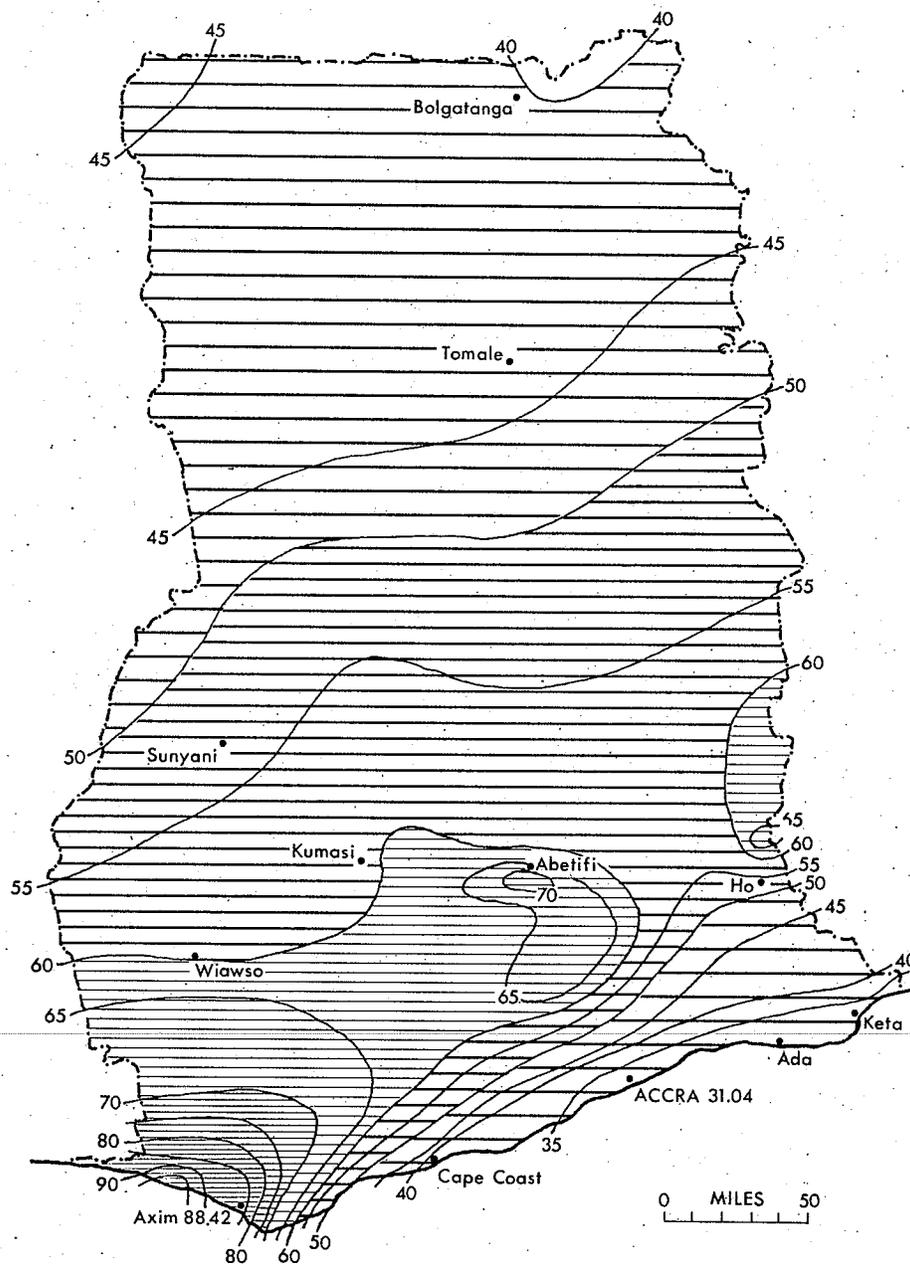
<sup>6</sup>Of the several arguments to explain this peculiar situation, two are more acceptable: (a) The South West 'Monsoons' blow almost parallel to the coast east of Cape Three Points (south-east of Axim - Fig. 3.3 - where there is a change in direction of the coast) and consequently very little rain is received. (b) A body of cold water (currents) off the shore of Cape Three Points eastwards chills and stabilizes the Tropical Maritime (MT) air mass which passes over it, resulting in no rainfall (Ibid, p.28-29). Whatever the reasons, the 'dry' conditions give the whole coastal stretch east of the Cape a touristic asset of very little rainfall and long hours of daily sunshine.

FIG. 3-2 MEAN ANNUAL TEMPERATURES (°F) IN GHANA



Source: K. B. Dickson and G. Benneh, A New Geography of Ghana, London: Longmans, 1970, p. 32.

FIG. 3-3 MEAN ANNUAL RAINFALL (inches) IN GHANA



Source: K. B. Dickson and G. Benneh, A New Geography of Ghana, London: Longmans, 1970, p. 28.

to about 75 percent in the afternoon. However, it decreases inland to about 40 percent in the north, depending on the season.

As a tourist resource the climate of Ghana is both an asset and deterrent to the development of tourism which aims at attracting vacation tourists from Europe and North America<sup>7</sup>. The high all-year temperatures make the country a potentially ideal place for sun-loving Europeans and North Americans to come during the cold winter months. It will also be a place to bask while obtaining a tan or cool off on palm-lined white sandy beaches. Although the rainy season coincides with the northern summer, the rainfalls are mostly two to three hours long, after which the sun reappears to dry up the ground and generate warmth. As could be seen from Figure 3.4, except for the coastal section north from Senegambia where Saharan conditions stretching to the coast result in longer daily hours of sunshine, Ghana has the longest mean daily bright sunshine hours on the entire West African Coast.

On the other hand, the high humidity especially in the Coastal areas could cause discomfort through a feeling of stickiness, perspiration and enervation.<sup>8</sup> The major problem, however, is the combination of high temperatures and rainfall which provide favourable breeding conditions for a host of diseases such as malaria, yellow fever, sleeping sickness or trypanosomiasis, guinea worm, and river blindness.

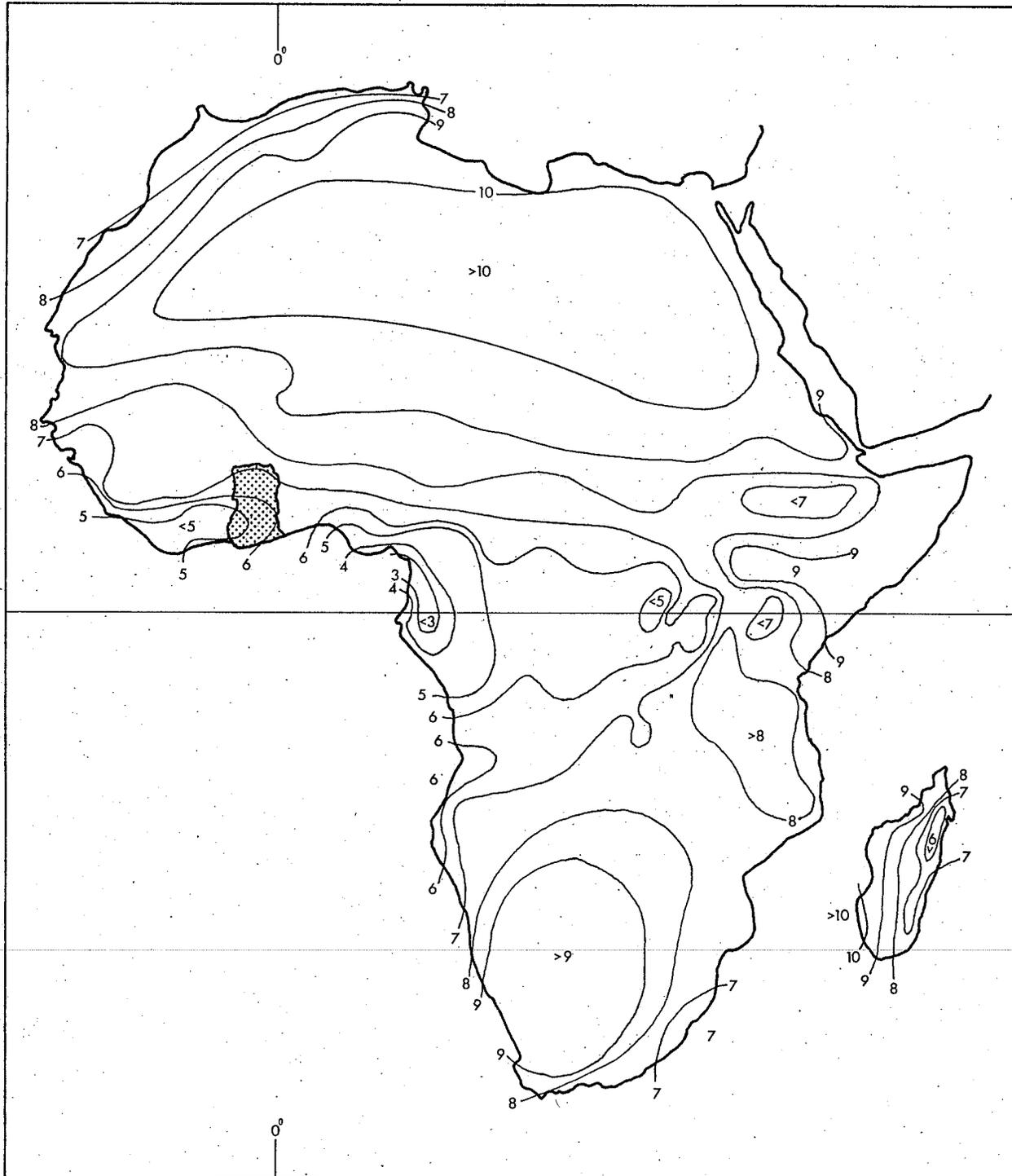
Although attempts by the Ministry of Health and the World Health Organization (WHO) to monitor and control such diseases have achieved

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<sup>7</sup>Chapter V deals with the market aspects in detail.

<sup>8</sup>This could be an incentive to go swimming or relax by the pool and patronize cooling-off products like ice-cream and cold beverages.

FIG. 3-4 MEAN ANNUAL BRIGHT SUNSHINE (hours per day)



Source: B. W. Thompson, The Climate of Africa,  
London: Oxford University Press, 1965, p. 15.

more success in Ghana than in any other West African country, it is still a fact that many Europeans and North Americans are scared of travelling to this part of Africa. Such fears arise from historical facts which labelled West Africa "the Whiteman's grave" due to the high mortality suffered by early explorers, traders, missionaries and settlers.<sup>9</sup>

Today, the problem is more of a psychological reaction by Europeans and North Americans, rather than a real issue. Admittedly, there is still high incidence of these diseases in remote rural communities and areas such as the Middle Belt where depopulation through slave trading activities created suitable environment for such disease carrying insects as the tsetse fly. However, as further elaboration in Chapter IV will show, in large urban and rural communities, the diseases have been brought under control.

In order to project the required new image, the present inaccurate perception in Ghana's tourist markets has to be corrected through proper publicity. Future promotion of Ghana's tourism will have to inform and convince overseas markets that health risks are very minimal following the normal pre-trip medical check-ups and vaccinations.

#### Beaches

Ghana's 350 mile coastline is considered to be the country's most prosperous tourist resource. After surveying several beaches set aside or developed for tourism on the West African coast, Hoff and Overgaard

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<sup>9</sup>See J. H. Johnston, A History of the Colonization of Africa by Alien Races; Cambridge: University Press, 1913, p. 305; P. Bohannan, African Outline: A General Introduction, London: Penguin Books, 1966, p. 51-53; and W. B. Morgan and J. C. Pugh, West Africa, London: Methuen and Co. Ltd., p. 201-208.

conclude that it is in Ghana that:

"some of the most beautiful beaches in West Africa with white soft sand, picturesque bays and lagoons surrounded by coconut trees were found" <sup>10</sup>

The presence of several historic forts and castles on the coast and its warm sunny climate are further assets to this resource. A detailed study of twenty selected beach areas in 1973 resulted in the choice of eight beaches which were considered as 'first-class' shown in Figure 3.5. The following were the factors considered in the study:

- a) Protection against dangerous surf and undercurrent;
- b) Pollution from sewerage disposal and possibilities of pollution in the future;
- c) Quality of beaches in terms of width, quality of sand, character of ocean bottom (sand and rocks);
- d) Landscape behind beaches: quality and density of palm groves and other flora;
- e) Landscape, especially in terms of view from the beach to, for example, a nearby hill top, an island or a castle;
- f) Access to the site, roads, airports, etc.;
- g) Availability of treated water, electricity and telephone;
- h) Quality of soil for building foundations;
- i) Favourable climatic conditions;

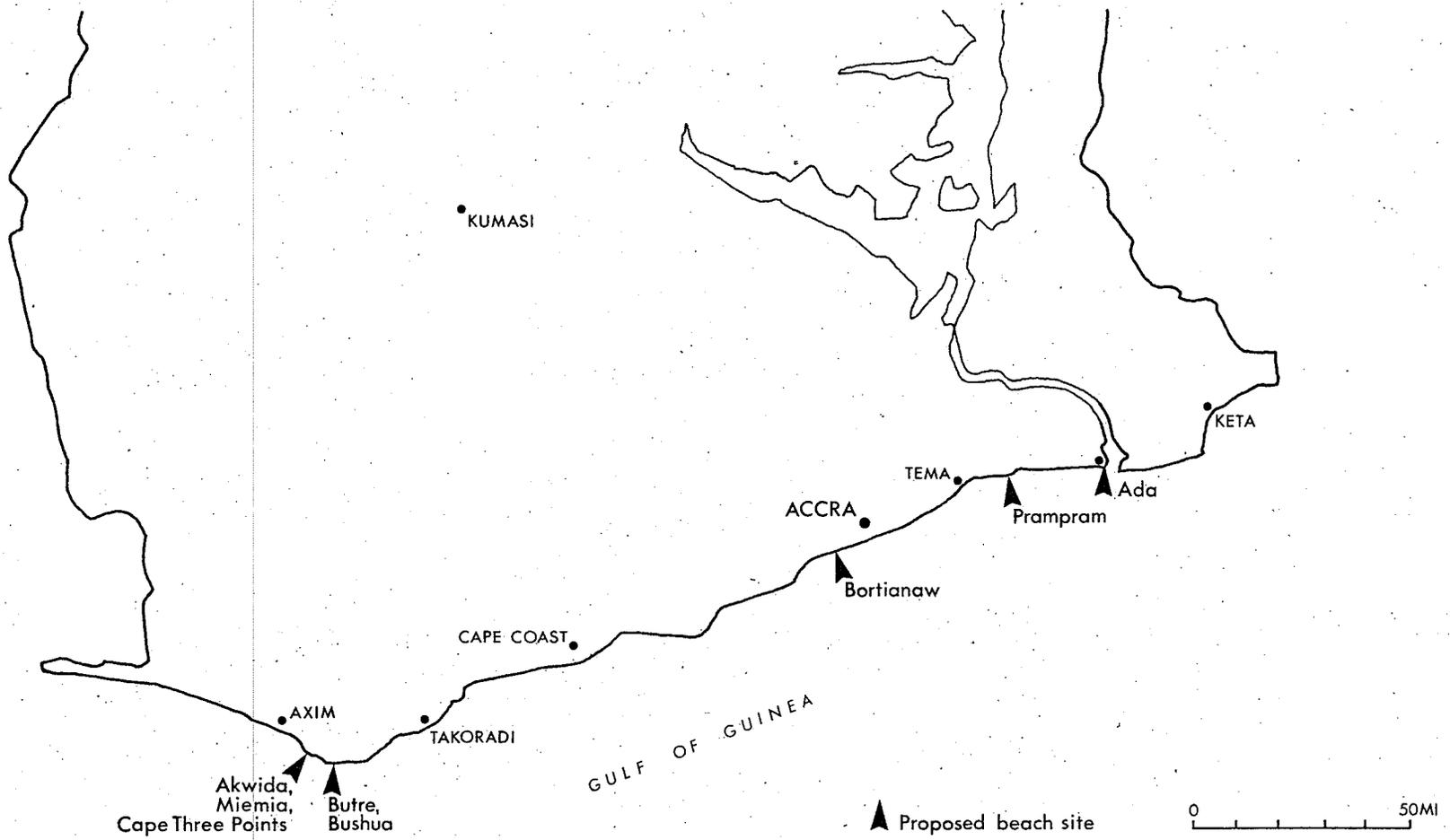
The sites<sup>11</sup> selected were found to satisfy most of the above criteria, and therefore, they form the nucleus of beach development in

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<sup>10</sup>Hoff and Overgaard, op. cit., Part I, p. 47.

<sup>11</sup>These are Ada, Prampram, Bortianaw, Butre, Bushua, Cape Three Point, Akwida and Miemia (Figure 3.5)

FIG. 3-5 LOCATION OF EIGHT PROPOSED BEACH RESORT AREAS



Source: Adapted from Hoff and Overgaard,  
Tourism in Ghana - Development Guide 1975-1990,  
Part II, p. 209-240.

the Tourism Development Plan. Despite the fact that most of the sites meet most of the criteria for selection, their viability for successful tourism development needs to be evaluated by examining some of the selection factors in more detail.

#### Dangerous Surf, Undercurrent and Quality of Beaches

One dominant characteristic of the West African coast is the prevalence of heavy surf constantly pounding the beach which are the result of the strong Trade Winds.<sup>12</sup> Although this provides an attraction for surf riding, it could also be a deterrent to the maximum utilization of beaches, particularly sunbathing. On what may be considered ideal swimming days, waves could break into heavy surfs sending large swash rushing up the entire beach at average intervals of fifteen to thirty minutes. In addition to strong waves, the westward flowing Guinea current, strong longshore drift<sup>13</sup> and whirlpools make swimming very dangerous.

Closely related to strong waves and undercurrents is the quality of beaches, particularly their width and whether sandy or rocky. The whole coast of West Africa is generally classified as Sand Bar and Lagoon Coast due to the deposition of large amounts of sand by strong waves and longshore drift which are also responsible for the wide, white, sandy beaches on much of the coast.<sup>14</sup>

While the wide sandy beaches are valuable assets for beach development, the presence of several lagoons behind the bars provide breeding

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<sup>12</sup>W. B. Morgan and J. C. Pugh, 1969, p. 238-240.

<sup>13</sup>R. J. H. Church, West Africa: A Study of the Environment and Man's Use of it, London: Longmans, Green and Co. Ltd., 1961, p. 11.

<sup>14</sup>J. M. Pritchard, Africa: The Geography of a Changing Continent, New York: Africana Publication Corporation, 1969, p. 15-17

grounds for mosquitoes which are definite hazards. Then also, the constant pounding of the coast by heavy waves has led to the accumulation of eroded debris which are carried into the water by the strong backwash. The resultant stony ocean bottom just off the beaches of sections of the coast could also be swimming hazards.

So on the whole, the West African coast could be said to have a number of factors deterrent to successful beach development: strong waves, undercurrents, longshore drift, treacherous whirlpools, high tides,<sup>15</sup> strong breakers and swash. However, a division of the coast into sections shows that those parts of the Ghanaian coast where all the eight proposed beach resort areas are located, receives relatively less impact from these hazards.

Considering the coast from Mauritania to the Cameroon, according to Harrison Church, that section from Mauritania southward to Gambia is characterized by stronger longshore drift and powerful waves backed by the greatest fetch of water. From Gambia to Sierra Leone the coast is submerged, resulting in a ria coastline with no smoothed coasts. Here also are found tidal ranges that are high for West Africa; ranging between 13 and 17 feet and even 22 feet at Boke (Senegal). In comparison, the western shore of the Ivory Coast and the central part of Ghana have moderate accumulations which are the result of moderate waves and longshore drifts. West of Cape Three Points (to the centre of the Ivory Coast) and west of the Volta Delta to the Niger Delta suffered submergence during the post-glacial rise in sea level. The submergence has since been smoothed out by continuous longshore drift and under the

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<sup>15</sup>R. J. H. Church, op. cit., p. 11

action of heavy surf which, however, often excel those of Mauritania and Senegal in sandbar and lagoon formation.<sup>16</sup> Classifications of the West African coast by White and Gleave<sup>17</sup>, and of the African coast by Pritchard<sup>18</sup> also bear out the fact that except west of Cape Three Points and east of the Volta River estuary at Ada (Figure 3.5) the deterrent factors considered above reach minimum levels for the whole of West Africa, in Ghana. This point is given further support by the fact that of the entire African coast which had contact with Europeans during the Colonial Era, only on the central coastal section were over fifty forts and castles built because of, among other things, its relative safety.

Plates I, II, and in particular IX and X, show the wide beaches with white soft sand. Further assets are provided by coconut trees which not only enhance the aesthetic qualities of the beaches but also could be a source of natural 'soft drinks' for tourists while providing income for the local people. Indeed, more than ten miles inland from the coast at Ada the soil still remains white, soft and sandy. Here also, cultivation of coconut is one of the main agricultural activities. In other areas such as Prampram (Plate IV), and Bortianaw (Plate V) however, sea erosion, accelerated by sand digging for constructional purposes has resulted in a situation which requires replanting of coconut trees, levelling of the beaches, introduction and enforcement of legislation to stop sand digging.

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<sup>16</sup>Ibid, p. 11-12

<sup>17</sup>H. P. White and M. B. Gleave, An Economic Geography of West Africa, London: G. Bell and Sons, Ltd. 1971, p. 32-33.

<sup>18</sup>J. M. Pritchard, op. cit., p. 16.

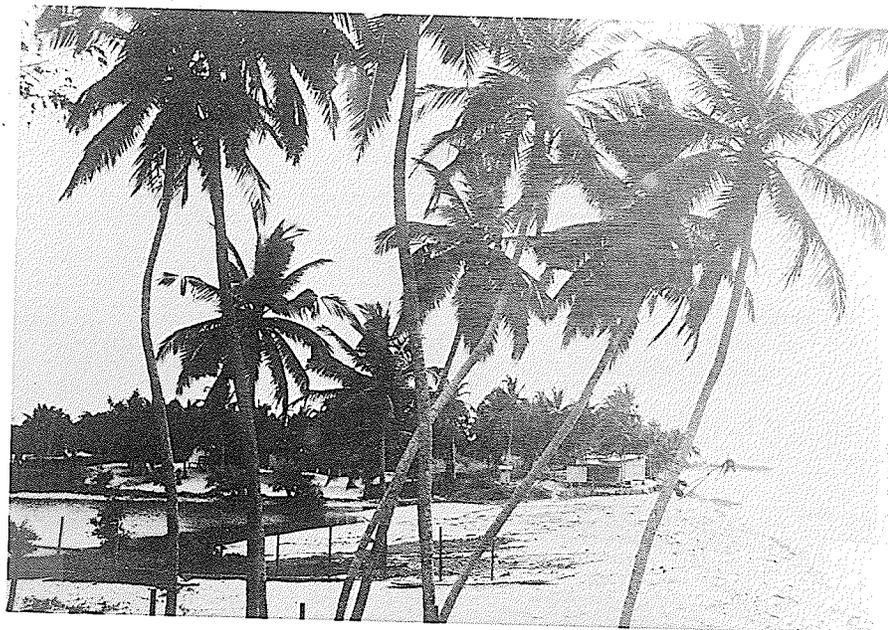


Plates I and II - Ada



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SOURCE OF PLATES: Hoff and Overgaard,  
op. cit., Part II, Chapter 7.



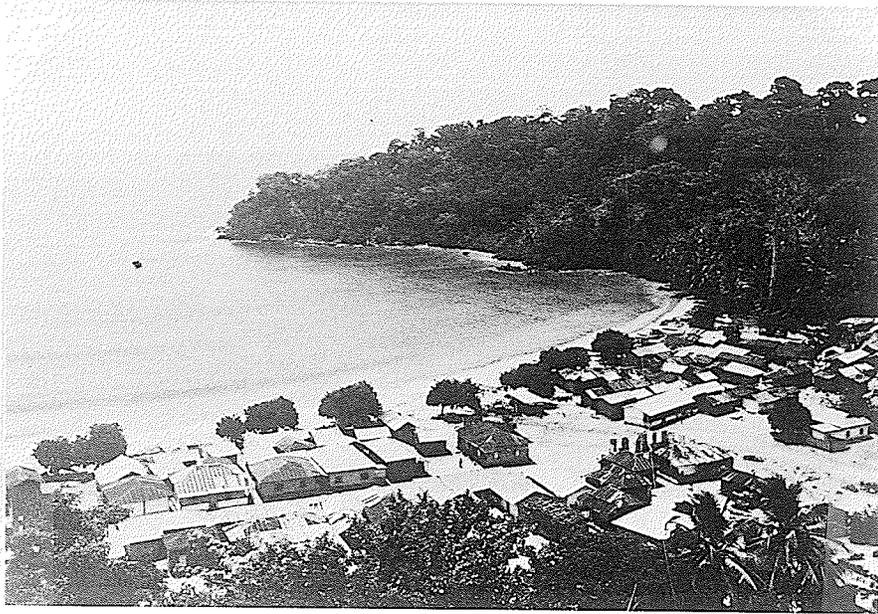
Plates III & IV - Prampram  
(Between Old and New Ningo)





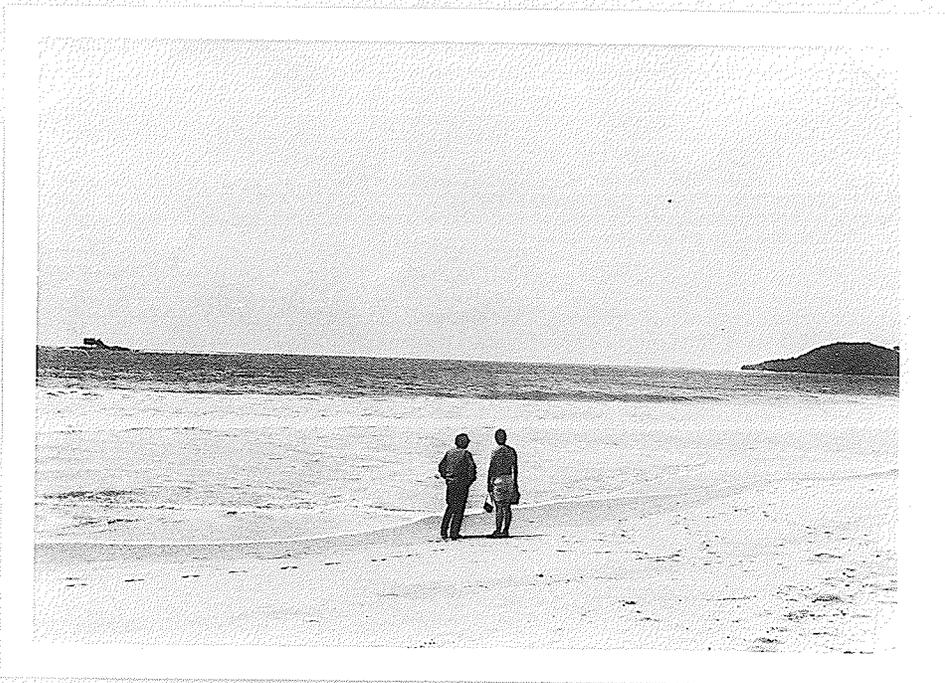
Plates V & VI - Bortianaw





Plates VII & VIII - Butre





Plates IX & X - Bushua





Plate XI - Akwida



Plate XII - Cape Three Points

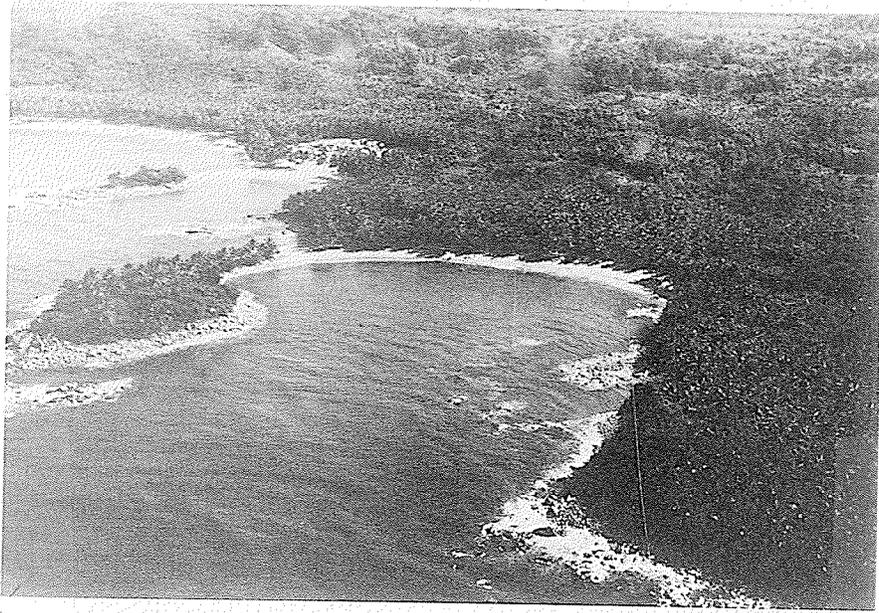


Plate XIII - Section of coast between  
Axim and Takoradi



Plate XIV - Miemia (Prince's Town)

The beaches in the Western Region have dense tropical vegetation due to its heavier rainfall. Together with wide beaches, the vegetation would provide the tourist with the "jungle" image right on the beach (Plates VII, VIII, XIII, and XIV).

The above examination of beaches support the conclusion by Hoff and Overgaard that Ghanaian beaches are among the best in West Africa.<sup>19</sup> In spite of these considerations, strong waves, undercurrents, and undertows prevail in the waters of the proposed beaches, and therefore, successful development will be very much dependent on beach safety through the provision, for example, of beach guides and patrols as found in places like South Africa and Australia. Sites at Prampram and Akwida also have lagoons which have to be rendered mosquito-free.

Related to the issue of the quality of beaches is the question of pollution. Since treatment of sewerage and provision of incinerators are inadequate or even non-existent in some of the coastal towns and villages, some of the beaches are in danger of being polluted by garbage and other disposals. In order to preserve and improve the quality of the beaches for the maximum utilization of their tourism potential, zoning and conservation laws will have to be established and enforced immediately to protect the beaches from erosion and pollution.

#### Availability of Basic Infrastructure and Other Facilities

As could be seen from the Plates, all the proposed resort areas are virgin areas in terms of absence of any developments. Basic infrastructure and facilities are therefore totally absent. However, all the sites are close to such urban centres as Accra, Tema, Cape Coast and Takoradi (Figure 3.5) from where water, electricity and telephone lines

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<sup>19</sup>See footnote 10.

could be extended and connected.<sup>20</sup> Good roads also exist close to the sites, so that only a few miles of access roads have to be constructed to link the major roads. For example, one mile of access road in Ada<sup>21</sup>, about five miles at Bortianaw<sup>22</sup>, but at Butre and Bushua (where the present road runs too far from the coast) a thirty-five mile road from Takoradi will have to be constructed.<sup>23</sup>

In terms of proximity to large urban centres and particularly, the Accra International Airport which is the main point of entry for tourists, proposed sites in the eastern section are fairly close. Ada is 65 miles away while Prampram is 30 miles and Bortianaw only 13 miles from Accra and the airport. The sites in the Western Region, however, are too far from this airport and it has been suggested that a new international airport be built at Takoradi which is within 35 miles of these sites.<sup>24</sup> It is considered that the absence of an airport large enough to handle charter flights directly would seriously limit development in this section of the country which will invariably affect tourism expansion in the whole country.<sup>25</sup>

All the sites are to be provided with modern facilities necessary for international standard resorts. For example, each of the beach areas

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<sup>20</sup>The present infrastructural situation and future potential are assessed in Chapter IV.

<sup>21</sup>Hoff and Overgaard, *op. cit.*, Part II, p. 212

<sup>22</sup>*Ibid*, p. 222

<sup>23</sup>*Ibid*, p. 270-271

<sup>24</sup>This question is treated in more detail in Chapter IV.

<sup>25</sup>This is discussed in Chapter IV and also elaborated in Appendix V

to the north and south of the Volta River estuary at Ada is estimated to have a maximum capacity of about 1,000 beds and facilities such as jetty, boat houses, sailing and fishing gear shop, tennis court, bowling green, golf courses, fish restaurants and tropical chalets.<sup>26</sup>

In Table 5 of Appendix V, the estimated hotel capacity of all the sites are shown, while some of the possible facilities at these sites are indicated in the Appendix under the title "Specific Items of Development".

#### Wildlife

Besides warm, sunny, white sandy beaches with clear blue waters and coconut palms, tourists coming to Africa are very interested in its wildlife because more than any other continent, Africa preserves a fauna characteristic of the Pleistocene Epoch. Large animals such as the elephant, rhinoceros, giraffe as well as smaller ones such as magnificent antelopes all show their Pleistocene antecedents. The existence of extensive tracts of Game Reserves and National Parks<sup>27</sup> in East Africa, with species not only large in number but also impressive in variety, more than anything else accounts for the lead that countries in that region have over the rest of Black Africa in tourism development. For example, until 1974, bookings to Kenya for safaris and other wildlife tours ranked

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<sup>26</sup>Hoff and Overgaard, op. cit., Part II, p. 210

<sup>27</sup>The terms "game reserve" and "park" will be used interchangeably in this discussion although there are technical differences for example, in East Africa with respect to rights of hunting, ownership, etc. (See J. P. Ouma, Evolution of Tourism in East Africa. Nairobi: East African Literature Bureau, 1970, p. 41.

a 50 percent equal with beach holidays.<sup>28</sup> But although it has now been surpassed by beach holidays, revenue accruing from wildlife is still double that from beach vacations. The average safari rate is over U.S. \$65 a day compared with about U.S. \$30 for a beach vacation. And half of safari tours are exclusive tours principally for rich insatiable Europeans and particularly the Americans who not only "like to keep on the move but in the greatest comfort and willing to pay up to £900 for a bespoke tented safari".<sup>29</sup>

In order to attract more tourists, Ghana would therefore, have to develop its few wildlife resources to supplement beach vacations, particularly if it is to have an edge over other West African countries, as well as divert some of East Africa's traffic on account of the latter's longer distance from Europe and North America. The Game Reserves and Parks in the process of being developed are shown in Figure 3.1 and itemized below.

1. Noto Game Reserve. This is a 1,000 square mile game reserve located in the Savanna Grassland area in the Northern Region, about 5 miles from Damongo which is 95 miles from the regional capital of Tamale.
2. Digya National Park. This park covers about 1,200 square miles on the west bank of the Volta Lake between the Sene and Obosum rivers. It therefore combines the locational advantages of a waterside resort and a game park. For instance, it is reported that added to game viewing possibilities are potential for boating, water-skiing, swimming and fishing in the Volta Lake.<sup>30</sup>

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<sup>28</sup>A. Raphael, African Development, op. cit., December 1975, p. 66.

<sup>29</sup>Ibid, p. 66.

<sup>30</sup>Hoff and Overgaard, op. cit., Part II, p.162.

3. Krokosua National Park and Bia-Tawya Game Reserve (adjoining the Ghana-Ivory Coast border) are yet to be acquired and developed.
4. Kolor and Shai Hill Game Production Reserves are located 30 miles from Accra in the dry coastal Savanna parkland of the Accra Plains.
5. Owabi Wildlife Sanctuary which is located just outside Kumasi is where surplus of certain species of birds and small mammals in the Kumasi Zoo are released.

The attractiveness or potential of these Reserves and Parks will be appraised in terms of the following factors which are vital to enhancing or frustrating their immediate and successful development within the Tourism Plan period.

- a) Number and variety of species;
- b) Environment;
- c) Accessibility and proximity to other tourist resources, particularly proposed beach resorts; and
- d) Facilities.

#### Number and Variety of Species

As indicated earlier, one of the factors behind successful development of tourism in East Africa is the profusion of number and variety of wildlife species. Both the number and variety of animals in the game reserves in Ghana are very limited. At Mole and Digya, the animals are a few baboons, hippopotamus, monkeys, elephants, lions and leopards.<sup>31</sup> In the other reserves numbers and species are even less. The limitation

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<sup>31</sup>Hoff and Overgaard, op. cit., Part II, p. 160 and 162.

is both natural and man-made. A study by Reed and Seidler<sup>32</sup>, showing the habitat of about sixty animals on the African continent indicates that the majority are found in the grassland plains of East Africa and South Central Africa. For example, such important species like the rhinoceros, zebra and giraffe are absent in West Africa. Others such as the lion, elephant, hyena and leopard are few and scattered in West Africa as a result of absence of conservation and the hunting of the species.

Efforts during the Tourism Development Plan period will have to be directed at conservation and the regulation of human activities that tend to reduce animal species and numbers. In this respect, Ghana is about seven decades behind East Africa where during the British rule, as early as the 1900's conservatory laws such as the East African Game Regulations (1900) and the Game Ordinance (1903) were enacted.<sup>33</sup>

In order to effectively develop and preserve wildlife as a tourism resource, the Ghana Tourist Control Board could be combined with the Department of Game and Wildlife into a Ministry of Tourism and Wildlife as is the case in Kenya. Successful development of wildlife-based tourism in that country is the result of both early animal protective laws and the integration of wildlife policies into a broad tourism framework which was achieved under a single ministry.<sup>34</sup>

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<sup>32</sup>T. R. Reed and N. Seidler, "A Continent's Living Treasure", National Geographic, Washington: National Geographic Society, Vol. 141, No. 2, Feb. 1972, p. 163-167.

<sup>33</sup>J. P. Ouma, op. cit., 1970, p. 41.

<sup>34</sup>T. K. Ngaamba "General Tourism Development in Kenya" Paper presented to the 1970 Dag Hammarskjold-UNECA Seminar on the Development of Tourism in Africa; Suppsala: The Dag Hammarskjold Foundation, August, 1970, p. 1-4.

### Wildlife Environment

An important factor in development of game parks is the kind of natural environment which allows the animals to be viewed and photographed. Short Savanna grassland which does not hinder viewing, waterholes where the animals can congregate and be watched, as well as gentle undulating landscape are some of these ideal environmental factors.

With the exception of the Kolor and Shai Hill Game Reserve where the grass is short and the landscape is undulating, all the other reserves lack the conditions for good game watching and photographing. At Mole and Digya, the vegetation is thick grassland while the Bia-Tawya and Krokosua Reserves are located in the Rain Forest Belt.<sup>35</sup>

The environmental shortcomings in the grassland reserves could be overcome by clearing sections of the reserves and planting special grass as well as constructing artificial waterholes where animals could be viewed and photographed from specially constructed viewing areas or from vehicles. It should be pointed out, however, that as in the case of conservation, getting the animals used to tourists will take several years, possibly well into the Plan period. At the Mole Reserve it has been noted the few animals are "very shy"<sup>36</sup>, whereas in East Africa the story is the opposite. Indeed, at Lake Manyara National Park in Tanzania some of the animals are so used to seeing large numbers of tourists daily that they occasionally amuse themselves at the expense of the tourists as

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<sup>35</sup>The purpose of developing this Reserve" is to provide an attraction close to the visitor's image of the jungle with wildlife such as chimpanzee, forest elephants and buffalos" (Hoff and Overgaard op. cit., Part II, p. 172-173)

<sup>36</sup>Ibid, p. 161.

in the following incident:

"when a minibus filled with German tourists became stuck in the sand nearby, we drove up dutifully to pull it free with our Land Rover. Any lions in sight? No, so my driver got out with a tow line. He hadn't taken more than a step when a lioness emerged liesurely from the bush, walked over to the bus and lay down near its right wheel. Another lioness appeared and stretched out near the left rear wheel, a third took a position near the front of the bus, very near our vehicle. . . My driver, now back in the car glanced at me - and I swear his black face seemed to pale. Instinctively I turned around. On a limb almost directly above me stood lioness number four, staring at me with considerable interest. I ducked like a gopher into his hole. . . By the time help arrived the lions had tired of the game and had assembled back into the restful shade of the bush" <sup>37</sup>

#### Accessibility and Proximity to Tourist Circuits

Easy access to Game Reserves, just as in the case of all other attractions, is very important. With the exception of the Kolor and Shai Hill Reserves where the bitumen surfaced Accra-Akosombo-Ho highway goes through, all the other reserves lack good access. The Mole Game Reserve could only be reached by a 97 mile lateritic road from Tamale, the penetrator road to the Digya National Park is uncompleted, while that of the Krokosua-Bia Tawya Reserve is also lateritic surface.

Even more important than good access is proximity of reserves to tourist circuits as a factor enhancing development. Nairobi National Park is only forty-four square miles compared to the 5,600 square miles of Serengenti (in Tanzania) or the 8,034 square miles of Tsavu East

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<sup>37</sup>A. C. Fisher, Jr., "African Wildlife: Man's Threatened Legacy." National Geographic, op. cit., p. 154.

(in Kenya) National Parks.<sup>38</sup> However, this small park is very popular because it is only 5 miles from the centre of Nairobi.<sup>39</sup>

At the moment, the Kolor and Shai Reserves are again, the reserves fairly close to the coastal-based tourist circuits to be developed. The two reserves are 30 miles from Accra, 35 miles from Prampram, 45 miles from Bortianaw and about 60 miles from Ada. The Krokosua-Bia-Tawya Reserves are also "fairly close to the proposed resort areas"<sup>40</sup> in the western region and "will be developed as part of a round trip to other attractions like castles along the coast or a visit to the Ivory Coast or as the main destination for an excursion"<sup>41</sup>. This possibility is very much dependent on an access road, the absence of which has made the reserve somewhat remote at present. The same observation applies to Digya which is "a game reserve centrally located in surroundings of higher attraction"<sup>42</sup>. The Mole Reserve on the other hand is over 300 flying miles from the coast to Tamale and another 97 miles. And although the Kintampo-Tamale highway now under construction (Figure 4.1) would reduce this distance by over 100 miles, it would still be too far from the coastal circuits.

### Facilities

Game Reserves require facilities for the activities of tourists which also make it possible for revenue to accrue to enterprises connected with the reserves and parks. These wildlife areas, therefore,

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<sup>38</sup>P. J. Ouma, op. cit., p. 17.

<sup>39</sup>Another reason is the great number of animals available for viewing. The animal orphanage alone has about 40 species (T.K.Ngaamba, op. cit. p.3)

<sup>40</sup>Hoff and Overgaard, op. cit., Part II. p. 172.

<sup>41</sup>Ibid, p. 163.

<sup>42</sup>Ibid, p. 161.

require such facilities as watching stands, observation and photography points, special safari vehicles, trails, equipment shops, as well as overnight and catering facilities and services. Provision of these facilities, again, is one of the factors behind the success story of East African wildlife tourism, particularly in Kenya where "ground operators offer amenities which certainly take the rough out of (for example) sleeping rough: tents with electric lights, baths or showers, fully sprung beds, even a one day laundry service, and a well stocked bar with 'unlimited ice'"<sup>43</sup>.

Even if the above-mentioned amenities border on the luxury side, basic ones for game watching, overnight stay and catering are necessary.

With the exception of Mole Reserve which was established in 1964, all the other ones are either newly established or in the process of being established (Krokosua, Bia-Tawya and Owabi). Consequently, none have developed infrastructure such as electricity, water and telephone or basic facilities. Even at Mole, facilities are few: three cottages with six beds each, twenty-five chalets with fifty beds, a swimming pool, a restaurant and a bar. Together with the other reserves, therefore, provision has been made to provide infrastructure and facilities. But in the case of the newly established reserves or those in the process of being established there are issues that have to be studied within their socio-economic context and implemented immediately if they are not to delay the development of the reserves within the Plan period. For example, development of the Digya Park depends on the solving of the problem of resettling farmers affected by creating the park, which in turn, among

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<sup>43</sup>African Development, op. cit., December 1975, p. 66

other things<sup>44</sup>, depends on the completion of the penetrator road<sup>45</sup>.

From the examination of Ghana's wildlife resources, it is apparent that emphasis will have to be on conservation in order to increase both number and species of animals that are very limited at the moment. Also, development in terms of provision of infrastructure and facilities will have to concentrate on a number of the reserves which are fairly close to the proposed coastal resort areas. Although the Mole Reserve offers the best prospect of development on account of its longer establishment and the presence of relatively more animals, it is too far from the south and will therefore have to wait large scale provision of facilities, until it is gradually brought within easy reach of tourists. On the other hand, the Shai and Kolor Reserves which are closer to the eastern coast could receive more immediate attention, followed by the Krokosua - Bia-Tawya reserve which is also fairly close to the western coast, after which the centrally located Digya Park could also be developed, as tourism expands inland from the south.

Besides the parks and reserves, the two zoos and crocodile ponds in the country could also be added as wildlife resources. The first zoo is centrally located in the city of Kumasi, the Ashanti Regional capital, 168 miles north of Accra. It has over 350 exhibits and more than 80 Ghanaian species of mammals, reptiles and birds.<sup>46</sup> This zoo can, with due development become a very attractive place for tourists to see animals in the natural surrounding over an extensive wooded area. The smal-

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<sup>44</sup>Issues involved in Resettlement and their ramifications are examined in Chapter VI.

<sup>45</sup>Hoff and Overgaard, op. cit., Part II, p. 162.

<sup>46</sup>Ibid, p. 186.

ler zoo at Accra also requires the same developments that can be realized through:

- a) providing the animals with a more natural environment through proper landscaping, and,
- b) making more information available about animals exhibited.

The two crocodile ponds at Paga in the Upper Region and Aketechi on the Western Region coast would offer African fetish (religious) experience to the overseas visitor. The animals are considered sacred by the local people and therefore the main attraction here are the ceremonies that are carried out for them mainly in the form of calling them with special cries in order to be fed or offered drinks. For example, at Paga pond, with the display and cry of a live chicken, the fetish priests who are custodians of the crocodiles call them to the bank where visitors are free to handle or sit on them. At Aketechi, 58 miles from Takoradi, a mangrove swamp and lagoon are alive with crocodiles very responsive to the ritual of calling them out of the water and drinking with relish the local gin that is offered them.

These activities have been attracting tourists over the years and gradually a situation has developed whereby the local people are increasingly earning revenue from sales of chicken and local gin to tourists who provide these items in order to see the animals called out, sit, then be photographed. As a result, the government has decided to develop these into attractions.

### Monuments, Architectural, Cultural and Other Resources

Beaches and wildlife attractions are primary considerations that enter the decision-making process of a potential tourist coming to Africa. Of secondary importance are cultural considerations which are significant for two reasons. First, cultural attractions supplement beach and wildlife activities of the tourist. Secondly, as a result of European colonial activities in Africa both Europeans and North Americans, particularly Black Americans have cultural interests in Africa, even if it is simply to satisfy a cultural curiosity. These and other resources such as areas of scenic beauty (Figure 3.1) will be examined very briefly since they have been discussed elsewhere.<sup>47</sup> The objective is to present a complete picture, as much as possible, of Ghana's tourist resources which would facilitate later discussion in Chapter VI.

The cultural resources could be divided into

- a) those resulting from contact with Europeans, and
- b) indigenous to Ghana.

#### Exogenous Cultural Resources

These are mainly in the form of historical and architectural resources, with forts and castles taking precedence. Ghana is the only African country where former European colonial countries extensively built forts and castles for trade, administrative and military purposes. Excepting the Gambia, Sierra Leone and Dahomey which had one or two forts, no other West African country had so many forts and castles built on its coastline by European countries.<sup>48</sup>

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<sup>47</sup>Obuam Committee, op. cit., p. 44-49; Hoff and Overgaard, op. cit., Part I p. 9; Part II, p. 174-175.

<sup>48</sup>I.S. Ephson, Ancient Forts and Castles of the Gold Coast, Accra: Ilen Publications Co. Ltd., 1970, p. 8.

Today, more than half of the fifty original forts are completely untraceable, six are in visible ruins, however, about twenty-two are in active use.<sup>49</sup> They add immense value to the coastline beach and climatic resources. Specifically they provide the opportunity for historical excursion into some aspects of European past in these parts of Africa, right next to the proposed beach resort areas.

The Ghana Museum and Monuments Board is entrusted with the restoration, protection and maintenance of the forts and castles, (as well as their immediate surroundings) many of which have items of cultural and historical value. The 16th century Cape-Coast castle is being converted into a West African Historical Museum, while the 15th century fort at Elmina is to be renovated into a motel with service units like bar and restaurants. There are similar tourism-oriented plans for each of the useable and restorable forts and castles.<sup>50</sup>

All over the country there are interesting relics of European influence. For example, an index of the extent of missionary work in this part of Africa is provided by the Boutto Catholic Shrine, a site a few miles outside Kumasi which has apparently existed for some thirty years.<sup>51</sup> A whole hillside is taken up to recreate the settings of Jesus' path to Golgatha, the cross, and the resurrection. At the summit is a grotto for 'Our Lady of Miracles'. The shrine is already very popular with tourists and development involves provision of snack-bar, souvenir shops, land-

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<sup>49</sup>Ibid, p. 31-41, and 83-92.

<sup>50</sup>Obuam Committee, op. cit., p. 44-49, Hoff and Overgaard, op. cit., p. 174-175

<sup>51</sup>Obuam Committee, op. cit., p. 52.

scaping and gardening.<sup>52</sup>

There are several items under this broad sectional heading found in every region of the country. Examples are the Independence Arc and Blackstar Square in Accra, the colonial style rest houses, regional museums and monuments of many foreign generals, missionaries and governors.

#### Indigenous Cultural Resources

The most important indigenous cultural resources are the Ghanaian festivals and traditional life. For instance, according to findings by Hoff and Overgaard, the third main attraction (after beaches and wildlife) is the traditional hospitality of the Ghanaians and their picturesque daily life in the cities, towns, and villages<sup>53</sup>. The height of Ghanaian hospitality and everyday life is during the festivals and durbars held by the chiefs and people of different tribes in several traditional districts to celebrate harvests or commemorate important religious or historical events. The Obuam Committee also found Ghanaian cultural resources, especially the festivals, very significant assets. The Committee believes that:

In terms of hard practical realities, however, as much will depend on the promotion of these (beaches, wildlife) facilities as in providing them. The tourist industry is a very competitive one especially in areas of the world such as Africa where the commodities are so similar. It is therefore crucial that in this field Ghana should distinguish herself heavily on what is peculiar and not common to the rest of African States.

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<sup>52</sup>Ibid, p. 52

<sup>53</sup>Hoff and Overgaard, op. cit., Part I, p. 48.

These peculiarities have been recognized as being firstly, the ancient forts and castles along with the festivals.<sup>54</sup>  
 (Emphasis added)

It goes on to say that between the two, the latter in terms of touristic value has even greater potential because of its intensive nature for spectacle, participation and duration. The point is that many attractions developed in Ghana may be watched, if not surpassed, in other parts of the world - whether beaches, waterfalls, game reserves or sunshine. What is required is something different, of which it can be said "this is unique to Ghana' or 'the best of this is in Ghana'"<sup>55</sup> and therefore acts as an attraction in its own right.

The traditional Ghanaian hospitality is one of the first noticeable aspects of the people's life. Already, 'Akwaaba' (welcome) is catching on fast just like 'Aloha' in Hawaii. All the regional capitals as well as small villages exhibit colourful daily activities especially in the many open markets like the Makola markets in Accra.

There are on the average, between six and ten festivals held in Ghana every month. This is when the folklore and cultural heritage of the country are displayed, so that to a large extent, the festivals are indices to the Ghanaian traditional way of life. Although each festival has its own history which is inextricably bound in with the history of the people celebrating that festival, they are all characterized by intensive joyous celebration, colourful durbars, feasting and thanksgiving ceremonies. For example, the principal features of all festivals include:

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<sup>54</sup>Obuam Committee, op. cit., p. 25.

<sup>55</sup>Ibid, p. 56.

1. Drumming at the chief's court;
2. Firing of musketry or shotguns loaded with gunpowder;
3. General merriment, procession, singing, feasting, and traditional dancing;
4. Pouring of libation to ancestral gods and the dead; and
5. The durbar which is the colourful climax of all festival celebrations where the chief and all sub-chiefs (called paramount chiefs) are carried in palanquin to durbar grounds to receive homage from their people.

As in the case of all resources, cultural resources require organization, and therefore, the Arts Council of Ghana has been given the sole responsibility of developing and organizing the traditional arts of the country. As a result, for instance, there are cultural activities all year round. Starting from the district level and to the regional, the National Arts Festival is held in July or August with over fifteen major ethnic groups competing in dancing, concerts, drama and music. The problem with some of the festivals however, is that different dates are set each year and also at short notice which makes it difficult to publish dates of events early enough for the benefit of tourists.

#### Other Resources

Ghana has several other resources besides those evaluated. Some of these, such as the Areas of Scenic Beauty<sup>56</sup> (Figure 3.1) are consi-

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<sup>56</sup>These are, a) The 3,270 square mile Volta Lake which is the largest man-made lake in the world; b) Wli waterfalls; c) Lake Bosomtwi; d) Aburi Botanical Gardens; e) Mount Afadzato and Amedzofe Hills.

sidered significant for development during the Plan period.<sup>57</sup> Others such as the three universities with beautiful architectural designs and layout as well as botanical gardens are attractions which already exist and consequently do not fall into the Plan. In this category also are the National Museums, Archives and local craft centres, particularly in the Ashanti Region.

Other resources are at the moment either remote or as in the case of some beaches, are not considered first class but would be incorporated into development plans as demand expands. In the first category are the Boti and Begoro Falls, Tongo Hills with whispering rocks, Nangodi Sacred Fish Pond, Ketekrachi Islands, Keta Lagoon and islands. In the second category are resources not considered first class but presently utilized with increasing rate due to their location in major cities. Examples are the Labadi Pleasure Beach, Marine Drive Beach, and Acapulco Beach, all in the Greater Accra Region.

#### Summary

This chapter appraised the major tourism resources recommended for development by the Obuam Committee and in particular, those by Hoff and Overgaard which form the basic resources to be developed in the Fifteen Year Development Plan. The conclusion that can be made from this appraisal is summed up by the Hoff and Overgaard study team which in addition to carrying out extensive studies of the resources also travelled to the

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<sup>57</sup>For planned facilities, see Hoff and Overgaard, op. cit., Part II, p. 167-170; and also S. O. Darko and L. Datta, Development of Tourist Facilities at Abonu Lake Bosumtwi Basin, Kumasi: Building and Road Research Institute, 1973.

Senegal, Gambia, Ivory Coast, Togo as well as Kenya and Tanzania.<sup>58</sup> The team was therefore in a good position to make the following conclusion:

Ghana has about the same assets and liabilities as most other countries located along the coast from Senegal to Dahomey. . . In certain respects Ghana even seems to be ahead of the mentioned countries. This goes particularly for the beaches. Ghana is blessed with some of the very best of these in Africa and in the continent as a whole. . . . The existence of many historical castles from the early European presence in Ghana further emphasizes the coastal area as the first and foremost area suitable for tourist development.

Turning to wildlife and some cultural aspects, it goes on to say that:

No part of West Africa offers any strong competition to East Africa when it comes to animal life and watching of same, but Ghana seems to have more and better possibilities than other West African countries for developing at least a couple of game reserves. . . in a foreseeable future..... Turning to the third main attraction of the country, this is fully available already now: the Ghanaian people as such, their picturesque daily life, their friendliness to foreigners and the charming human characteristics. The traditional festivals may to some extent also be drawn into the tourist picture. <sup>59</sup>

Obviously, not all these resources could be developed over the next 15 years due to capital and other resource limitations. The southern sector of the country is seen as the first to be developed with beach resorts as the main target for pleasure tourism. From here excursions would be undertaken to the nearby inland attractions and urban areas for variety. This means that tourist circuits should be demarcated for

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<sup>58</sup>Hoff and Overgaard, o. cit., Part I, p. 2.

<sup>59</sup>Ibid, p. 8-10.

gradual development alongside the beach resorts. For instance, the Ashanti Region circuit might be made up of attractions in Kumasi and its immediate vicinity: the zoo, university, cultural centre, Lake Bosomtwi, Boutto Shrine, some festivals, craft centres, cocoa farms and gold mines. The Volta Dam and Lake, Digya National Park, Amedzofe Hills, Mount Afadzato, Wli Waterfalls and some festivals might make up the Volta Region circuit.

While the resources are there, two main problems might either frustrate comprehensive development or create social costs. First, the resources fall under a wide range of different central government and local administrative bodies: the Arts Council, Museum and Monuments Board, Department of Game and Wildlife, Department of Parks and Gardens, Volta Transport Company, Volta River Authority, the nine Regional Development companies, and even local chiefs and priests. While this might have a cost-sharing advantage for development, it might also lead to duplication, half-hearted, unco-ordinated development which in turn might create socio-economic problems.

The second problem arises from the very nature of the resources. For example, the best resources are the beaches which also happen to be the source of sustenance of almost all coastal inhabitants. Their occupation requires the best beaches for landing, hauling nets and carrying out repairs. But the physical requirements of a beach for fishing are almost the same, if not exactly the same for resort construction, safe swimming and other recreational activities. Current development envisages resettlement of some fishermen which might even be on a larger scale with the expansion of beach development over time. The castles are living examples and reminders of colonization, exploitation, slavery and the slave trade. But they are also considered some of the

best tourist resources in the country. The Ghanaian culture and some sacred traditions are also thought of in the same way. These two main issues could create serious social problems which will be the subject of further examination in later chapters.

## CHAPTER IV

APPRAISAL OF EXISTING GENERAL AND TOURIST  
INFRASTRUCTURE IN GHANA

The development of a viable tourist industry rests just as much on the availability of adequate infrastructure as on good resources. For example, the arrival of tourists presupposes the existence of airports, seaports and other terminal facilities. Their movements within the country require good roads, railways, waterways and other domestic transport services. Their activities require the use of public services such as water, electricity and telecommunications. Good hotels, restaurants, places of entertainment and recreation must also be available since the decision to go to a specific destination by a potential tourist or group of tourists depends to a large extent on what competing destinations have to offer in terms of these facilities. And for a pleasant, memorable vacation, the tourist requires the services of such agencies as travel agents and tourist information offices in the host country.

If the above amenities, utilities, facilities and services are not adequately provided, the result is that the few tourists that do come return with a poor and disappointed image which naturally has adverse effects on the country's tourism promotion abroad. This in turn gives its competitors an advantage. However, the tourists' use of facilities, especially public infrastructure, creates additional demand which may overtax already strained essential services leading to many social, economic and even, political problems.

A broad distinction could be made between general infrastructure and infrastructure specific to tourism, depending on whether the investment in question has been necessitated specifically by tourism or not. The essential feature of general infrastructure is that the investment is made from local taxes and other government revenue primarily for the inhabitants of that country. Transportation networks, electricity and water supplies, telecommunications, services of hospitals and the police fall into this category. These are, however, of incidental use to tourists. Infrastructure specific to tourism on the other hand, are primarily for the use of tourists and generate monetary returns to enterprises involved in production of these services. These include those of hotels, restaurants, entertainment centres and travel agents.

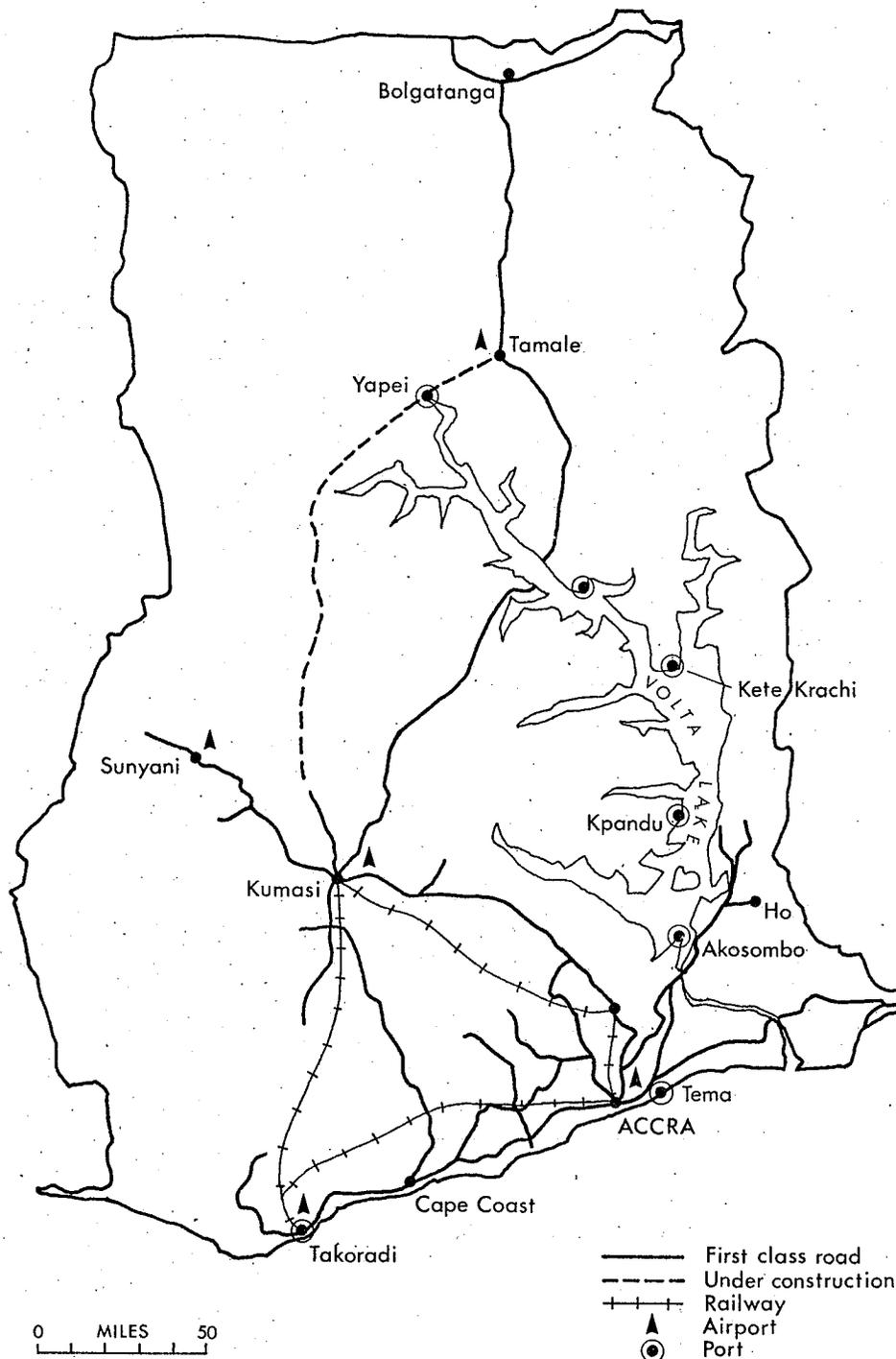
The present chapter, therefore, examines the capacity, both actual and potential, of existing general and tourist infrastructure in Ghana. It also briefly explores the nature of the many enterprises responsible for providing services in these two categories with the aim of examining their implications for tourism development in Ghana.

## PART I GENERAL INFRASTRUCTURE

### Transportation Network

By Sub-Saharan African standards, Ghana has a relatively well developed transportation network which makes it possible to reach all major centres of the country fairly easily and within reasonable time. Figure 4.1 shows the principal roads, railways, harbours and airports.

FIG. 4-1 MAJOR FORMS OF TRANSPORTATION IN GHANA



Source: K. Dickson and G. Benneh, A New Geography of Ghana, London: Longmans, 1970, p. 89.

## Roads

These are the major means of communication by the majority of the population. There are some 21,000 miles of motorable roads with more than 14,000 miles being all-weather construction. However, only 2,500 miles are bitumen surfaced and are consequently classified as first-class roads (shown in Figure 4.1); the remaining are all gravel-surfaced.

Construction of new roads declined while the conditions of existing ones deteriorated during the period of political instability in the second half of the 1960's.<sup>1</sup> Consequently, there is not only the need for improved roads and better maintenance but in addition, there is also the need for road signs of internationally acceptable transportation standards in order to ensure better road safety.

Until 1975, the construction and maintenance of roads were the responsibility of many entities: the Public Works Department (P.W.D.), the nine Regional Administrative Organizations, Local and Municipal Councils, private individuals, companies as well as local chiefs. Because of the heterogeneous nature of these organizations and individuals with varying degree of autonomy, central government supervision and coordination of their duties was difficult. This, together with the fact that these agencies did not have the equipment, adequate expertise and enough resources partly explains both the deterioration and the lack of first-class road development program in many parts of the country.

In order to rectify the unsatisfactory road transport program, the Ghana Highway Authority was created in 1975 as the central body to take over road transport planning, construction and maintenance in the country.

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<sup>1</sup>D. Rimmer, Africa South of the Sahara, op. cit., 1975, p. 363.

In the face of capital and other resource limitations, however, only few projects can be undertaken at a time. For example, the Highway Authority concentrates its priority to the three main urban areas of Accra-Tema, Sekondi-Takoradi and Kumasi. These areas have some 800 miles between them, all demanding repairs. Access roads to the tourist resources (beaches, game parks, etc. ) to be developed within the next 14 years therefore, do not come under their priority listing. After a maintenance study of 7,500 miles of trunk roads, there was still the problem of getting foreign loans to finance both plant and labour, in addition to getting import licenses for construction equipments and materials.<sup>2</sup> About \$20 million used to be allocated every year from the domestic budget for road development. This was inadequate to cover all projects in the nine regions. As a result, for example, in 1975 the Highway Authority had to borrow \$50 million to supplement the annual allocation by the Ministry of Economic Planning<sup>3</sup>. The allocation was more than doubled to \$46.4 million for the 1975-76 fiscal year.<sup>4</sup>

The centralization of road development responsibility and increasing allocation of funds will certainly help improve some of the present road transport requirements. Since development of major highways and city streets require priority attention, access roads to proposed tourist areas will still require complete government consideration, for as

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<sup>2</sup>R. Uwechue (Ed.) Africa, London: Africa Journal Ltd., No. 54, February 1976, p. 72.

<sup>3</sup>Ibid, p. 72

<sup>4</sup>Ministry of Finance, Budget Proposals for Fiscal Year 1975-76, Accra-Tema: Ghana Publishing Corporation, July 1975, p. 32.

indicated in Chapter III, opening up of resort areas and Game Reserves in particular is very much dependent on access roads.

### Railways

This system is made up of 600 miles connecting Accra, Kumasi and Takoradi (Figure 4.1). There has been no significant development in terms of laying new tracks and acquiring new coaches for about a decade and a half. As a result of the narrow 3.5 feet gauge and numerous bends on the routes, travelling time is very long. For example, the average time for the 170 miles Accra-Kumasi journey by an express train is about  $6\frac{1}{2}$  hours. The passenger service is also very poor. With limited coaches, passenger trains are always packed with no standing room, mostly with farmers or market women with their products. Trains are sometimes over four hours behind schedules due to a number of factors. For example, rail crews' lack of diligence while on duty and adverse weather conditions, often result in derailment and broken bridges. Since most of the network are single track, one late train interrupts the schedule of many other runs especially those coming from opposite direction.

Consequently this government transport system will be of little practical use in the development of tourism in the foreseeable future until emphasis is placed on developing and upgrading passenger services through the acquisition of sufficient coaches, laying of double tracks and better supervision to ensure adherence to schedules.

Although much discussion<sup>5</sup> has centered on the poor railway services,

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<sup>5</sup>See for example, J. Ansah, "Rail Transportation System Needs Improvement" The Mirror, Accra: Graphic Corporation Ltd., November 23, 1973, p. 7; A. Mensah, "Let's See Improvement in our Railways", The Ghanaian Times, Accra: New Times Ltd., January 4, 1974, p. 6.

there are no immediate plans to improve it. One reason for this has been the huge capital outlay involved in such an improvement which requires large foreign exchange to import all the machinery and equipment required. For this reason also, emphasis has always been on freight haulage which brings in more revenue than passenger services. But even here, the railways cannot meet national demand for transporting bulky export commodities like cocoa, gold, manganese, bauxite ores and timber to the seaports and imported goods on their return journey. It therefore appears that, as in the past, any development will first be directed at freight haulage.

#### Water Transport

Commercial water transport is still undeveloped in Ghana. A pilot scheme to determine the best means of promoting and servicing passenger traffic on the 3,000 square miles Volta Lake is still in the experimental stages. The Volta Lake Transport Company<sup>6</sup> operates only three vessels between the northern and southern ports of Yapei and Akosombo respectively, a distance of 250 miles. This system, however, holds the greatest potential for tourism development not only because the lake itself is a tourist resource, but also because its central location in relation to many of the other resources (Figure 3.1) will facilitate development of short roads from its ports to the immediate resources. Four ports with landing facilities have already been constructed at Akosombo, Yapei, Ketekrachi and Kpandu<sup>7</sup> (Figure 4.1).

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<sup>6</sup>The Volta Lake Transport Company was incorporated in 1970 with 51% shares held by the Volta River Authority (V.R.A.) on behalf of the Government, and the remaining shares held equally between Elder Demster Lines and Scanship Limited.

<sup>7</sup>K. Gyawu-Kyem (Ed.) "Travelling Over the Volta Lake" The Ghanaian Times, 22 Jan. 1974, p. 6.

As in the case of railways, developing water transportation requires huge capital outlay to purchase vessels, build port facilities and for maintenance. Passenger ferry boats are usually government subsidized enterprises since they are run at a loss even when facilities, spare parts, and repairs can be obtained in the country of operation. A good example of ferry services which are maintained mostly through government subsidies is the British Columbia Ferries of Canada.

The question with regards to developing a commercial water transport system in Ghana is whether government or private enterprises are prepared to develop this form of transport in the absence of enough cargo demand between the northern and southern sections of the country. This is the same question that has hindered extension of the railway line from Kumasi to Tamale which was proposed as far back as 1928.<sup>8</sup>

A total of only ₵2.6 million was allocated towards the development of water transportation for the 1975/76 fiscal year. This "will take the form of provision of navigational and buoys equipment, acquisition of patrol and passenger boats for the Volta Lake, and construction of ferries and various improvements to other inland waterways".<sup>9</sup> This quote shows the extent of facilities that have to be provided with limited capital. Possibly all that the ₵2.6 million will accomplish in one year is purchase a patrol boat.

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<sup>8</sup>K. B. Dickson, *op. cit.*, 1970, p. 115.

<sup>9</sup>Ministry of Finance, *op. cit.*, p. 32.

### Airports and Internal Air Services

There are five airports in Ghana (Figure 4.1) two of which are of international standard. Kotoka International Airport located only five miles outside Accra is a new airport with both day and night landing facilities for all types of aircraft. It also has the necessary runway capacity to meet rising demand of the next twenty years. A site has already been acquired for a new airport should it be necessary after this time. However, the question of processing large numbers of passengers and baggage did not have central place in the design with the result that there is frustration due to hours of line-ups at peak periods of arrival and departure.

The Tamale airport also has landing facilities for international flights, but only as a diversion from Accra airport during poor weather conditions. The other airports in Kumasi, Sunyani and Takoradi are capable of handling only turbo-prop aircrafts and short haul jets.

Ghana Airways Corporation operates regular scheduled passenger service between the five airports. Seats on domestic flights, however, are not sold abroad and the Ghanaian cities served by air are not commensurate with Accra. The international tourist must consequently pay an additional fare for onward travel from Accra while in the country. With the advent of charter tourism it is possible for some form of discount price agreement to be worked out between charter operators and Ghana Airways to permit cheap flights for the international tourist within Ghana.

### International Air Services

About 75 percent of foreign visitors to Ghana arrive by air.<sup>10</sup>

But as can be inferred from later discussion in Chapter V, there is a large number of West African tourists who obviously account for the bulk of those arriving by land. Consequently, almost all the long-distance tourists, particularly from Europe and North America arrive by air, the few exceptions being those visiting other West African countries and therefore travelling by land within the region. The significance of air as the mode of entry is certainly bound to increase with the establishment of charter tourism.

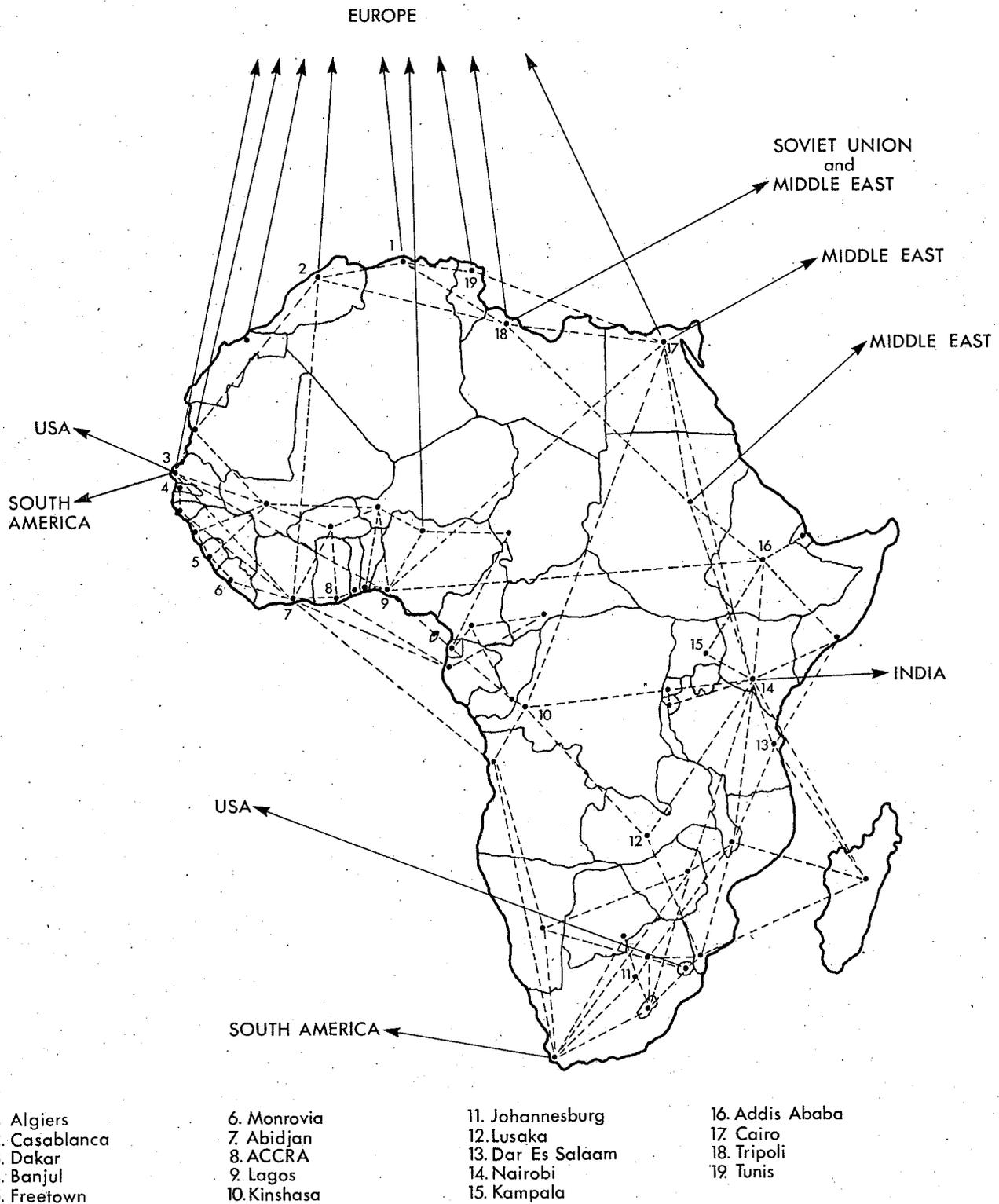
International flights to and from Ghana are offered by Ghana Airways and thirteen foreign airlines. Direct flights to Accra are available from major cities in Africa, the Middle East and the air traffic centres of Europe and New York. Figure 4.2 shows that Ghana can easily be reached from Europe and with regards to North America, it has a locational and distance advantage over the East African countries since most flights must pass through West Africa. This advantage could be exploited by making it possible for East African bound tourists to spend some days in Ghana.

It was pointed out in Chapter II that there is hardly any non-scheduled charter tourism in Ghana. However, this is what current developments in the country are directed at. Charter vacation tourism is quite a different market operation from that of scheduled flights - the kind

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<sup>10</sup>The following percentage figures are only available for 1973 and 1974:  
Air - 79.8 and 73.5; Sea - 1.9 and 0.9; Land 18.3 and 25.6 respectively.  
(Ghana Tourist Control Board, Quarterly Statistics on Tourism, Vol. 7, June 1974, p. 27, Vol. II, June 1975, p. 26.)

FIG. 4-2 AFRICA'S INTERCONTINENTAL AIR TRANSPORT NETWORK



Source: *Africa*, op. cit., No. 52, December 1975, p. 92.

that is run presently by the airlines that operate in Ghana. Discussion on charter tourism, is, however, deferred until Chapter V where it will be appropriately carried out under market evaluation.

The experience of many touristically developed countries show that most visitors, especially those in groups are unwilling to make long transfers by road to their final destination or to switch to smaller and less comfortable planes after many hours on an international flight. Consequently, regional airports had to be built or expanded to cope with growth of charter flight services. At the moment Accra airport is the only point of entry by air into Ghana, yet it is the western coastal region that "has the biggest potential for tourism development"<sup>11</sup>. Since the regional airport at Takoradi is too small to handle international flights, it will be necessary to transfer tourists from Accra airport to the western region over the more than 140 miles by road or 125 miles by smaller planes. This is considered inconvenient after a long international flight. Also, since there is hardly any space for expanding the Takoradi airport, the alternative is to build a new one. Without a new airport in the western region there will certainly be a development constraint for the whole country. In fact, projections for tourism for the 15-year period are based on two alternatives. The first is based on a new airport being built at Takoradi by the early 1980's so that charter flights from overseas will land directly in the western region. The second is on Accra Airport continuing to be the only charter terminal. Over the 15-year development period, the difference in terms of number of tourist arrivals, annual rate of growth, number of hotel beds and revenue will be

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<sup>11</sup>Hoff and Overgaard, op. cit., Part II, p. 267.

very significant as can be seen from Tables 1 to 7 in Appendix V.

The construction of a new airport at Takoradi has received government approval,<sup>12</sup> but acquisition of land, regional development studies, and questions like land compensation still have to be considered and dealt with. In addition, cost estimates, tenders for contracts, possible external loan financing and actual development might take so many years, as is usually the case, that it will be difficult to meet the early 1980's deadline estimate.<sup>13</sup>

#### Local Mode of Transport

The local mode of transport by tourists while in the country will be by road. As seen earlier, railway passenger services are inadequate and water transport is undeveloped. Since much of the tourist movement within the country will be in the form of travelling to the main tourist attractions, air transport will play a very small role. The huge capital<sup>14</sup> and technical requirements render any major development of railway and

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<sup>12</sup>R. Uwechue (Ed.) op. cit., No. 53, January 1976, p. 78.

<sup>13</sup>There was no reference to allocation for studies or work in connection with the new Takoradi airport in the 1975-76 budget proposal. Instead, funds were made available for the resiting of the Kumasi airport. (Ministry of Finance, op. cit., p. 33.)

<sup>14</sup>Due to the huge capital and technical requirements for railways, airways and water transport compared to road transport, these services are operated only by government agencies. The Ghana Railways and Harbour Corporation runs the railway service; air services are operated by the Ghana Airways Corporation, while terminal facilities are the responsibility of the Department of Civil Aviation. The only major inland water transport is run by the Volta Lake Transport Company owned jointly by the government and two well-established foreign corporations. Inter and intra-city road transport, on the other hand, is mainly private Ghanaian concern with some government participation through agencies as the State Transport Corporation and Omni-bus Services. In fact, road transport services must be operated only by Ghanaians (Appendix III) because of the low capital input.

water transport very unlikely in the immediate future. These reasons point to road transport becoming the dominant mode of inland transportation for tourism. It is therefore appropriate to examine the present situation and future potential of this form of transportation.

Road transport in Ghana is plagued by several problems that can be grouped into two kinds:

- a) inadequate number of vehicles in the whole country, and
- b) traffic congestion mainly in the Accra-Tema and Sekondi-Takoradi metropolitan areas - the two key urban areas in the coastal region which will be the terminal destination for incoming tourists.

The first problem arises from the fact that all vehicles must be either wholly or partly (to be assembled) imported mainly from Europe and Japan. The same goes for parts for servicing. Vehicle and parts importation has consequently fluctuated with the domestic and world wide economic conditions. Import restrictions and higher taxes are applied when foreign exchange reserves are low, as they have been for most of the past ten years. For instance, new vehicle registration dropped from an annual average of about 10,000 in 1958-1963 to 7,700 in 1963-1969 because of import restrictions and increases in vehicle taxes<sup>15</sup>. A recovery in 1970-1971 to 12,000 a year was again reversed by renewed import restrictions in 1974 as a result of post-1973 oil price hikes and the consequent general world price increases. The result is that the present number of vehicles is very inadequate for the population even without the demand that would be generated by developing large scale tourism. Furthermore,

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<sup>15</sup>D. Rimmer, op. cit., 1975, p. 363.

in the absence of essential parts, the road worthiness of the greater number of the vehicles on the road is very low, as exemplified by frequent breakdowns.

The second problem stems from the structure and the rapid growth of Ghana's three major cities: Accra-Tema, Takoradi and Kumasi. The Accra-Tema Metropolitan Area in particular has undergone phenomenal growth which in the early 1960's made it one of the fastest growing cities in Africa.<sup>16</sup> But the growth has been mainly one of outward expansion of residential areas. Business, commercial and administrative services still remain in the city centre with increasing distances from the ever-expanding city outskirts.<sup>17</sup> The result is, precisely at the same time each morning (7 to 10 a.m.) almost all workers, traders, daily grocery shoppers<sup>18</sup> 'troop' down in exactly the same direction - from the residential areas on the city outskirts to the city centre. In the evening, at exactly the same time (4 to 6:30 p.m.) there is a reversal of the morning movement.

This is a situation which in itself is bound to create transportation problems. But when in addition, the roads are mostly narrow single lanes and the number of vehicles limited, then the problem becomes acute. An indication of the gravity of the problem is that for the greater part

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<sup>16</sup>E. K. Vorkeh, "Solving the Transportation Problem in Accra", Part I, Legon Observer, Vol. VIII, No. 13, 29 June - 12 July, 1973, p. 294.

<sup>17</sup>This situation and the resultant problems also exist in Takoradi and Kumasi, but on a smaller scale, particularly in Kumasi.

<sup>18</sup>In the absence of good storage and preserving facilities in a hot climate, just about every Ghanaian household does daily grocery shopping instead of the weekly routine in developed countries.

of the day most taxi drivers refuse service on many city routes. Workers have to leave home by about 6:30 a.m. in order to be on the job by 8:00 a.m., and do not get home until 6:30 p.m. - two hours after closing. In most areas, as early as 1 p.m. many bus line-ups are so long, it normally takes 2 hours waiting for the 3-8 mile travelling distance to get home. When offices and other jobs close four hours later "the situation becomes hopelessly exasperating"<sup>19</sup>. The problem is so serious that it is difficult to get even taxis. Engaging one exclusively to one's self is completely out of the question.

Large scale development of tourism is, therefore, bound to generate more transportation demand on a system that cannot even cope with present national demands. Currently, however, there are programs directed at solving some of these problems: a \$126 million scheme to ease Accra's traffic congestion over five years by constructing four lane, divided arterial routes to replace the present five routes radiating from the city.<sup>20</sup> However, with problems of financing, import licenses for equipment, compensation for people affected by the expansion of roads, land settlements and related legal problems, there is no guarantee that the transportation problem could even see preliminary solution before tourism's demand adds to it. And this observation goes for the problem in the whole country: "in the present economic climate, Ghana's roads and vehicles are unlikely to enjoy any sudden major improvements".<sup>21</sup>

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<sup>19</sup>E. K. Vorkeh, op. cit., Part II, Vol. VIII, No. 15, 27 July - 9 August, 1973, p. 348.

<sup>20</sup>R. Uwechue (Ed.), op. cit., No. 54, 1976, p. 72.

<sup>21</sup>Ibid, p. 72.

### Telecommunications

Falling within this classification are Postal, Telephone, Telex, and Telegram Services which are all operated by the Department of Posts and Telecommunications, which is one department of the larger Ministry of Transport and Communications. These services are required by both tourists and other sectors of the industry such as travel agencies, tourist information offices and hotels for fast and efficient transmission of information (such as flight and hotel bookings) both within and outside the country. Consequently, developing tourism in Ghana requires long term assessment of the potential of these services in order to cater for future demand generated by both tourism and other sectors of the economy.

There were 1,930 post offices in urban areas and 701 postal agencies in rural areas in 1973.<sup>22</sup> These figures are considered adequate since they are able to handle service requirements in all major urban and rural centres. External postal services are of good standard but mails are much slower within the country, mostly the result of transportation problems. Although this service is not critical to the development of tourism, more revenue could be generated if smaller shops like drug stores are authorized to sell stamps, and provision of more mail boxes in urban centres are made. One outcome could be the ease with which tourists could mail postcards back home. Over a period of one year, for example, revenue from this could amount to significant figures.

As of 1973, there were 425 telephone exchanges but only 15 were

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<sup>22</sup>M. Danquah (Ed.) Ghana Economic Review 1972/73, Accra: Editorial and Publishing Services, p. 92.

automatic and linked to the Subscriber Trunk Dialling System (STD).<sup>23</sup>

A microwave multi-channel radio telephone links Accra, Kumasi and Takoradi. Since the lines are limited, they are busy during the day and as a result too, frequent break-downs are common. An external radio telephone operates between Ghana and 40 countries, but the exchange is manual and the capacity is far too small.

Telegram services within Ghana have seen very little improvement since 1960. There are several instances where mails have reached destinations faster than telegrams. Only Accra has a direct telex link with about 50 countries.<sup>24</sup> The lines are often engaged, making it difficult to get information through.

Development of tourism will certainly generate more demand for these already over-taxed services. There is a \$26 million telecommunications modernization project<sup>25</sup>, but any such improvement will be meeting present demand only and not effect future tourism development. Furthermore, provision of these services is the responsibility of the same ministry<sup>26</sup> which also has the task of developing and upgrading existing road, water, air and railway transportation.

#### Other General Infrastructure

Besides those general infrastructure considered so far, others such as water, electricity and Public Health Services are also essential to a

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<sup>23</sup>Ghana Information Services Department, Ghana Official Handbook, Accra-Tema: Ghana Publishing Corporation, 1974, p. 192.

<sup>24</sup>Hoff and Overgaard, op. cit., Part I, p. 47.

<sup>25</sup>A. Rake (Ed.) African Development, op.cit., Oct. 1975, p. 105.

<sup>26</sup>Ministry of Transport and Communications.

successful tourism development.

Consumption of well-treated water by the tourism sector particularly, hotels and resort areas is very high. Besides requirements in individual hotel rooms, kitchens and for laundry services, activities in swimming pool areas and watering lawns and flower plants result in large daily consumption of water. In many cases, availability of water or the technical and economic feasibility of bringing this utility from other areas determines the location of hotels and resorts or even if tourism can develop or expand at all.

With the exception of few remote villages in the Upper and Northern Regions of the country, almost all urban and rural areas of Ghana have adequate water supply. The Ghana Water and Sewerage Corporation operates and maintains 268 water systems which are to be integrated into a national grid network.<sup>27</sup> This would alleviate the present problem in non-urban areas such as Ada which do not have the capacity to supply big consumers like the joint Government-German resort project now under construction. There is a U. S. \$10.4 million International Development Agency (IDA) assistance<sup>28</sup> to help finance a project to increase and improve water supply for the Accra-Tema Metropolitan and adjacent rural areas like Prampram and Bortianaw<sup>29</sup>.

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<sup>27</sup>Ghana Information Services Department, Ghana 1974 - A Review of 1973, Accra-Tema: Ghana Publishing Corporation, 1974, p. 139.

<sup>28</sup>C. Legum, op. cit., 1975, p. B656.

<sup>29</sup>Also contributing to this project are Canada and the African Development Bank (ADB).

The Volta River Hydro Electric Power Scheme provides about 912 M.W. which is in excess of present national requirements.<sup>30</sup> A 500 mile network transmits power to some urban and industrial centres in the southern half of the country. In other larger areas where it is not economically feasible to extend transmission lines, thermal stations provide power. A Ghana-Canada study is currently going on to determine the best means of expanding Ghana's electricity generating capacity to meet future requirements up to 1995.<sup>31</sup> The study includes the question of building either hydro electric dams at two possible sites or a thermal plant.

The capacity for future expansion of both water and electricity supplies is, therefore, adequate to accommodate demands from the tourism sector.

Various activities (such as eating local food) in a different environment, together with conditions which might be foreign to the visitor's metabolism and body resistance could sometimes lead to situations that require some medical attention. All Ghanaian urban areas have adequate health facilities, and in recent years emphasis has shifted to providing them in rural areas. In addition to about 50 health centres in rural districts, private organizations, churches, and individual professionals provide services at hospitals and clinics. Health services

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<sup>30</sup>The surplus power is 'exported' to Togo and Benin Republics.

<sup>31</sup>C. Legum (Ed.) op. cit., 1975, p. B655 - 656.

are, therefore, adequate to take in the demands that may be generated by the tourism sector.<sup>32</sup>

## PART II TOURISM INFRASTRUCTURE

### Accommodation Facilities

The experience of countries like Spain, Hawaii and the Caribbean Islands which have witnessed rapid growth of tourism suggest that shortcomings in the general infrastructure place less constraint on the growth of the industry than a shortage of accommodation facilities. Visitors tolerate certain deficiencies to some extent, provided they do not create excessive personal discomfort or inconvenience. This is particularly the case if tourists are coming to a less developed country where they do not expect everything to be as comfortable as back home. Hotels, however, must be of good quality to enable prospective tourists decide where to go. And if they do arrive, the quality and service must be worth what they paid for. The significance of accommodation and related services in Ghana's tourism development is indicated by the specific reference to them in the terms of reference of the Master Feasibility Study for the Tourism Development Plan (Appendix IV, Sections i and ii).

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<sup>32</sup>This conclusion has some support from the following observation:  
"However, today with the relatively good medical care in Ghana there should be no danger for ordinary foreign visitors if they just take a minimum of care and especially eat their malaria tablets. Different types of stomach disorders can of course still occur, which is normal when people are travelling abroad." (Hoff and Overgaard, op. cit., Part I, p. 35) The fact that tourists on vacation still have to take regular malaria tablets could be a deterrent to tourism development initially until confidence is built by tourists.

Registration and classification of accommodation facilities were started in 1974 by the Tourism Services Department of the Ghana Tourist Control Board. Acceptable establishments and services offered are listed, revised and updated annually in the publication, Guide to Ghanaian Hotels. Total bed capacity in 1973 was 2,500 (compared with 37,611 in Morocco, 54,617 in Tunisia<sup>33</sup> and 17,639 (1974) in Kenya<sup>34</sup>).

Half of the above total is concentrated in the Accra Tema Metropolitan area, with the remaining spread over the eight regions. The accommodation establishments are distributed between private Ghanaian enterprise, rest houses and state owned hotels.

Private Ghanaian hotel establishments are very small, averaging about 40 beds. They have neither the capacity to cater for group tourists, nor the economic background and affiliations for undertaking overseas promotions. As a result, they will continue to serve mainly local and regional tourists, and only to a limited extent serve individual North American and European tourists.

Government-owned hotels run by the State Hotels Corporation have a total of 1,260 beds. (Table 4.1)

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<sup>33</sup>IUOTO. International Travel Statistics, op. cit., Vol. 27, 1973.

<sup>34</sup>A. Rake, op. cit., December, 1975, p. 65.

It was not possible to obtain data on bed capacity in West African countries. However, the situation would be on the same scale as Ghana's, considering the fact that the dimensions of tourism are about the same as seen in Chapter II. The figures for bed capacity in Morocco, Tunisia and Kenya, again indicate the extent of the difference in levels of tourism development between West Africa and North and East Africa.

TABLE 4.1: HOTELS RUN BY THE STATE HOTELS CORPORATION

Hotel	Number of Beds	Location
Meridian	350	Tema
Continental	250	Accra
Ambassador	190	Accra
Star	140	Accra
Atlantic	140	Takoradi
City	120	Kumasi
Volta	70	Akosombo
<b>Total</b>	<b>1,260</b>	

Source: Hoff and Overgaard, op. cit., Part I, p. 61.

The Table also shows that all the hotels are in the southern half of the country with more than half in the Accra-Tema Metropolitan area.

Rest houses are also government owned but regional organizations run some together with the State Hotels Corporation. (Table 4.2)

TABLE 4.2: GOVERNMENT REST HOUSES

Location	Number of Beds	Run By
Kumasi	53	State Hotels Corporation
Ho	48	Volta Regional Administration
Tamale	36	State Hotels Corporation
Bolgatanga	32	Upper Regional Administration
Cape-Coast	18	State Hotels Corporation
Sunyani	14	State Hotels Corporation
Koforidua	Uncompleted	Eastern Regional Administration

Source: Hoff and Overgaard, op. cit., Part I, p. 62.

Besides the above-mentioned establishments, a few others with catering facilities exist: the Game Lodge at Mole Animal Reserve (50 beds run by the Department of Game and Wildlife, Elmina Motel (32 beds) run by the University of Science and Technology at Kumasi, and the privately

owned Bushua Pleasure Beach with 50 beds. But these are all small units without the capacity for large scale tourism.<sup>35</sup>

The 121 beds in the rest houses run by the State Hotels Corporation (Table 4.2) in addition to the 1,260 beds (Table 4.1) in the bigger hotels gives a total of 1,381 beds out of a national total of about 2,500. This places the State Hotels Corporation in a central place for the future development of tourism. To assist in this direction, a separate report prepared by Hoff and Overgaard was presented to the Corporation covering other important areas of the hotel business: quality of service, price levels, management and training problems in the hotels as well as improvements required in the Hotel Management Training School in Accra.

Besides the very low capacity of existing accommodation facilities in Ghana, their quality level also requires much improvement to meet internationally acceptable standards, as illustrated by the following conclusions of Hoff and Overgaard:

"none of the existing establishments (which were either utilized or inspected by the group) were up to the deluxe or first class standard required by international tourism. Only the Continental Hotel came close to an acceptable standard. If certain improvements take place Ghana could provide about 945 beds of an acceptable international standard in the existing stock of State Hotels which

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<sup>35</sup> Within the last four years, the three Universities in the country especially the University of Ghana in Accra have been providing accommodation and catering services for Group Inclusive Tourists, mainly students from the United States. During the period of June to September about 7,000 beds in the various halls of residence became available for about \$5.00 a night. It is doubtful, however, whether this kind of accommodation would play any significant role in the mass charter tourism development in Ghana since the overseas worker on vacation looks for something more comfortable than this. So these units in the Universities would continue to serve mainly student tourists on summer vacation to Ghana.

would be the take-off point for tourism development along with the planned sea side resort facilities" <sup>36</sup>

Details of the 15 Years Tourist Development Plan are contained in Appendix V. Table 4 of the Appendix shows that from a total of 900 beds in 1975, requirements increase progressively to 3,230 in 1980, and to 13,100 in 1990 for the calculations based on Alternative I. For Alternative II, demand increases from 900 beds in 1975 to 3,230 beds in 1980 (same as in Alternative I) and 6,730 beds in 1990 which is slightly under half of the demand in 1990 in Alternative I<sup>37</sup>. Despite the large difference in demand of the two Alternatives, capital required for hotel development over the Plan period is very substantial. For the first part of the Plan from 1975 to 1980 it amounts to \$40 million for both Alternative I and II. (Table 6, Appendix V) For the second part from 1980 to 1990, however, \$190 million will be required in Alternative I and \$66 million in Alternative II. (Table 7, Appendix V). For the whole Plan period therefore, capital requirements for hotel development alone will amount to \$230 million in Alternative I and \$106 million in Alternative II.<sup>38</sup>

#### Restaurants

The tourist considers eating and possibly drinking as among the most important aspects of his vacation. How food and drinks are prepared and served to him are of great importance. Among his happiest memories may be the experience of dining in a particularly attractive and perhaps

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<sup>36</sup>Hoff and Overgaard, op. cit., Part I, p. 65-66.

<sup>37</sup>The basis of these estimates will be examined in Chapter V.

<sup>38</sup>These are 1974 figures which will be more at the present time and definitely much higher by the end of the Plan period. The relevant aspects of the Plan will be examined in Chapters V and VI.

unusual eating place where food was prepared and served to perfection.<sup>39</sup>

About seventy-five percent of restaurants in Ghana are concentrated in Accra. Besides the various hotels and rest houses which have restaurants and catering services, there are several first class French, Spanish, Italian, Lebanese and Chinese restaurants. But it is impossible to find any good eating places serving Ghanaian food in the country. The only such place, the Black Pot restaurant in Accra was closed down in 1974. There are several 'chop-bars' spread all over the country serving inexpensive Ghanaian dishes. However, the unhygienic premises and poor quality of service make them unattractive to tourists.

The whole country also lacks formal establishments such as cafeterias and snack bars where 'fast-food' could be served at fairly low prices. While food prices are reasonable, wine and spirits are expensive as a result of heavy import duties and other taxes imposed to discourage Ghanaians from drinking imported liquor.

With the expansion of tourism there will be heavy demand for food and drinking establishments. However, since planned hotels and beach resorts will all have these facilities, the demand will be met to a large extent; which places more importance on provision of hotels.

#### Entertainment and Recreation

These are some of the principal reasons why people travel or go on a vacation. Therefore the quality and satisfaction provided by these activities largely determine the success of the trip. A comfortable hotel room and delicious meals for a tourist reaching his destination by a comfortable means of transport is not all that is necessary for successful tourism development.

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<sup>39</sup>R. McIntosh, Tourism: Principles, Practice and Philosophies. Ohio: Grid Incorporated 1972, p. 36.

Night clubs, discotheques, pubs, movie theatres and a few casinos are found in all urban centres.<sup>40</sup> For example, Accra alone has nineteen modern discotheques, twelve cinema theatres and an unspecified number of open air night clubs.<sup>41</sup> In the area of entertainment, therefore, the tourist will find complete satisfaction and a memorable experience like many other visitors who have documented such an experience with a letter like this one to the tourism authorities:

"I think you have everything, basically speaking, that the mass market requires. At least as far as the British, Scandinavians, Germans, French and North Europeans are concerned. You have guaranteed sunshine, beautiful beaches (girls to match), lovely lakes and waterfalls, warmhearted people, lenient licensing laws, football, forts and the best night life in the world"<sup>42</sup>  
(Emphasis mine)

Although there may be some exaggeration in the above description of the night life, it is still one of such opinions formed by several visitors to Ghana even at the present low level of tourism development. Tourism expansion particularly the development of more hotels and resorts would further add to and improve the present entertainment situation in Ghana.

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<sup>40</sup>Entertainment establishments, hotels, restaurants and many other important places, activities and information are found in the annual publication by the Publicity and Promotions Department of the Ghana Tourist Control Board (see footnote 41)

<sup>41</sup>Ghana Tourist Control Board, Basic Information on Ghana. Accra: Publicity and Promotions Department, 1974, p. 22-27.

<sup>42</sup>B. Bransford (Harmsworth Publications Ltd., London) in S. Clegg (Ed.), Okwantuni (Ghana Tourist News) No. 10, Jan.- Mar. 1975, Accra Ghana Tourist Control Board, p. 1 and 9.

Sports and recreation facilities, on the other hand, are very limited and even when they are available, such as golf courses, they are for members of exclusive clubs. Nevertheless, these facilities will increase with the development of hotels and resorts which, as seen in Chapter III have provisions for such facilities. For example, the joint Ghana - West German resort project at Ada to be completed in 1976 includes facilities for swimming pools, sailing, water-skiing, tennis, bowling, etc.

### Shopping

Shopping for gifts and souvenirs is an important activity of tourists which if well developed and organized leaves the visitor with a lasting experience and memorable souvenirs from the host country which also benefits from the revenue accrued from visitors' shopping expenditure. Probably the world's most notable example of business which cater for tourists is that of Hong Kong where shopping and business establishments are probably the single most important aspect of the visitor's experience.

In the major cities of Ghana, there are a number of special tourist markets, such as the High Streets in downtown Accra and Kumasi. On sale at these markets and shops are local handicrafts such as wood carvings, fertility dolls, local musical instruments, masks, pottery, hand-made baskets, embroidered bright-coloured cotton prints, traditional smocks, gold, brass and leather wares. The Tourist Development Company runs a duty-free shop at the Kotoka International Airport, where also, a whole section is rented to dealers in Ghanaian handicraft. Some traders prefer carrying their wares to places like the hotels and beaches where they are likely to meet tourists.

The items offered are usually of very high quality, but tourists often pay inflated prices because of inexperience of the bargaining and haggling system. Many traders get away with high prices because to the North American or European tourist, prices are relatively low due to the cheap labour and low-cost material inputs in producing the goods. Several large departmental stores also offer items of interest to tourists at fixed, marked-down prices.

Local Ghanaian markets have rich ethnic flavours and display much local colour which make them popular with visitors even though they may not understand the language. On the whole, shopping would be quite an experience to the tourist with diverse Ghanaian handicrafts to buy. Independent small dealers in the handicraft business, however, need some form of organization to protect tourists from paying inflated prices.

To make shopping as convenient as possible, hotels usually provide shops featuring gift items. This again places greater significance on the importance of hotels in the country's tourism development.

#### Local Travel Agents

Tourists must be transferred to their hotels after a long flight and slow airport formalities. They also require advance arrangements and confirmation of activities in connection with their visit such as hotel bookings, sight seeing tours to places of interest either by comfortable, air conditioned buses with viewing facilities and competent multi-lingual guides, or by rented self-drive cars. This is where the facilities and services of the local travel agent becomes important.

The Ghana Tourist Control Board recognizes 21 approved Tourist and Travel Agencies<sup>43</sup> which offer tours within Ghana as well as to the neighbouring countries of Togo and Benin Republics. Table 4.3 shows tours and excursions offered by the government-owned Akuaba<sup>44</sup> Travel Agency which is of the normal standard offered by most agencies.

TABLE 4.3: TOURS AND EXCURSIONS OFFERED BY AKUABA AGENCY

Place	Duration	1976 Price in U. S. \$ *
Accra Sightseeing	3 hours	2.00 - 4.50
Aburi Gardens	4 hrs.	4.50 - 7.00
Akosombo	9 hrs.	8.00 - 24.00
Elmina Castle	9 hrs.	9.90 - 28.50
Kumasi	3 days/2 nights	60.00 - 100.00
Mole Game Reserve	4 days/3 nights	85.00 - 160.00
Dodi Island (Volta Lake)	9 hrs.	15.00 - 25.00
Lome (Togo)	2 days/1 night	50.00 - 80.00
Cotonou (Benin)	3 days/2 nights	65.00 - 110.00

\* Prices vary according to number of people and type of transport.

Source: Tourism Services Department, Ghana Tourist Control Board. (on request by author for revision of 1974 prices quoted by Hoff and Overgaard, op. cit., Part I, p. 73)

The prices are fairly high and the number of tours limited. Furthermore, the agencies lack good facilities such as modern well-equipped buses and good multi-lingual guides. Travel agencies cannot be run by foreign enterprise (Appendix III) and consequently development of tourism infrastructure has to be carried out by government and local enterprise. This may account for the limited development of this essential service which

<sup>43</sup>Basic Information on Ghana, op. cit., p. 14-15.

<sup>44</sup>Literally meaning 'Welcome'.

requires not only contacts or better still, affiliations with overseas tour operators, but also acquisition of special coaches and staff training in languages and the fundamentals of tourism, particularly the attractions of Ghana.

There are five recognized car rental companies<sup>45</sup> among which the State Transport Corporation has the largest fleet of about 140 cars<sup>46</sup>. Self-drive rentals which are more convenient, and therefore more popular with tourists, are as yet not available.

Because of the important role of local travel agencies in tourism development much improvement of the present situation is necessary. With no provision for the participation of foreign enterprise and the absence of well established private local enterprise in the field, it appears government would have to provide much of the improvement required. This could possibly be done through the State Transport Corporation, Akuaba Travel Agency or the Tourism Development Company.

#### Tourist Information

Tourists need two types of information about a destination country. First, information about the kinds of tourist attractions, accommodation facilities, restaurants and other forms of tourist infrastructure. Usually this information should be available in the country of origin of the prospective tourist since it helps him compare with information about other destinations in order to decide where to go. Secondly, upon his arrival the tourist requires specific information about the actual location of various attractions, road maps and any other information of interest to him.

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<sup>45</sup>Basic Information on Ghana

<sup>46</sup>Ghana: Official Handbook 1972-73, op. cit., p. 191.

Although the Ghana Tourist Control Board publishes several tourist literature, there are serious problems with dissemination of information. In the first place, publication is only in English which limits the section of the market that would be reached particularly in Western Europe where French and German are widely spoken. Secondly, there are no overseas promotion offices. This further restricts marketing<sup>47</sup> Ghana as a tourist destination. Current practice is to send publications to the various Ghanaian Embassies and other Missions abroad and also, to some accredited travel agents. Both practices are ineffective means of publicity and hardly results in any promotions. Ghanaian Missions abroad consider diplomatic affairs their primary duties, so that all other responsibilities such as distributing tourist brochures are very secondary. Besides, the personnel of these Missions do not have the necessary training for marketing and promoting tourism on a competitive market. For effective publicity through accredited travel agents abroad, there should be a representative of the National Tourist Corporation to supervise and act as a liaison between the Agent and the national tourist authorities. In the absence of such a representative of the Ghana Tourist Control Board, there is hardly any promotions and publicity which to a large extent accounts for the low level of tourist arrivals. There is therefore a need to establish overseas promotion offices despite the argument that there is no economic justification in overseas promotions of an underdeveloped destination like Ghana, particularly because at the prohibitive cost of such an undertaking.

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<sup>47</sup>The problems of overseas marketing will be examined in Chapter V.

Partly as a result of the ineffectiveness of Ghana's overseas promotions, a United States Company, (Southeimer and Company) was retained in early 1975 to handle North American travel publicity<sup>48</sup>. This arrangement calls for preparation of stories with pictures for publication in major United States and Canadian media. Although the stories are informing, they are still ineffective means of promotion. For example, the story prepared for a Canadian media<sup>49</sup> tells the prospective tourist about the harmonious co-existence of western and traditional culture in Ghana but does not tell him about how and where to get more specific information should he decide to consider travelling to Ghana.

Within the country itself there are only two Tourist Information Offices in Accra and Kumasi, but their location is unknown to many tourists. Overseas promotion offices are planned for Europe and later North America, but it might be a while before they are established because of the cost involved. Opening of local information booths, however, can be done with a lot more ease.

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<sup>48</sup>Africa Report, op. cit., May - June 1975, p. 54.

<sup>49</sup>J. K. Full, "Ghana Finds Harmony in Two Customs." Winnipeg Free Press, May 29, 1976, p. 84.

INVESTMENT CHARACTERISTICS OF GENERAL AND  
TOURISM INFRASTRUCTURE

A major characteristic of investment and provision of services in the area of general infrastructure in almost all economies, whether centrally planned or mixed, is that it is carried out by the State. The few exceptions to this are the large capitalist countries like the United States and Canada where private companies invest in such activities as railways and airlines.

There are several economic and even moral arguments for provision of public goods by the State. Infrastructure such as telecommunications, hospitals, water, power and police services are considered essential to the welfare of the whole society. Some have huge capital investment requirements, while some have social, economic and even political significance which make them vital to the nation and therefore only logical that government provide them with revenue from local taxes.

It is also arguable that if provision of such public goods and services are left in the hands of private enterprise there will be competition and duplication of services; competition and discriminative practices would eliminate some or all competitors leading to monopolies which would exploit the consumer who is supposed to have perfect knowledge of the market, but in reality does not.<sup>50</sup>

To the above argument, capitalist-oriented economists reply that State production of these goods may broaden the opportunities for corrupt State officials to use state power to enrich themselves at public expense,

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<sup>50</sup>A. Caincross, Introduction to Economics, London: Butterworth and Co. (Publishers) Ltd., 4th Edition, 1966, p. 584-585.

distorting planned output, and creating delays in implementation through red-tapism. Socialist theorists admit the danger of corruption, but maintain that resulting plan distortions are unlikely to be more serious than those existing because private firms in pursuit of profit make investment decisions which may hinder implementation of investment plans. The motivation for corruption, they argue, stems from the presence of poverty alongside great wealth in the hands of the few, and the ideology fostered by competitive private enterprise, that the individual should strive primarily to advance himself.

Whatever the arguments for these two systems of production, it is agreed by many economists that certain goods and services are vital to the welfare of the population and consequently are produced by the State, while others are left to both State and private sectors in a system called mixed economy. Investment in tourism infrastructure is one such area that has the characteristic of both separate or combined government and private participation. The degree of mix and extent of participation depends on the national economic system, economic ability of the private sector, and the tourism trend in that particular country. But normally the private sector invests in tourism infrastructure such as accommodation and restaurants which are profit-making activities. The division of production responsibility is not rigid, so that the private sector may invest in some general infrastructure such as roads leading to resort areas.

The situation that has existed in Ghana is a mixed planned economy. State participation in the economy through planning and direct investment has been far greater than would be advised by orthodox capitalist economic theory. Besides a few hospitals and road transport services, all the

general infrastructure considered in this chapter are State investments. More than half the number of available hotel beds which are those in the better hotels are also in the public sector. A number of factors account for this situation of greater State participation in the production of public goods and services in Ghana. All the major general infrastructure like road and rail transport were started by the colonial government to assist exploitation of resources, further trade and make governing easier, while hospitals and school were for improving the welfare of the local people as well as means of spreading religion by missionaries. Rest houses were also built for colonial administrators on their out-station travels, while the Ambassador Hotel<sup>51</sup> was for overseas visitors. These units of infrastructure were inherited at independence but in order to increase the general welfare of the population, the new government adopted a socialist form of production. With the exception of the few foreign companies in mining and commerce, the major form of production was in the hands of the State. The exception was small enterprises like trade and labour intensive agriculture.

The socialist form of production failed because the State lacked an administrative machinery large and competent enough to implement its development plans. As a result of this and the increasing number of financial institutions as well as trained individuals with entrepreneurial acumen, the trend over the last five years has been to encourage greater private participation in production while government continues to provide essential services.

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<sup>51</sup>The Ambassador Hotel is the first modern hotel to be built prior to independence in 1957.

This trend is reflected in the Ghanaian Business Promotion Act which also led to the expulsion of about 85,000 people without legal residence permits according to the Aliens Compliance Order in 1970. The trend is also reflected in the capital investment Decree (Appendix III)<sup>52</sup>. Projects that do not require large capital investment such as tourist transportation, curio and craft shops are reserved solely for Ghanaians. On the other hand, those which might require large capital such as hotels and resorts could be jointly owned by Ghanaians and foreign enterprise or by foreign enterprise alone. To attract foreign capital and participation several benefits and concessions are given in addition to government having undertaken to provide some of the general infrastructure like roads and telephone connection to hotel and resort areas.

#### Summary

From the appraisal of infrastructure in this chapter, it is apparent that besides water, electricity and public health services, Ghana's general infrastructure on which tourism development is very much dependent, are very inadequate.

The examination of transportation indicates that road transport will be the major means for getting around by tourists while in the country. But this is the mode of transport widely used by Ghanaians and it cannot even handle present local demand. Any developments in the next few years have to focus on meeting some of the local demand such as maintenance of existing deteriorated routes, easing traffic problems in urban centres

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<sup>52</sup>The Decree covers all aspects of investment. Appendix III contains those specific to tourism.

and provision of more vehicles for workers. This leaves out provision of access routes to proposed tourist centres, which is a self-assumed government responsibility as an incentive to attract investors. These are some of the critical situations and problems that are not covered in the Tourism Plan.

With regards to tourism infrastructure, the significant role that hotels play in a country's tourism development is further reinforced by the fact that they usually come with other essential tourism infrastructure: pubs, discotheques, restaurants, sports and recreational facilities, as well as gift and souvenir shops. Because of its present central position in terms of the number of beds in its hotel and rest house establishments, the State Hotels Corporation has a very important role to play in the country's tourism development. However, in view of the large number of hotel beds required within a few years and the size of capital required, and in view also of the fact that the Corporation currently has financial, technical and managerial limitations, private enterprise will have to assist to a large extent in providing hotels. Since private Ghanaian hotel enterprise is small and economically deficient, private foreign investors will have to be the alternative answer. Investment incentives have already attracted one group from Germany involved in the Ada resort project and the government hopes that many will follow.

The above situation leads to the following implications which are not thoroughly dealt with in the Tourism Development Plan.

1. The effect of tourism demand on general infrastructure is undetermined. It is obvious from the analysis, however, that expansion of tourism will add to an already strained road transport situation. Another situation that arises is that

even if government raises revenue to provide for general infrastructure to tourist centres, these amenities and utilities are to be provided by separate government organizations such as the Electricity Corporation, Department of Posts and Telecommunication, Ghana Water and Sewerage Corporation and the Ghana Highways Authority which do not see themselves as directly in the tourist industry. So there will probably be problems of unco-ordinated development with investors in resorts, slow development or complete absence of development which in any of these instances will slow down the general development of tourism especially if investors lose confidence.

2. If government raises local revenue or a foreign loan to provide the incentives, it is doing so with the Ghanaian taxpayers' money. The fact that several concessions such as tax holidays and repatriation of profits have been granted to foreign companies puts the Ghanaian businessman at a disadvantage. Also, the fact that a tourist's expenditure consists mainly of the airfare, hotel bill, entertainment and shopping expenditure raises a number of issues when it is realized that many international hotel chains that invest abroad are appendages of airlines. If it is further considered that hotels come with restaurants, night clubs, sports and recreational facilities and shopping units, then the question that arises is: how much really stays in a country that

uses local taxpayers' money to develop its tourist resources and provides general infrastructure as incentives for predominantly foreign investors.

These and other related issues will be further developed in later chapters.

## CHAPTER V

AN EVALUATION OF GHANA'S TOURIST MARKET POTENTIAL<sup>1</sup>

The present chapter focuses on the size, composition and characteristics of Ghana's potential tourist market, as well as the mechanisms that operate to enhance or limit realization of the market. The body of the discussion is taken up in three parts. In the first, an examination of global and regional trends in international tourist movements will lead to an assessment of Ghana's share of the market based on the country's average tourism growth rate. In the second, the regional composition of Ghana's potential demand and the socio-economic characteristics of this market are analyzed in order to establish the profile of future tourists coming to the country. Finally, the means through which this market could be realized or inhibited are examined.

Just like any economic activity, tourism requires a market for its products. From an economic point of view, the notion of market means the actual and potential demand of a product whether it be tangible or intangible.<sup>2</sup> On the basis of this definition, "the term 'tourist market' could be used territorially to mean any tourist-generating country, normally an industrially advanced country in Europe and North America. These countries put together provide for about 90% of the world's tourist traffic".<sup>3</sup>

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<sup>1</sup>This evaluation is limited by the absence of market segmentation and related studies of Ghana's potential market.

<sup>2</sup>E. A. Wahab, "A Conceptual Framework of Marketing in Tourism", World Travel, Geneva: IUOTO, No. 122, December 1974-January 1975, p. 45.

<sup>3</sup>Ibid, p. 45.

Defined in this sense, the chapter proceeds with evaluation of Ghana's market potential.

#### Volume and Trend of International Tourism Movement

Reference has already been made in Chapters I and II to the fact that the development and significance of international tourism has received increasing attention and consideration. This is largely due to its economic magnitude, impressive volume and growth rate during the last two and a half decades. It is an astonishing large scale world-wide phenomenon described as "the largest peace-time movements of people, goods, services, and money in human history".<sup>4</sup>

#### Volume and Rate of Growth of International Tourism Movement

According to provisional estimates of the World Tourism Organization (WTO) international tourist arrivals reached a volume of 213 million in 1975,<sup>5</sup> compared with 169 million in 1973<sup>6</sup>. It grew from 25 million in 1950 to 181 million in 1971, a growth rate of 715 percent over the 1950 volume. (Table 5.1)

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<sup>4</sup>D. J. Greenwood, "Tourism as an Agent of Change: A. Spanish Basque Case, Ethnology, Vol. XI, No. 1, January 1972, p. 81.

<sup>5</sup>W.T.O., World Travel, Geneva: No. 128, Jan-Feb, 1976, p. 12.

<sup>6</sup>IUOTO, Economic Review; Geneva, 1972, p. 9.

TABLE 5.1: VOLUME AND RATE OF GROWTH OF INTERNATIONAL TOURIST ARRIVALS FROM 1950 TO 1971

Year	Arrivals in Millions	Index	(Annual % Growth) Increase over previous year
1950 <sup>(a)</sup>	25.3	100	--
1958 <sup>(a)</sup>	55.3	219	--
1959 <sup>(a)</sup>	63.0	249	13.9
1960	71.2	281	13.0
1961	75.3	298	5.8
1962	81.4	322	8.1
1963	93.0	368	14.2
1964	108.0	427	16.1
1965	115.5	456	6.9
1966	130.8	517	13.2
1967	139.5	551	6.6
1968	139.7	552	0.1
1969	154.1	609	10.3
1970	169.0	668	9.7
1971	181.0	715	7.0

(a) estimates.

Source: IUOTO, Economic Review, Geneva, 1972, p. 9.

Over the period of two decades, this represents an average annual increase of 10.9 percent during the 1950's and 9.0 percent for the 1960's (Table 5.2)

TABLE 5.2: AVERAGE ANNUAL GROWTH RATES OF INTERNATIONAL TOURIST ARRIVALS, 1950 - 1970

Years	Arrivals in Millions	Average % Growth p. a.
1950-1960	25.3 - 71.2	10.9
1958-1961	55.3 - 75.3	10.9
1961-1964	75.3 - 108.0	12.8
1964-1967	108.0 - 139.5	8.9
1967-1970	139.5 - 169.0	6.6
1960-1970	71.2 - 169.0	9.0

Source: IUOTO, Economic Review, Geneva, 1972, p. 9.

The upward trend was maintained until the first negative growth in 1974 (Table 5.3) resulting from the economic recession in many of the tourist generating markets and the subsequent restrictive monetary policies introduced by many countries to safeguard their internal economic situation. There was, however, a modest 2.0 percent growth recovery in 1975.

TABLE 5.3: TOURIST ARRIVALS: 1971 - 1975<sup>7</sup>

Year	Arrivals in Millions	% Annual Growth
1971	181	7.0
1972 <sup>a</sup>	198	9.0
1973 <sup>b</sup>	215	9.0
1974 <sup>c</sup>	209.3	-3.0
1975 <sup>d</sup>	213	2.0

Sources: a. IUOTO, World Travel, No. 116, Dec.- Jan. 1974, p. 8.  
 b. IUOTO, World Travel, No. 116, Dec.- Jan. 1974, p. 10.  
 c. IUOTO/WTO, World Travel, No. 124, April - May, 1975, p. 33.  
 d. WTO, World Travel, No. 128, Jan. - Feb. 1976; p. 12.

#### Regional Pattern of Tourism Movement and Growth

The global picture of the volume of tourism does not give any indication of the origin, destination and pattern of tourist flow. However, an examination of these aspects of tourism and the dispersion of tourists among countries would give an overall picture of tourist movement within and between tourist generating and destination regions. This, in turn, would prepare the ground for evaluation of Ghana's potential market within the context of an overall African potential.

<sup>7</sup>The Economic Review of Tourism, (Sources for Tables 5.1 and 5.2) are published every two years (since 1962). However, it was not possible to obtain copies for 1974 and 1976. As a result, estimates are used in Table 5.3 to update the post 1970 trend in tourism volume and growth.

From data submitted by member countries to IUOTO, the main stream of international tourism is generated and dispersed among the developed countries. Out of the six traditional tourist regions, Europe and North America generated 96.0 percent in 1967. (Table 5.4)

TABLE 5.4: REGIONAL GENERATION OF INTERNATIONAL TOURISTS - 1967

Region of Tourist Origin	Tourists Generated in Millions	%
Europe	88.2	67.4
U.S.A., Canada, Mexico	37.3	28.6
Latin America and Caribbean	1.1	.7
Africa	1.2	.9
Asia/ Australasia	2.1	1.0
Middle East	1.2	.8
Total <sup>8</sup>	131.1	100.0

Source: IUOTO, Economic Review, Geneva, 1970, p. 16

The present situation is largely the same as in 1967 although as will be seen later, the proportion by developing countries has gradually been increasing. For example, Europe and North America accounted for 90 percent of the volume in 1971.<sup>9</sup> Within these two regions, twelve countries accounted for 75 percent of all international tourist visits in 1973. These are the United States, West Germany, the United Kingdom, France, Canada, Belgium, the Netherlands, Italy, Switzerland, Sweden, Denmark and Austria. In fact, 40 percent of total tourist arrivals is

<sup>8</sup>The totals are not the same as in Table 5.1 because unclassified tourists from "other countries" are not included in the generation table. In 1967, these tourists totaled 8.09 million. (IUOTO, Economic Review, op. cit., 1970, p. 15.

<sup>9</sup>IUOTO, World Travel, No. 116, 1974, p. 8.

generated by only two countries, the United States and West Germany (who have less than 10 percent of the world's population).<sup>10</sup>

Turning to the question of dispersal of destinations, the situation is very much the same as with tourist generation. Europe is by far the most important destination with approximately three out of every four international travels ending in that region as illustrated by Table 5.5.

TABLE 5.5: REGIONAL ARRIVALS OF INTERNATIONAL TOURISTS - 1971

Region of Destination	Arrivals in Millions	% of Market
Europe	136.3	75.3
N. America, Latin America and Caribbean	33.7	18.6
Africa	2.6	1.4
Asia/ Australasia	5.3	2.9
Middle East	3.4	1.8
Total	181.3	100.0

Source: IUOTO, Economic Review, Geneva, 1972, p.9.

It has to be pointed out here that although North America and Europe dominate the world tourist market, 75 percent of arrivals represent tourist flow between neighbouring countries. In addition to very liberalized travel formalities in both Western Europe and North America, the easy transportation links reduce any real distances between cities in neighbouring countries.<sup>11</sup> International tourist flows in these two regions consequently are to a large extent a form of quasi-domestic tourism, being limited to destinations in adjacent countries whose borders are crossed on

<sup>10</sup>G. Young, op. cit., 1973, p. 53.

<sup>11</sup>D. Lundberg, op. cit., 1974, p. 19.

long and even short week-ends. (For example, travel flows between France and Spain, West Germany and Austria, Canada and the United States, the United States and Mexico, and between several European countries and Spain/Italy).

#### Future Market Projections

Using a 10 percent average for 1960-1970, Young estimates that by the end of the century there would be over 3,500 million visits representing a twenty-fold increase in thirty years which consequently leads him to conclude that "clearly the tourist boom has not yet begun"<sup>12</sup>. Taking the growth rates since 1973 (Table 5.3) into consideration, however, it appears that the 10 percent rate of Young's projection is too high, since the 1971-75 average in Table 5.3 is only 4.8 percent.

A much more moderate annual rate of 4.5 percent based on a number of factors<sup>13</sup> forms the basis of IUOTO's long term forecast of international tourism up to 1980. The study<sup>14</sup> does not only estimate the total volume of tourism but also gives a breakdown by destination. It is explained that the low average of 4.5 was used because:

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<sup>12</sup>G. Young, op. cit., 1973, p. 52-53.

<sup>13</sup>These factors include: (a) the social, demographic and economic trends likely to affect individuals' propensity to travel, and (b) developments in aviation. (IUOTO, World Travel, op. cit., No. 116, 1974, p. 8)

<sup>14</sup>This study was carried out in 1969 and focused on these fifteen largest tourist countries: Australia, Austria, Belgium, Canada, Denmark, France, Federal Republic of Germany, Italy, Japan, Luxembourg, Netherlands, Sweden, Switzerland, the U. K. and U. S. The projected tourism pattern involved in this study also takes account of the emergence of new destinations, traffic forecast of carriers, and evaluation of capacity ceilings at the above traditional destinations. (Ibid, p. 10).

- a) Saturation of traditional destinations will result in slower growth by the end of the 1970's, and
- b) the forecast leans on the conservative side in order to avoid excessive optimism. (The consequence of the 1973 oil crisis has justified this.)

Using this annual growth rate, 280 million tourist arrivals was estimated for 1980.<sup>15</sup> The available socio-economic and technological evidence indicate a very great world potential for tourism in the future:<sup>16</sup>

- i By the year 2,000 (24 years hence) the world population would have increased to 6.4 billion from the 3.5 billion in 1972 (4 billion in 1976).
- ii Over the same period, World Gross National Product is expected to rise from U. S. \$21,000,000 million to \$10,900,000 million representing an annual rate of 4.8 percent, while average per capita income should increase from \$360 to \$1,700.<sup>17</sup>
- iii Whereas present number of working hours in a man's life is estimated at 70,000, by the end of the century it would have fallen to 40,000, thus increasing available leisure time by 40 percent. Thus, providing additional potential for tourism.

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<sup>15</sup>Ibid, p. 10.

<sup>16</sup>IUOTO, "Present situation of tourism and future prospects", World Travel, No. 108, September 1972, p. 11-14.

<sup>17</sup>There is reason to believe that an increase in income has positive effect on travel. Studies by IUOTO and other organizations show that the income elasticity of tourist demand is positive. Samples from the fifteen countries (footnote 14) show that a 10 percent rise in income generated a 15 percent rise in travel spending. (World Travel, No. 116, op. cit., p. 8.)

iv According to estimates of aircraft builders and airlines, the number of air travellers by 1980 will have risen to 700 million which will represent more than twice the 320 million in 1972. Of this total, 70 percent will travel for recreation, a complete change from the motivational structure found by surveys 1965 and 1969.<sup>18</sup>

Already, in European countries like Italy and Germany, travelling is more than just a necessity. It has been observed, for example, that "Germans earning an average income are now spending as much on leisure as on rent."<sup>19</sup> And figures issued by the Federal German Statistics Office in 1975 show "the enormous prestige attached in Germany to the annual holiday, which tends for most families to begin one minute after the school break-up and to end only when the breadwinner can no longer get away with being absent from work."<sup>20</sup>

The four (demographic, economic, technological and aviation) factors considered above are some of the tools that will further provide fuel for tourism expansion. The great potential, however, has some important long term implications, given the fact that more than 85 percent of tourist arrivals are from twelve developed countries. One possibility, for example, is that when incomes rise in the densely populated but relatively poor areas in the developing world such as India and China,

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<sup>18</sup>Also see IUOTO, "Towards a New Age of Leisure", World Travel, op. cit., No. 108, 1972, p. 27-31.

<sup>19</sup>WTO "Travel is now a necessity" World Travel, No. 128, January - February, 1976, p. 29.

<sup>20</sup>Ibid, p. 29. A nation-wide survey in 1975 also shows that German tourists would rather reduce spending on driving, drinking and smoking before cutting down on travel to all parts of the world. (Ibid, p. 29.)

they too, will provide market for tourism. Thus Young holds that "there is no reason for thinking that they will not behave just like people in other parts of the world, once their incomes rise. They will certainly travel like the rest of us".<sup>21</sup>

The future tourism potential is enormous if it is further considered that in 1971, 95 percent of the world population did not cross an international border.<sup>22</sup> Facts support the contention that the traditional tourist destinations in Europe and North America will receive most of this new demand from developing areas. For example, a marketing survey in 1971 conducted by Japan<sup>23</sup> Airline showed that Europe was the preferred destination for 50 percent of the respondents, 22 percent preferred North America, and 21 percent Asia, 4 percent Oceania and only 3 percent wanted to go to Africa and to the Middle East.<sup>24</sup>

One important inference that could be made from the above figures is that about 70 percent of future tourist potential from developing countries will end up in the developed countries. Countries in Africa such as Ghana would have even less of the small intra-developing regional potential. And as seen earlier, over 75 percent of international arrivals in the developed regions of Europe and North America are from the same region. This demand has further potential to grow. But this growth potential in the developed regions alone is capable of producing a

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<sup>21</sup>G. Young, op. cit., p. 53.

<sup>22</sup>Ibid, p. 53.

<sup>23</sup>With respect to tourism generation and arrivals, Japan falls within the same category with developing countries. (See Tables 5.4 and 5.5)

<sup>24</sup>Hoff and Overgaard, op. cit., Part I, p. 87.

saturation risk. Expressed more succinctly:

"Past experience, however, has shown that there is a growing trend towards travel to and from the industrialized countries, producing the risk of saturation of supply... in the traditional tourist receiving countries. Growing domestic and international demand, fuelled by demographic, social and economic expansion makes this risk all the more real".<sup>25</sup>

If the potential demand from new areas such as Japan and other developing regions are added, the saturation risk is even greater. It is, therefore, held that possible outlets from the developed regions would be found in the developing countries.

The number of tourists from developed to developing countries is already on the increase, and further evidence suggests that this increase will continue. For example, it is estimated that six out of ten persons in the United States (well over 100 million) have no passports, while "seven out of every ten persons in the United Kingdom have never flown".<sup>26</sup> There is no reason to believe that these people in the developed countries who presently do not have the opportunity to travel abroad, together with those who have travelled to only adjacent countries, would want to visit much distant places. These are some of the considerations that lead to the conclusion that the share of developing countries in international tourism will continue to rise. As can be seen from Table 5.6, the proportion of the market for developing countries has been increasing more rapidly than that for the developed regions.

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<sup>25</sup>IUOTO, World Travel, op. cit., No. 108, p. 14.

<sup>26</sup>IUOTO/WTO, "The Potential is There!", World Travel, op. cit., No. 123, Feb. - March, 1975, p. 14.

TABLE 5.6: INTERNATIONAL TOURIST ARRIVAL  
INDEX: 1963-1968

Region	Number of 1963 100		1964	1965	1966	1967	1968
	Tourists	Index					
Europe	69,223,900	100	115	124	141	148	151
N. America	16,449,200	100	111	118	135	156	150
Latin America & Carib.	2,725,100	100	112	135	153	171	192
Africa	1,070,900	100	130	133	147	152	183
Asia/Australasia	1,646,100	100	119	129	154	177	208
Middle East	1,454,200	100	126	162	189	137(a)	144(a)
	92,569,400	100	115	124	141	150	153

(a) The Seven Day War and its impact.

Source: IUOTO, Economic Review, op. cit., 1970, p. 12-13.

The IUOTO study referred to earlier also shows that the developing areas have increasing potential at higher rates than the developed countries. (Table 5.7).

TABLE 5.7: SUMMARY OF PROJECTIONS OF INTERNATIONAL  
TOURIST ARRIVALS - 1980 (in million arrivals)

Region	1969	Average		1980 High Assumption	Average Annual Increase
		1980 Low Assumption	Annual Increase		
Europe	116.3	180.0	4.1%	200.0	5.5%
North America	25.1	42.0	4.8	45.0	5.5
Latin America & Caribbean	4.8	9.0	5.9	10.0	6.9
Africa	2.1	5.0	8.4	7.0	11.7
Asia/	4.2	8.5	6.7	9.5	7.8
Middle East	2.4	3.5	3.5	6.0	8.9
World Total	155.0(a)	250.0(a)	4.5%	280.0(a)	5.5%

(a) Rounded Totals.

Source: IUOTO, Economic Review, op.cit., 1972, p. 22.

It can be concluded from the Table that:

1. The share of the developing regions is growing faster than the developed regions, no matter which assumption applies<sup>27</sup>, and
2. Africa has the highest rate of increase in both assumptions.

#### Ghana's Potential Market

The potential for the continent of Africa has been estimated as 21.8 million by the end of Ghana's Tourism Development Plan in 1990 at IUOTO's high assumption of 11.7 percent rate of increase.<sup>28</sup> Hoff and Overgaard have made projections for annual tourist arrivals in Ghana by 1990 estimated at 357,000 in Alternative I and 196,000 in Alternative II.<sup>29</sup> These projected figures are based on an average yearly growth rate of 12 percent and 10.5 percent respectively, which are slightly above IUOTO's high assumption of 10.7 for Africa.

However, the rates of growth projected for Ghana are too high considering the fact that there has been a downward trend in arrivals in the country since 1972, as indicated in Chapter II (Table 2.8). For the period 1966-1974, the rate is only 1.52 percent<sup>30</sup>, compared with a world average of about 6.0 percent.<sup>31</sup> At the estimated 10 percent rate for both Alternative I and II, 58,570 arrivals were expected in 1974 (Table 1, Appendix V), however, actual

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<sup>27</sup>The world average for 1975 was a 2% increase over 1974, but all the developing regions except the Middle East, recorded averages higher than the IUOTO projections: Europe - 1.7%; N. America - 2.2%; S.Asia - 30.4%; Africa - 16.7%; Pacific East Asia - 11.1%; Middle East - negative rate of -25.0% (WTO, World Travel, op. cit., No. 128, p. 12).

<sup>28</sup>Hoff and Overgaard, op. cit., Part I, p. 81.

<sup>29</sup>See Table 1 in Appendix V.

<sup>30</sup>Ghana Tourist Control Board, Quarterly Statistics on Tourism, op.cit., Vol. 11, 1975, p. 36.

<sup>31</sup>Calculated from Tables 5.2 and 5.3.

arrivals were 30,151, representing a decline of -43.2 percent over 1973,<sup>32</sup> compared to a world average of -3.0 percent (Table 5.3).

It is arguable that 1974 was a particularly bad year for Ghana, hence, the sharp drop in the average rate of growth (since 1966) from 7.9 percent in 1973,<sup>33</sup> to 1.52 percent in 1974. This argument might have some validity considering the fact that there was a worldwide recovery of arrivals in 1975, with a high of 16.7 percent over 1974 recorded in Africa. Unfortunately, data on arrivals in Ghana for 1975 are not yet out, so it is not possible to see the situation at the end of 1975. But even if there was a recovery, it still appears that at the moment, the Hoff and Overgaard rates for the 1990 projections are too high and unrealistically optimistic.<sup>34</sup> However, it is difficult to establish the exact size of the potential of Ghana's market since the basis for such a potential does not depend on the rate of growth alone, but also, on several factors which in fact, positively or negatively affect the rate of growth. These factors will be examined in the last section of this chapter which deals with the factors that might promote or hinder realization of the potential market.

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<sup>32</sup>Ghana Tourist Control Board, Quarterly Statistics on Tourism, op. cit., Vol. 11, 1975, p. 31.

<sup>33</sup>Quarterly Statistics on Tourism, Vol. 7, 1974, p. 37

<sup>34</sup>Since other projections in the Development Plan such as number of hotel rooms, beds, estimated revenue and employment capacity are all based on this optimistic assumption, it means the basis of the whole plan is questionable.

Regional Composition and Characteristics  
of Ghana's Potential Market<sup>35</sup>

This section undertakes to analyze Ghana's potential market in order to establish its location and the socio-economic forces that condition and influence the market. The objective is to set the stage for:

- a) later discussion in this chapter of the factors that may enhance or inhibit realization of the market, and
- b) an examination in Chapter VI of some of the socio-economic implications, not only of realizing the market in view of its socio-economic characteristics and those of the destination country (Ghana) but also in terms of the means through which the potential can be realized.

Present Composition of Arrivals in Ghana by Regions and Nationality

International tourist arrivals at any destination can be divided into two broad groups:

- a) regional tourists from the same geographical region or sub-region, usually the same continent, and
- b) non-regional tourists.

Table 5.8 shows the regional composition of international tourists arriving in Ghana for the period 1972 - 1974.

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<sup>35</sup>Based largely on the current composition of tourist arrivals in Ghana contained in the Quarterly Statistics on Tourism, and examination of Ghana's market potential by Hoff and Overgaard, (op. cit., Part I, p. 77 - 113).

TABLE 5.8: PERCENTAGE COMPOSITION OF TOURIST ARRIVALS  
IN GHANA BY REGION AND NATIONALITY 1972-74 <sup>36</sup>

Region/Nationality	1972	1973	1974
NORTH AMERICA	17.28	22.21	19.09
Americans	15.41	19.74	16.08
Canadians	1.60	1.89	2.40
Other	0.27	0.58	0.61
SOUTH AMERICA	0.33	0.81	0.56
EUROPE	23.98	27.95	34.04
British	8.95	11.29	12.28
West Germans	4.73	3.87	5.98
French	2.87	2.50	3.52
Dutch	0.39	0.64	2.62
Swiss	1.29	1.24	1.79
Greek	0.40	0.46	0.62
Russians	0.28	0.38	0.44
Italians	1.27	1.92	1.93
Scandinavians	1.25	1.77	1.88
Other	2.55	3.88	2.98
MIDDLE EAST	2.05	3.01	3.04
Lebanese	1.38	2.22	1.95
Other	0.67	0.79	1.09
ASIA/AUSTRALASTIA	3.09	4.97	5.83
Chinese	0.46	0.56	1.11
Indians	1.07	1.46	1.63
Japanese	0.89	1.44	1.49
Other	0.67	1.51	1.60
AFRICA - continued			

<sup>36</sup>Breakdown of arrival figures by nationality is only available since 1972 when the Research and Planning Department of the Ghana Tourist Control Board was formed.

Table 5.8, continued.

Region/Nationality	1972	1973	1974
AFRICA	53.27	41.05	37.44
Ghanaians(a)	19.95	15.70	9.98
Nigerians	8.03	5.25	6.53
Togolese	4.88	1.39	2.37
Upper Voltaians	5.47	3.70	4.62
Ivorians	5.42	2.95	5.64
Ethiopians	1.08	1.44	1.40
Sierra Leonians	0.67	1.28	1.03
Senegalese	0.37	0.57	0.44
Other	8.32	8.77	11.67

(a) Ghanaian nationals residing abroad (on vacation)

Source: Quarterly Statistics on Tourism, Vol. 11, June 1975, p. 29-31.

Of the six regions, Africa, Europe and North America account for an average of 92.4 percent over the three-year period, as against 7.6 percent by the Middle East, South America, Asia/Australasia put together as shown in Table 5.9 which further illustrates the nationality composition from the three major regions which currently provide tourists for Ghana.

TABLE 5.9: PERCENTAGE DISTRIBUTION OF ARRIVALS FROM  
AFRICA, EUROPE AND NORTH AMERICA: 1972-1974

Region/Nationals of	1972	1973	1974	1972-1974
AFRICA, EUROPE NORTH AMERICA	94.6	91.3	91.4	92.4
AFRICA	53.3	41.1	37.4	43.9
Ghana	20.0	15.7	10.0	15.2
Ivory Coast	5.4	3.0	5.6	4.7
Upper Volta	5.5	3.7	4.6	4.6
Togo	4.9	1.4	2.4	2.9
Nigeria	8.1	5.3	6.5	6.8
Sub-Total	43.9	29.1	19.1	34.2
Rest of Africa	9.4	12.0	18.3	9.7
EUROPE	24.0	28.0	34.0	28.6
United Kingdom	9.0	11.3	12.3	10.8
West Germany	4.7	3.9	6.0	4.9
France	2.9	2.5	3.5	2.9
Sub-Total	16.6	17.7	21.8	18.6
Rest of Europe	7.4	10.3	12.2	10.0
NORTH AMERICA	17.3	22.2	20.0	19.5
United States	15.4	19.7	16.1	17.0
Rest of N. America	1.9	1.5	3.9	2.5

Source: Condensed from Table 5.8.

A region by region analysis of the Table shows that within the region of Africa, Ghanaians on vacation and other visits in Ghana constitute the largest single average of 15.2 percent. Technically, this figure should be part of that for Europe and North America (from where most of the visiting Ghanaians arrive) not only because these are their points of origin but more important, because they bring in foreign currency from countries in these regions for their expenditure while in Ghana.

However, since almost all Ghanaians on visit stay with relatives and friends, they belong to a different class of tourists compared to the traditional tourist who stays in a hotel and, therefore, forms the target of Ghana's tourism development.

The three neighbouring countries of Upper Volta, Ivory Coast, Togo, together with Nigeria constitute the next highest countries of origin in Africa, accounting for an average of 19.0 percent. In the case of the neighboring countries, most of the visit is in the form of border crossing by land for a few days for business transactions or visits to relatives and friends. There is little expenditure on hotels and food. This can also be said of Nigerians who have a large resident population in Ghana. Arrivals from these countries together with Ghanaians on visit amount to a high figure of 34.2 percent (compared with 9.7 percent for the rest of Africa). However, for reasons given above almost all the arrivals do not belong to the category that Ghana's tourism development plan is aimed at: the traditional mass tourist with hard currency to spend on tourist facilities during an average of two weeks vacation.

The elimination of arrivals from Africa leaves the regions of Europe and North America as the actual markets of the modern mass tourism that Ghana's development efforts are aimed at. This also conforms with the observations earlier on in this chapter which established Europe and North America as the traditional suppliers of mass international tourism. Together, the two regions account for 48.1 percent of arrivals in Ghana.

Tourists from Britain, West Germany and France constitute 18.6 percent of a European total of 28.6 percent. The historical and consequent current socio-economic links with Britain explain the highest arrivals from Europe that originate from that region. West Germany also has some

historical and economic links with Ghana but the fact that Germans are not only leading spenders on vacation, but also have the largest figures for nationals travelling abroad,<sup>36</sup> may account for the relatively high figure after Britain. France ranks third, but as can be seen from Table 5.10, in contrast with French arrivals in French-speaking West African countries the figures for Ghana are very insignificant, for obvious historical reasons and the consequent absence of any strong contemporary socio-economic links.

TABLE 5.10: COMPARATIVE FIGURES FOR ARRIVAL OF FRENCH NATIONALS IN GHANA AND SOME FRENCH SPEAKING WEST AFRICAN COUNTRIES 1972-73

	1972	1973
Ghana	1,792	1,327
Ivory Coast	24,866	32,961
Senegal	23,466	33,098

Data are not available for the other French speaking West African countries. (That for Upper Volta is for only one hotel establishment.)

Source: U. N. Statistical Yearbook, op. cit., 1974, p. 502, 504, & 509.

Arrivals from the United States amount to an average of 17.0 percent, out of a North American total of 19.5 percent. The high number of arrivals may be due to such general reasons as,

- a) the high propensity of Americans to travel abroad;
- b) an increasing number of affinity and Group Inclusive Charter tours to Ghana, (the kind of charter tours organized by the

<sup>36</sup>See section on socio-economic characteristics of the market.

African American Institute of the United States,<sup>37</sup>  
and the African Studies Institute of the University  
of Ghana), and

c) common (English) language and economic links.

However, between 70 to 80 percent of arrivals from the United States are made up of Black Americans.<sup>38</sup> This means that besides the above explanatory factors, historical and cultural factors may largely account for the high figure of arrivals from the United States.<sup>39</sup>

As indicated in Chapter II, modern mass vacation tourism is virtually non-existent in Ghana. The markets examined in this section, therefore, do not presently provide the type of tourists that the Tourism Development Plan envisages attracting. However, after analyzing the potential market available for the plan, Hoff and Overgaard identified approximately the same countries that constitute present suppliers of tourist arrivals in Ghana. This means that the countries in Europe and North America which currently supply the bulk of tourists will remain Ghana's potential charter tourism market for the Development Plan. Stated more precisely:

"For all these reasons,<sup>40</sup> West Germany appears as the logical supplying country No. 1. Other German-speaking countries like Switzerland and

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<sup>37</sup>Africa Report, op. cit., Vol. 21, No. 3, May-June 1976, p. 57.

<sup>38</sup>W. H. Stewart, op. cit., 1973, p. 5.

<sup>39</sup>This is expanded in the section on characteristics of the market, and the profile of the future tourists from the U. S.

<sup>40</sup>The factors considered include the size of the population, per capita income, pattern of travel, organization of the travel market in the various Western European and North American countries, as well as their historical and socio-economic links with Ghana.

Austria are of much less importance but could be drawn to Ghana as a sort of appendix to the German tourist flow. The United Kingdom would also for several reasons be the charter market No. 2, eventually probably not too far behind Germany. Scandinavia, with Denmark and Sweden on the wing, should be considered as market No. 3 . . . . Besides Western Europe, (the) U. S. constitutes the most prosperous potential . . . Ghana should above all concentrate on the fast growing and constantly more affluent Afro-American market sector. Minor markets are to be found in other West European countries than the already mentioned (and) in the neighbouring West African states." <sup>41</sup>

#### Socio-economic Characteristics of Ghana's Potential Market

All the countries that constitute the major market potential for Ghana have the demographic and particularly, the economic characteristics that condition and influence the large size of the vacation market. These characteristics are the large size of the population and the high standard of living (Table 5.11) that allow not only large disposable incomes but also large discretionary incomes. This section therefore briefly examines the characteristics of the potential market.

- a) Germany: With about 62 million people, Germany has the largest population in Western Europe and also a high standard of living (Table 5.11). An average of 25 million Germans take holidays every year with about half of them going abroad.<sup>42</sup> The number of Germans travelling to Africa is small, and most of them go to North and East Africa, (particularly Kenya) with very few coming to West Africa. Nonetheless, this country is considered to be one of the most prosperous markets for Ghana, since

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<sup>41</sup>Hoff and Overgaard, op.cit., Part I, p. 15-16.

<sup>42</sup>Ibid, p. 82.

Germans are not only big vacation spenders but also have about the best developed charter tourism market as will be shown in the next section of this chapter.

TABLE 5.11: COMPARATIVE POPULATION AND G.N.P. FIGURES FOR WESTERN EUROPE AND THE UNITED STATES

Country	Mid-1973 Population (000)	1972 G.N.P. \$Million	1972 G.N.P. Per Head (\$)
Belgium	9,759	31,200	3,210
Denmark	5,025	18,330	3,670
Finland	4,656	13,000	2,810
France	52,134	187,360	3,620
Germany Fed. Rep.	61,967	208,970	3,390
Italy	54,888	106,660	1,960
Netherlands	13,438	37,910	2,840
Norway	3,961	13,140	3,340
Spain	34,858	41,470	1,210
Sweden	8,137	36,350	4,480
Switzerland	6,431	24,720	3,940
United Kingdom	55,933	144,900	2,600
United States	210,404	1,167,420	5,590

Source: The Europa Yearbook, 1975. A World Survey, op. cit., Vol. I, p. xvii, xx.

On completion of the beach complex at Ada, it is anticipated that German tourists would be chartered regularly into Ghana through arrangements with the German participating company and tour operators (in Germany). It is believed that Germans would like both the sun, beaches and cultural heritage such as the castles, some of which are German-built.<sup>43</sup>

- b) The United Kingdom. This country has the second largest population in Europe, and although ranks about 9th by standards of

<sup>43</sup>Ibid, p. 83.

living (Table 5.11), it is one of the most important charter markets in Europe today. For example, in 1972 7.7 million passengers were carried on international inclusive tours by British airlines alone to and from the United Kingdom.<sup>44</sup> Most of the traffic goes to Southern Europe and the Mediterranean, while that coming to Africa, as in the case of Germany, goes to North and East Africa. However, it is regarded as the next largest potential market after Germany, on account of the historical and consequent cultural and economic relationships between the two countries. For example, there are several avenues through which tourism promotion can be channeled in Britain than in any other country because of the existence of several Ghanaian economic missions in London.

In addition to the warm weather and beaches, the English would also find more here in terms of colonial history than in any part of Africa, within an environment where he can communicate easily in English.

- c) Scandinavia: Although the population is only 22 million, there is a high propensity to travel, especially in Sweden and Denmark. The standard of living is very high (Table 5.11) with Sweden coming first in Europe. The desire to go for the sun, sand and sea is very great, particularly in the dark, cold winter months.
- d) United States: Besides the regional market of Western Europe, the United States is the single most important potential market

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<sup>44</sup>Ibid, p. 83.

for Ghana within one political unit, as a result of its 210 million people and the highest standard of living in the world (Table 5.11). Besides the Carribbean Islands and Mexico, however, Americans are less inclined to travel abroad, possibly because of the vastness and variety provided by that country to the traveller. Interest in other overseas destinations has, however, been growing over the years. For instance, in 1972, about 7 million U. S. residents spent more than \$7.7 billion on travel abroad,<sup>45</sup> but the bulk went to Europe.

North Americans view Africa in its totality and very often trips are demanded to the whole of Africa with only a few days' stay in selected countries in West Africa, especially the four English-speaking countries. The most important segment of the American market are the Afro-Americans (Black Americans). For more than 25%, annual income is above \$10,000. Close to 90% live in metropolitan areas, particularly in the eastern section of the country, which is closer to West Africa than the rest of the U. S. Sales and promotional efforts directed to this segment could, therefore, be concentrated in cities like New York, Boston, Detroit and Chicago.<sup>46</sup>

An estimated  $\frac{1}{2}$  million Black Americans travel abroad each year. But with continued increase in income, more leisure time, and a higher level of education, combined with the general propensity to travel, it is expected that this potential market can be

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<sup>45</sup>Ibid, p. 85.

<sup>46</sup>W. H. Stewart, op. cit., p. 35.

attracted. There is a lot of reason to conclude that this is possible. Besides the fact that already Black Americans form an important segment of Ghana's tourist arrivals from the United States, there is the search and looking-back to Black Americans' African heritage. There are several reasons for this, amongst which is the recent emphasis on African studies in many American institutions of higher education. There is therefore a great potential demand for travel to Africa. In fact, the problem is sometimes choice of the right destination on the vast African continent.

The demand of Black Americans is for a different product - not so much sun, beach and game parks, but the historical and cultural resources and attractions. In this product development, there are several advantages which Ghana has over its African competitors. It is much closer to the United States than East and Central Africa. It is a stop-over point on the network from the U. S. to these two regions and, therefore, can divert tourists or give them reason to stay for a number of days. Historically, Ghana has a rich African cultural heritage of which the castles through which the first Blacks were shipped to the Americas is only one example. There is also the country's political role towards independence which made it the first African country south of the Sahara (except Liberia) to attain self-rule. The subsequent Pan-Africa activities and its English language make Ghana presumably the key country in West Africa, and even Africa, when the materialization of Black American market potential takes place.

To a limited extent, Ghana can also provide attractions for the white American population which loves the sun, sea, and game.

This makes the American market a great potential for Ghana.

In summary, it has been projected that when Ghana has been established in the market, the nationality of tourists will be approximately as follows:<sup>47</sup>

Germany, Switzerland and Austria	-	"	about 30-35%
United Kingdom	-	"	20-25%
North America	-	"	15-20%
Scandinavia	-	"	10-15%
Other countries	-	"	15%

The economic and social factors, as well as nature of the travel market in these countries that lead to the above projection is borne out by other sources. For example, Lundberg states that "a much larger percentage of West Germans, Danes and Swedes than U. S. citizens travel abroad".<sup>48</sup> He goes on to note that the propensity to travel abroad varies, so that while people in these three countries may take as many as half of their holiday abroad, the French are relatively stay-at-home, since only 14 percent of holidays taken by the French is spent abroad.<sup>49</sup>

IUOTO also observes with regards to vacation spending that in 1973, for example, foreign travel spending of West German tourists was \$4.5 billion which exceeds that of France, Italy and the United Kingdom combined.<sup>50</sup>

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<sup>47</sup>Hoff and Overgaard, op. cit., Part I, p. 111.

<sup>48</sup>Lundberg, op. cit., p. 19.

<sup>49</sup>Ibid, p. 19.

<sup>50</sup>Ibid, p. 19.

From the examination of the characteristics of the market it is concluded<sup>51</sup> that the main flow of tourists will arrive by charter flight from Europe. With regards to their profile, they will primarily be interested in the sunny and warm climate, the beaches, beautiful scenic areas, unspoiled nature and the exotic atmosphere of Africa. They will stay for an average of 14 days at various seaside resorts relaxing and sporting. In addition, they will undertake inland excursion to see "the Africa" through shopping, visits to the castles, game preserves, the festivals and experiencing the Ghanaian daily life. Most of them will be between 35 and 50 years old with relatively high income and belonging to the professional classes. Consequently, they will require a good hotel, and spend besides board and lodging a daily average of U. S. \$10-15.00.<sup>52</sup>

North Americans, on the other hand, will stay for a short period of about 3 days only and then visit other West African countries. Consequently, they will be more interested in the people, towns, villages, historical monuments, and not so much in the beaches, scenery and nature. They will also require first class hotels in the major cities. However, there might be problems with regional co-operation, as will be indicated later. In such a case, the North Americans would stay for the same period as Europeans and therefore engage in similar activities especially on the beach.

The majority of American tourists would be Afro-Americans who visit because Ghana is an English-speaking country and more important, where

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<sup>51</sup>The conclusions are very similar to those by Hoff and Overgaard, (op. cit., Part I, p. 111-113) since the analysis from the various sources all point to such a conclusion.

<sup>52</sup>Ibid, p.112.

they hope to trace their Afro-American ancestral heritage. Consequently, they would combine this home-coming mission in order to satisfy a cultural thirst, with relaxation at a beach resort. It is therefore expected that Black Americans will have a longer average length of stay than other North Americans.

Having examined the potential market for Ghana, its characteristics and profile, the last part of the Chapter will analyze the means through which this potential market can be realized.

#### Realizing Ghana's Tourist Market Potential

Tourism is the only economic activity where the customer has to call in person in order to consume on the spot what he has paid for. Since the customer (the tourist) does not merely have to travel several hundred miles in order to get to his destination point, but also has to go through an organized travel market, it is not enough for a developing destination to have resources and a potential market in order to take-off in tourism development. This situation has some important implications for tourism development in Ghana. For instance, for successful implementation of the Tourism Development Plan, yearly projections have been made for number of hotels required, estimated number of beds, bed nights, and average length of stay, all within a specific rate of growth per annum. (Appendix V, Tables 2-4) These projections, however, are all based on the number of anticipated tourist arrivals (Appendix V, Table 1) which in turn are based on certain assumptions:<sup>53</sup>

i) That charter flights will be allowed into Ghana without restrictions;

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<sup>53</sup>See Appendix V. The fourth assumption is of no relevance to this discussion.

- ii) That charter flights will be allowed out of the different European and United States markets, and
- iii) that the required promotion activities are undertaken.

In several ways, therefore, it could be said that tourism development in Ghana as envisaged by the Development Plan rests on the realization of the potential market. This section therefore seeks to examine the mechanisms involved in realizing a tourism market with specific reference to Ghana. This will be done by examining:

- i) The role of overseas tour operators;
- ii) Overseas tourism promotion, and
- iii) the nature of the charter flight business.

#### Role of Tour Operators

Tourism demand in the modern mass-tourism market does not come directly from the individual tourists, but through the tour operator who organizes the groups. A considerable number of tourists, "the masses" then join these groups.<sup>54</sup> However, tour operators are more than simple "travel wholesalers". They combine transportation, accommodation, and destination services such as sightseeing tours into a package sold at a single price to customers; "they are in fact creators of tourist products".<sup>55</sup>

Large tour operators are usually made up of a number of integrated companies. A good example is the Turistik Union International (TUI) in Germany which handles more than two million international tourists annually and consists of the following companies: Touropa, Scharnow, Dr. Tiggs, Airtour International, and Transeuropa. Another example is the

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<sup>54</sup>Hoff and Overgaard, op. cit., Part I, p. 78.

<sup>55</sup>IUOTO/WTO, World Travel, op. cit., No. 124, p. 7.

Danish tour operator Tjaereborg which owns a big charter flight company, Sterling Airways.<sup>56</sup> Some tour operators also own hotels in addition to their own planes. This, in fact, accounts for the high propensity of Germans, Scandinavians and Dutch to travel. In these countries, the tour companies own their own planes, load them to capacity, and fly the passengers to their own hotels or to hotels that have been rented en bloc for the groups, at cheap rates in destinations such as Spain and Morocco.<sup>57</sup>

But even when tour operators do not own all the necessary facilities, their marketing leverage with the suppliers of tourist services are strong. Since they control large blocks of bookings, they can obtain significant discounts from hotels and are also in a position to exert strong pressure on local service suppliers with regards to prices, range of service, new installations, etc. For instance, since tour operators usually charge fares lower than normal scheduled flights, they claim that their profit margins are low. Consequently, they must make their money on the volume which necessitates charter flights with a very high load factor as operations are not profitable unless at least 80 percent of an aircraft's seats are sold. However, by providing such large numbers of customers to hotels, the operators demand large discounts in the price for full board. The hotel's profit goes down, but due to the high occupancy rate guaranteed, the total profit goes up. In some cases of developing destinations where the number of beds are scarce, tour operators may furnish large deposits in advance and guarantee to take the beds for several years. This arrangement helps to finance the hotels as well as raise bank loans.

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<sup>56</sup>Hoff and Overgaard, op. cit., Part I, p. 79.

<sup>57</sup>D. Lundberg, op. cit., p. 19.

Tour operators are therefore powerful, since they control the market and exert pressure on organization of services at destination points. Ghana will have to depend on overseas tour operators in order to realize its potential market, because as will be shown later, even with the establishment of overseas promotions offices, tour operators are really the people who sell a destination. It has been pointed out by Stewart that if a tour operator does not have a good ground operator representing him at the destination point, he might not recommend that destination to a prospective tourist.<sup>58</sup> And since Ghanaian tour operators do not have the facilities and the affiliations, government-owned travelling agencies such as Akuaba and Ghana Airtours (subsidiary of Ghana Airways) will have to be ground operators representing overseas tour operators.

#### Overseas Promotion

A study<sup>59</sup> done for the Canadian Government Travel Bureau shows that when people take a vacation they go through three phases. The first, a dream phase, is when people speculate about the ideal vacation. The second phase is concerned with gathering information to explore the possibilities of realizing their dream vacation. The last phase is when dreams face realities and practical travel decisions are made.

To realize a potential market like Ghana's, therefore, requires initiation of regular studies on various aspects of tourism marketing<sup>60</sup> such as market segmentation and travel motivations to Ghana within that

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<sup>58</sup>W. H. Stewart, op. cit., p. 47.

<sup>59</sup>The Changing World of Travel Marketing, Ottawa: Canadian Government Travel Bureau, 1971.

<sup>60</sup>See, for example, R. Rawat "Developing Countries and Tourism Marketing" World Travel, op. cit., No. 124, p. 3-10, and D. Lundberg, op. cit., p. 260-280.

specific potential market. Marketing is fundamental to promotions: it indicates the specific section of a market (age, occupation, social status and location) to which promotional activities should be directed, and also how this promotion should effectively be carried out. With the growth of several market research companies, it should be more practical to contract the services of such agencies as Market Scope Research Company and Zinder Associates, rather than have a national tourist organization such as the State Tourist Control Board to do the research.

Promotions, on the other hand, are more effectively carried out, as seen earlier on in Chapter V, by a representative of the national tourist organization. But because of the significant role of promotions in the travelling decision-making process of a prospective tourist, it has been found necessary to have whole offices abroad rather than a representative. The significance of promotions in the traveller's decision is illustrated by the fact that each of the three stages that travellers go through require different advertising. The dream phase calls for "image" advertising; the second phase for "inquiry" advertising that offers information; while the third phase is "hard selling" advertising,<sup>61</sup> such as "Fly to Ghana" or "Capture Africa in Ghana".

By their very nature, therefore, promotion activities must be located in and concentrate at the supplying source of the markets. It has been noted, however that the number of "field" offices from developing countries in key tourist markets are still very low. For example, "in spite of Germany's importance as the world's number one generator of tourist expenditure (\$6.5 billion in 1973) only 25 percent of developing

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<sup>61</sup>D. Lundberg, op.cit., p. 269.

countries (who are) members of IUOTO, have offices in Frankfurt, while the corresponding figure for industrialized countries is of the order of 80 percent".<sup>62</sup>

The main factors accounting for the low number of overseas promotion offices of developing countries are the competitive nature of the market operations and the cost involved. According to Ogalo, continental Europe is a rich competitive market with set patterns and above all, bubbling with travel agents, airlines, national tourist offices and travel business entrepreneurs, all competing with each other. The market is "crawling with Advertising/Publicity Agents, firms, freelance journalists whose main job seems to be blocking every individual effort unless they get their fair share of the stake".<sup>63</sup> Frankfurt alone has at least fifty national tourist offices, some of which have been in the place for at least fifteen years and have therefore been able to build themselves into powerful institutions by amalgamating or through other forms of integration.

As a result of this competitive nature of the market "a person who is coming to promote tourism in this enclave of powers, money struggles, habits and people, finds himself immediately confronted with . . . finding ways to penetrate it, (or) finding ways to circumvent it, if penetration is impossible, and still survive"<sup>64</sup>.

Promotional activities are usually carried out through tourist advertising media such as television, radio, newspapers, magazines, press

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<sup>62</sup>R. Rawat, op. cit., p. 7.

<sup>63</sup>P. A. Ogalo, "Problems Facing Kenya in Overseas Promotions". A Paper Presented to the 1970 Dag Hammarskjold/UMECA Seminar on the Development of Tourism in Africa. op. cit., p. 2.

<sup>64</sup>Ibid, p. 2.

releases and travel films. These are not only expensive, but have to be paid for with the currency of the foreign country of operation. The existence of several localized media (T.V. channels, and multiplicity of newspapers and magazines in different large urban centres) requires extensive expenditure. In addition, services for bilingual secretariat services also have to be covered.

Despite the competitive nature of the market and the large expenditure of foreign exchange involved, countries like Kenya and Tanzania have realized that the only way to reach the market is to have overseas promotion offices in centres like Frankfurt, London, New York and Los Angeles. If Ghana's potential market is to be realized, the same has to be done.

But opening up of overseas promotion office still leaves the actual selling of destinations in the hands of tour operators. The duty of promotion offices is actually to see to it that the market is well supplied with information about the state of tourism in the destination country it is trying to promote. This involves mainly dispatching information material such as films, posters, brochures, television programmes, lectures, press conferences and supplements in accredited magazines. In the end, the overseas tour operator is the one who really sells the destination.

#### Charter Flights

The growth of the European charter airline business has been one of the outstanding developments in the history of civil air transport. By 1980, the International Civil Aviation Organization (ICAO) estimates that intercontinental charter traffic will expand to about 21 million, at a

yearly growth rate of 36 percent.<sup>65</sup> At present, there are more than forty airlines engaged in the European charter business alone including such long established giants as Sterling Airways.

As mentioned earlier in the discussion on the profile of Ghana's future tourists, tourists coming to Ghana would be arriving by charter flights, which are by far the cheapest way of bringing tourists into a country. Charter flights are operated by both independent charter companies and by subsidiaries of the scheduled airlines. The subsidiaries were started because the International Air Transport Association (IATA) did not allow airplanes from IATA companies to fly at seat prices below the lowest available IATA fare for the same routing.

As a result of the low prices offered by charter companies however, several governments restrict operation of charter traffic in order to protect their national airlines. For example, long-haul destination charters are restricted in Scandinavia in order to protect the Scandinavian Airlines (SAS). Until recently, the only destinations outside Europe and the Mediterranean were Gambia, Sri Lanka, Cuba and Malawi.<sup>66</sup>

In order to realize its potential market, Ghana would have to negotiate with various airlines and governments for liberalization of charter restriction, and with regards to Scandinavia, it has been observed that "there is all reason to believe" that this is possible.<sup>67</sup>

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<sup>65</sup>W. H. Stewart, *op. cit.*, p. 46.

<sup>66</sup>Hoff and Overgaard, *op. cit.*, Part I, p. 84.

<sup>67</sup>*Ibid*, p. 84. On the other hand it has been indicated that "SAS (Scandinavian Airlines) is very unlikely to give up charter restrictions on East Africa". (*Ibid*, p. 101).

A recent study<sup>68</sup> shows that until May 1974, only 20 of the 72 routes examined in the study had low fares on advanced-purchase conditions, and only one of these in Africa (scheduled APEX fares to Johannesburg). However, one of the African gaps was filled when it became possible to operate Advanced Booking Charters (ABC) to Ghana from London.<sup>69</sup>

### Summary

This chapter examined the potential market of Ghana, its location, characteristics and the means of realizing the market. It was indicated that the basis for calculating the future tourist arrivals is at an inflated rate and therefore questionable. A region by region examination of the present tourists arriving in Ghana within the framework of the kind of tourists envisaged by the Tourism Development Plan established that future tourists would be mainly from the industrialized countries of Europe and North America, who are the traditional suppliers of international tourists.

The profile of the tourists call for rich, professional class tourists particularly from Europe, while the majority of these from the United States would be Black Americans on cultural "mission". Since all the tourists would be arriving by charter flights, an examination of the

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<sup>68</sup>The study examined routes from London to 72 destination countries all of which have substantial tourist trade from the U.K. or have indicated interest in tapping the market. Destinations were distributed as follows: 15 Mediterranean, 11 Africa (including Accra), 2 Indian Ocean, 7 Middle East, 6 North America, 9 Caribbean, 11 Far East, 8 Central and South America, and 3 Australia. The study covered fares of scheduled flights, Advance Booking charters and exempt charters.

<sup>69</sup>J. Crayston, "How Africa Rates in the Air Fare Stakes", African Development, Dec. 1975, p. 29-30. Also see, J. Crayston, U. K. Overseas Airfare, London: Metra Consulting Ltd. 1975.

travel market was undertaken in order to analyze the means through which the potential market can be realized.

The significance of overseas promotions was examined and found to be expensive but necessary. It was established that in the long run, however, it is the tour operator who sells the product and influences the decision of the prospective buyer. Tour operators sell a package deal, and therefore, many of them have penetrated into related sectors of the travel business such as operation of charter airlines and hotel establishments. But even when they do not operate these other essential services, they still have very powerful influence on these other sectors by virtue of the fact that they are able to provide these establishments with very large numbers of tourists.

The close connection between the tour operator, charter flight companies and hotel establishment, or sometimes the total integration of these into a large company has serious economic implications for tourism development in Ghana. This is particularly so since the air fare - hotel - ground tour package has to be paid abroad before the departure of the tourist. The effect of this on the net foreign exchange earnings of Ghana and its social ramifications will be some of the subjects of the next chapter.

The examination of operations of charter flight business showed that there are restrictions on routes of operation in order to protect national airlines. However, Ghana seems to be in a favourable position, being the second African destination to have A.B.C. charters from London, and possibly the third destination from Scandinavia (after Gambia and Malawi). It appears therefore that the three leading European markets

(Germany, Britain and Scandinavia) could be realized especially since the joint Ghana-German resort project at Ada will herald charter tours from Germany. Realization of the European market could be accelerated by opening promotion offices in key cities in that region. The same will have to be done in the United States, in addition to getting rights for charter traffic.

The examination of the need for tourism development in Ghana in the light of its present poor economic situation (Chapter II); the appraisal of the resource base (Chapter III); evaluation of the present and future potential of infrastructure (Chapter IV); as well as the market situation in this chapter, all set the scene for the analysis of some of the socio-economic implications of tourism development in Ghana within the framework of the circumstances established in previous chapters.

## CHAPTER VI

## SOME SOCIO-ECONOMIC IMPLICATIONS OF TOURISM

## DEVELOPMENT IN GHANA

The objective of this chapter is to examine the less obvious and relatively ignored potential negative influence of tourism on the socio-economic development of Ghana within the framework of the situation as portrayed in preceding chapters. Both the potential benefits and costs of tourism development are examined but emphasis will be on the costs for two reasons. First, some of the sectoral areas in which Ghana can derive economic benefits were indicated earlier in Chapter II. Secondly, as pointed out at the beginning of this thesis, it is the potential benefits of tourism that have received greater attention. It is the benefits of tourism to the Ghanaian economy that underlie the current expansion program as projected in the Tourism Development Plan for the obvious reason that "the economic role of tourism needs to be emphasized in order to make public authorities, international organizations and business circles tourist-conscious. . . it is the economic significance that accounts for the interest shown in tourism".<sup>1</sup>

Most of the characteristics of tourism that were earlier credited with positive potential reappear in this chapter, but here the aim is to point out and examine possible influences, and to warn against derivative paralyzing impacts on the socio-economic system of Ghana where the situa-

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<sup>1</sup>K. Krapf, op. cit., p. 4.

tion that exists now "sounds as if benefits are all (that) a country can expect from investment and development of their tourism markets - no disadvantages".<sup>2</sup>

The chapter is divided into two parts: the economic and then, the social costs. This format is only to facilitate systematic examination, for as will become obvious, the social and economic costs are very much related and therefore, inseparable in practice.

#### PART I: ECONOMIC COSTS

According to Jafari, in general, the development of a tourist industry is not, as a whole, an ideal or perfect economic investment opportunity for developing countries.<sup>3</sup> This situation arises from the substantial economic costs involved which will be examined with respect to:

1. Foreign Exchange Earnings
2. Income and Multiplier Effect
3. Seasonality, Unstable Economic and Political Climates and Productivity
4. Escalation of Land Values
5. Demonstration Effect
6. Employment

##### Foreign Exchange Earnings

One of the main reasons for the development of tourism in Ghana, as noted in Chapter II, is the potential of providing much needed foreign

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<sup>2</sup>J. Jafari, op. cit., p. 166.

<sup>3</sup>Ibid, p.169.

exchange. However, what has been neglected is the amount of foreign exchange that has to be spent to keep the wheels of the industry turning both in Ghana and on its overseas markets. This expenditure by itself reduces the size of the net foreign exchange earnings which, if taken into account, may show that tourism, on an external balance sheet, may produce a net deficit of foreign exchange.

Table 6.1 shows the gross foreign exchange earnings per year at 1974 prices estimated by Hoff and Overgaard over the Plan period. The amounts are calculated at the estimated number of bed nights (Appendix V) multiplied with U. S. \$20 per bed night, which is the anticipated daily average expenditure for accommodation, food and other expenditure.

TABLE 6.1: ANNUAL FOREIGN EXCHANGE EARNINGS FOR  
SELECTED YEARS: 1975-1990 IN MILLION U.S. \$

Year	Alternative I	Alternative II
1976	4.4	4.4
1980	13.0	13.0
1985	30.0	22.0
1990	57.0	29.0

Source: Hoff and Overgaard, op. cit., Part II, p. 319.

The figures look very impressive for a foreign exchange-starved country like Ghana, by the end of the Plan period, especially in Alternative I. However, they are only gross figures: the net looks different due to the extensive "leakages" involved.

As a rough indication<sup>4</sup> of the total foreign exchange earnings of the tourism sector during the Plan period, it has been estimated that total expenditure by tourists would be about U. S. \$400 million for Alternative I and 270 million for Alternative II. Since there is an average import content of 40 percent in Ghana, the foreign exchange requirement for total investment for the Plan period "of approximately 290 million and 150 million cedis works out as U. S. dollars 100 million and 52 million respectively"<sup>5</sup>.

In addition to this, the import content of tourist spending comes to a high of 35 percent, against the normal average of 10 percent in Ghana. This gives an import content of U. S. \$140 million and 95 million for the two Alternatives respectively.<sup>6</sup>

The conclusion is that:

"Based on these rough, but very conservative estimates we calculate the net foreign exchange gain to the national income over the Plan period to work out to about U. S. dollars 160 million and 123 million for the two alternatives corresponding to about 10 and 8 million U. S. dollars per year."<sup>7</sup>

Importation of tourism inputs depends on the level of economic development of the host country and their tourism market for their particular tourism product. It has been noted that "the volume of import is larger for the poorer countries, especially for those whose market is oriented

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<sup>4</sup>The calculation of net foreign exchange earnings did not involve the necessary survey of input-output pattern between the different sectors of the economy (Ibid, p. 132).

<sup>5</sup>Ibid, p. 320

<sup>6</sup>Ibid, p. 320

<sup>7</sup>Ibid, p. 320

towards western tourist demands - e.g. well-equipped and air conditioned tourism facilities".<sup>8</sup>

By virtue of the fact that Ghana is a developing country with a very small manufacturing sector and without a self-sufficient agricultural sector producing local food, the import content will be high. Visitors from Europe and North America will consume food, drinks and other goods that have to be imported either because domestic output will be insufficient (or lacking in quality) or because there will be no domestic production at all. Also locally produced items for building and furnishing hotels, for example, require import of other goods and semi-finished products.

Ghana has a fairly elaborate and stringent system of duties and taxes which makes the country's tariff structures one of the highest in the world<sup>9</sup>. Importation of several goods is restricted because of the lack of foreign exchange and also to protect local infant industries like the breweries and distilleries. However, since high tax and duty systems could be deterrents to tourism development, it has been suggested that:

"The tourist industry is an export industry and payment of taxes should be minimized to keep the industry competitive. This can be done either by letting the demanded goods into Ghana duty and tax-free or through a system by which the amounts paid in duty and tax are reimbursed by the end of the year"<sup>10</sup>

If this recommendation is implemented, it means greater leakage of foreign exchange earnings; on the other hand, if it is not, it might

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<sup>8</sup>J. Jafari, op. cit., p. 169.

<sup>9</sup>Hoff and Overgaard, op. cit., Part II, p. 305-306.

<sup>10</sup>Ibid, p. 307.

produce an unattractive investment environment for foreign investors.

Additional outflow of foreign exchange takes place in connection with commissions to travel agents, tour operators, management fees to foreign enterprise, repatriation of profits by foreign companies as provided for by the Investment Decree (Appendix III). There is further leakage through running of overseas promotions offices as well as local tourism offices. The existence of a large black market operations adds further to this leakage.<sup>11</sup>

To all the above could also be added, the cost of providing infrastructure to resorts and other tourist circuits that have to be borne by central government. Possible financial sources are the World Bank Group, the African Development Bank and bilateral arrangements or other sources to finance projects such as the Takoradi airport, tourist roads in the Western Region, water, electricity, telephone and sewerage connections.<sup>12</sup>

If payment of loans and interests are added to all the above leakages, the net foreign exchange earnings might come to less than the estimated U. S. \$8-10 million a year which in itself is based on highly optimistic assumption of arrivals at the rate of 10-15 percent a year.<sup>13</sup>

As seen earlier in Chapter IV, the expenditure of a tourist consists of the airfare, accommodation, board and local expenditure on, for example, excursions and shopping. It has been noted earlier again in Chapter IV that tourists will be arriving by charter flights through

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<sup>11</sup>For an examination of the complex nature and ramifications of the black marketing problem in Ghana see, R. N. Ghosh and R. A. Kotey, Tourism and Foreign Exchange Earnings in Ghana, op. cit.

<sup>12</sup>Hoff and Overgaard, op. cit., Part II, p. 313.

<sup>13</sup>For the examination of the basis of projections, see Chapter V.

travel agents who sell holidays by the package. If it is further considered that the hotels and resorts will come with sports and recreational facilities, restaurants, night clubs and even shops, then actually, there might be a net deficit foreign exchange earnings. This is because almost all the tourist expenditure will go to tour operators and charter companies based in the overseas markets, while that which goes to foreign hotel establishments in Ghana will be repatriated abroad.

#### Income and the Multiplier Effect

As noted earlier in Chapter II, tourist expenditure creates wages and other types of income, and since the tourist sector itself is composed of several branches, the immediate impact of this expenditure is usually more widespread than with exports of other goods. Tourism does not only provide foreign exchange but also, the local expenditure is multiplied or amplified as income to the resident population, an effect known as the multiplier concept. This is one of the reasons for calling tourism a "growth" industry.

A study undertaken to estimate the co-efficient of amplification of tourist expenditure in Ghana, found the multiplier to be 1.24, that is, "tourists' local expenditure of \$100 million will increase national income by \$124 million"<sup>14</sup>. However, this figure is based on the assumption that there are no leakage of foreign currency out of the country: "if exchange transactions on the black market are taken into consideration, then the value of the multiplier is lowered from 1.24 to 1.00, i.e. a local expenditure of \$100 by a tourist will increase domestic income by exactly \$100 and no more".<sup>15</sup>

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<sup>14</sup>G. Ayittey, op. cit., p. 6.

<sup>15</sup>Ibid, p. 9.

Strictly speaking, however, the net increase in income from tourists' expenditure is not only equal to the total increase minus foreign exchange leakage through the black market alone, but also minus any income to foreign nationals employed in the tourist sector, and minus induced expenditure on imports given by the marginal propensity to import.<sup>16</sup> And as will be obvious from a later section in this chapter, the number of foreign nationals employed in the tourist sector might increase with the expansion of tourism in Ghana, and so will the marginal propensity of Ghanaians to import, as well as increase their spending as a result of the demonstration effect of tourism.

The Tourist Expenditure Multiplier (TEM) does not say anything about income to Ghanaian nationals and that to expatriates. Differences in the Gross Domestic Product (GDP) and Income to Nationals (ITN) arise because of foreign ownership of business and factors of production and also, because of employment of expatriates in the economy. Incomes to non-nationals who are either resident or non-resident may be remitted directly out of Ghana. In fact, provision has been made for this as an incentive to attract foreign investors. Since such incomes are not respent in Ghana, the TEM of INT may be significantly lower. And while "the increased income to Ghanaians can be computed, the computation requires a different set of data (that) was unavailable for the present work".<sup>17</sup>

The multiplier study on Ghana further assumed that "resources have zero opportunity cost. That is, more specifically, labour is 'costless' and the capital stock under-utilized".<sup>18</sup> The study notes all the same

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<sup>16</sup>Ibid, p. 9.

<sup>17</sup>Ibid, p. 41.

<sup>18</sup>Ibid, p. 43.

that, if resources have positive opportunity costs, increase in final demand by tourists is likely to lead to either rising prices or to the replacement of domestic input by imports or more probably, to some combination of both. In practice, it is known that labour is not costless and as will be discussed later, that tourism also leads to the escalation of land prices and other inputs.

Furthermore, if a farmer, or a potential young farmer or fisherman gives up farming to produce<sup>19</sup> curios for the tourist industry or work in a hotel, food production would decrease. Together with the expanded demand for food from the tourist sector, prices are likely to rise and the increase in real incomes diminish. Consequently, any attempts to measure the income benefit to tourism requires assessment of the real cost to the Ghanaian economy of devoting resources to the tourist industry and a comparison with the benefits to be obtained from allocation of these resources to other activities. Data for such a study however are not available in Ghana.<sup>20</sup>

It appears from the above examination of incomes and multiplier effects that might be generated as a result of the Tourism Plan, that with all the assumptions removed, as in reality, income to Ghanaians from tourism may be very low. This conclusion is supported by the observation that "in some cases the tourism multiplier is believed to be quite low when compared to that in such industries as agriculture, mining, furniture manufacture and so on, which require few imports in their operation".<sup>21</sup>

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<sup>19</sup>The economic effects of this are elaborated at the end of this section (on income and multiplier effect).

<sup>20</sup>Ibid, p. 44.

<sup>21</sup>S.R. Waters, "New Light on the Multiplier Effect in Analyzing the Impact of Tourism on Developing Countries", World Travel, Aug.-Sept. 1969, p.30.

And as observed earlier in this chapter, with the expansion of tourism in Ghana, there would be a high import content in the economy.

An issue which is not directly related to income and multiplier effect but significant here, is that of the possible alienation of primary productive economic activities by, for example, farmers or fishermen in order to produce curios for the tourist industry or work in other sectors of the industry. In this respect, tourism could create economic dislocations in Ghana as a result of creating a supply for short term lucrative services at the expense of increasing food production and raw materials for basic goods. This could lead to a consumptionist Ghanaian society as opposed to a productive one and its consequent inflationary effects. Formal education has already led to a situation where agriculture and similar primary activities are frowned upon by the young educated population of Ghana. Consequently these activities are mostly in the hands of the old and uneducated. Tourism could add to the problem of injecting young blood into these activities.

#### Seasonality, Unstable Economic and Political Climate and their Effects on the Productivity Index.

The volume of tourism fluctuates according to climatic conditions in both the tourist generating and destination areas. This creates what is known as the tourist season. Thus, the operation and production of sectoral tourism products has to be reduced or closed up during the off season. As a result, since the investment is not fully utilized, it induces an economic loss to investors in particular, and to the economy in general, for not investing its scarce resources in more steadily productive activities. Several attempts to mitigate seasonal problems through price

variation by staggering school and industrial holidays have met with only limited success.<sup>22</sup>

The situation that might arise in Ghana with the expansion of tourism is a tourist season during the months of June-September (summer) and November to January (winter) when many Europeans and North Americans take their vacation. Consequently, there would be expansion of tourist and tourist related business during these months. And during off-season (the rest of the year), business would slacken. There are examples from both developing charter destinations like Gambia where "there are, naturally, few possibilities of filling the hotels off season"<sup>23</sup> and developed destinations like Kenya which is worried about "seasonal variations in volumes of tourism".<sup>24</sup>

International tourism is also sensitive and responsive to economic fluctuations, general world economic conditions and those of tourism generating and destination countries.<sup>25</sup> This "susceptibility makes the developing countries' choice of investment in tourism questionable".<sup>26</sup> It has also been observed that "the tourist industry can be regarded as being to some extent, volatile, in the sense that short-term changes in economic conditions can have a disproportionate effect on holiday patterns".<sup>27</sup>

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<sup>22</sup>K. Krapf, op. cit., p. 15-16.

<sup>23</sup>Hoff and Overgaard, op. cit., Part I, p. 95.

<sup>24</sup>A. Lycett, African Development, op. cit., December 1975, p. 53.

<sup>25</sup>P. H. Gray, op. cit., 143-145.

<sup>26</sup>J. Jafari, op. cit., p. 171.

<sup>27</sup>J. G. Hamilton; R. Celeverdon, and Q. Clough, International Tourism, Quarterly Economic Review, Special Number 7, London: The Economic Intelligence United Limited, 1970, p. 25.

From the above, it is reasonable to infer that when prices fluctuate, "tourists' money is spent where it goes farthest"<sup>28</sup>, which is just another way of saying that tourists are very sensitive to prices in various tourism markets. Thus, the impact of economic fluctuations, devaluation of currency and the restriction by tourism generating countries on the amount of money to be taken out by their nationals would be felt in tourism destination countries. The impact would be much greater in long-distance destinations such as Ghana. As seen earlier in Chapter II, although the low number of arrivals in 1974 is attributed to general world-wide inflation, it is emphasized that its effects are "especially so for countries which are heavily dependent on long distant tourist markets".<sup>29</sup>

A recent study of air fares (including charter fares) show that fares on routes from London to European/Mediterranean destinations, Commonwealth Caribbean countries, and destinations in the United States and Canada give these areas competitive advantage. At competitive disadvantage are most Middle Eastern, West African, the Indian subcontinent and non-Commonwealth Caribbean destinations.<sup>30</sup> Although this situation with respect to Ghana might improve in the future,<sup>31</sup> the fact still remains that if general world economic crisis arise, tourists would travel to shorter destinations rather than to a distant destination like Ghana.

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<sup>28</sup>A. S. Gerakis, "Economic Man: The Tourist", Finance and Development, Vol. III, No. 1, March 1968, p. 41-48.

<sup>29</sup>Ghana Tourist Control Board, Quarterly Statistics on Tourism, op. cit., Vol. 11, 1975, p. 36.

<sup>30</sup>J. Crayston, African Development, op. cit., December 1975, p. 30.

<sup>31</sup>As a result of the introduction of A.B.C. Charters (See Chapter V)

Tourism is also susceptible to unstable political situations. A good example is the 1967 and 1973 Middle East wars and their effect on the industry in the region. Of particular reference is the present war in Lebanon. Africa as a whole appears to be going through a period of instability either as a result of the racial and political situation in Southern Africa or the frequent military take-overs in the independent countries. Ghana has gone through four changes in government since 1966 and a number of abortive take-over attempts since the present government came into power in 1972. Future political instability is therefore a possibility.

The main products of the tourist industry are services which are "perishable" since they cannot be stored and saved for future sale and consumption. Consequently, when tourist facilities are not in full operation, not only are the products of the industry wasted, but also, activities of many industries which supply the various inputs for the industry are adversely affected accordingly. In addition, these instabilities discussed so far (yearly seasonality, economic fluctuations, and political instability) create unemployment, under employment, social dislocations while both loans and interests still have to be paid.

#### Escalation of Land Values

One of the economic problems resulting from tourism development is the escalation of land values. In observing the development of resort areas around the world, it is common for the new destination area to follow a pattern. The first guest facilities are usually provided by the government as guest or rest houses. The British built such facilities in India and parts of South, Central, East and West Africa. Later, the government might decide to build at least, one prestige hotel, usually

in the capital city. After this initial phase, an international hotel company is invited to participate, at favourable terms, in the construction of a hotel, or given a management contract to operate one or several hotels. On this basis, Hilton International and Intercontinental Hotels Corporation have developed since 1950 to become major establishments in international travel business.

The next stage of development is that of large real estate interests, as well as others outside the hotel industry moving in to develop large facilities. Examples are Rockresort, the Aga Khan group in Sardinia and Moshe Meyer in East Africa. William Tabler, whose firm has designed more than 100 hotels around the world, has calculated the increase in land values as a percentage of total construction. The cost increases progressively from 1 percent in an underdeveloped destination to as much as 20 percent on overdeveloped areas. As land value shoots up, the entrepreneur has no choice but to build a high-rise although it might be inimical<sup>32</sup> to the area. Most beach front property essential to a successful resort hotel runs at \$40,000 an acre and higher in the Caribbean.<sup>33</sup> At such a price local entrepreneurs can hardly afford to compete with foreign developers.

The early phases of development outlined above can be applied to Ghana. The British built the rest houses and the first prestige hotel (Ambassador Hotel). Now the government is attracting international

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<sup>32</sup>Because the developing destination might not have the necessary infrastructure for such emergencies such as fire-outbreaks.

<sup>33</sup>E. D. Lundberg, "Caribbean Tourism - Vital to the Economy but Mismanaged", The Cornell H. R. A. Quarterly, Vol. 14, No. 4, February 1974, p. 42-44.

companies with several incentives. It has been observed that land, particularly beach front land, "is certain to increase in value each year. The longer the time span between now and the day such sites are developed, the higher the purchase price for such land will be."<sup>34</sup>

#### Demonstration Effect

Another cost that tourism produces is subsumed under what economists call the "demonstration effect" which is what happens when residents of developing countries come into contact with superior goods or spending patterns: "They are apt to feel a certain tension and restlessness and their propensity to consume is increased"<sup>35</sup>. More precisely:

"we all know that there is a great human urge to keep up with the Joneses', to imitate the standard of life we see in our prosperous neighbours. The underdeveloped peoples today constantly have thrown before them the comforts of life in the advanced US: They see our movies and magazines; they meet our tourists; their students bring back glad tidings. Little wonder, then, that they find themselves spending a higher percentage of their incomes in an attempt to enjoy some few of the things we enjoy in abundance."<sup>36</sup>

Contact by local residents with both arriving international tourists, who are mainly from the more advanced nations and the foreign and "exotic" goods available for tourism consumption would induce the impact of the demonstration effect. In other words, the "knowledge of or contact with superior consumption patterns extends the imagination and creates new wants. The leading instance of this effect is at present the widespread imitation of American (and European) consumption pattern. The American

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<sup>34</sup>H. W. Stewart, op. cit., p.13.

<sup>35</sup>J. Jafari, op. cit., p. 172.

<sup>36</sup>P. Samuelson, op. cit., 1961 ed., p. 787.

standard of living enjoys considerable prestige in the world. And it is always easier to adopt superior consumption habits than improved production methods."<sup>37</sup>

As observed earlier on, the profile of future tourists coming to Ghana calls for rich professionals. It has also been noted earlier in this chapter that suggestions have been made to the government to liberalize import and other restrictions for the tourism sector. Consequently, import content of "exotic" goods would be high. And as will be obvious from examination of some of the social costs of tourism, Ghanaians are prone, in fact, vulnerable to adopting western ways of life.

A distinction has to be made between the ordinary way of life of residents of developed countries and that of a tourist on vacation. The consumption habit of a North American or European is a conspicuous one, because society is affluent. But the way of life of a tourist who has saved money towards a trip is more sophisticated, and economically superior, if not extravagant, to what residents of developing countries can experience. Therefore, their presence as temporary residents in these countries is a live representation of "modernization" and stimulates new sets of values and ideologies for the local population. The difference is that, the way tourists behave, act or demonstrate themselves as a group is not anywhere similar or representative of the way of life back home. They do not necessarily adhere to their philosophy of life and mannerism. Their spending pattern is different when they are back home as permanent residents. When travelling they act and spend money like a tourist or vacationer. Residents of the host country take this manifes-

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<sup>37</sup>R. Nurkse, op. cit., p. 264.

tation to represent the way of life, norm, civilization and modernization in the developed countries - a way of life that if practiced even in a developed country can paralyze the entire system.

The local population is unaware of this extra-conspicuous consumptive display by the tourist and therefore, "demonstration effects leads directly to increased consumption, or attempts at increasing consumption, rather than investment" and makes an increase in saving "peculiarly difficult as and when incomes and investment increases".<sup>38</sup>

### Employment

The employment opportunity offered by tourism development is another appeal that the industry has for developing countries. However, "too often, foreign entrepreneurs are far more concerned with cutting costs with labour-saving technological devices than in providing much-needed jobs. Others are ready to import skilled workers rather than train local people for anything more than menial tasks."<sup>39</sup>

It has been estimated that 3 new jobs in various sectors of the tourist industry in Ghana will be created for every new bed or about 6 new jobs per hotel room. Over the Plan period this estimate comes to 35,700 jobs in Alternative I and 17,100 jobs in Alternative II.<sup>40</sup> About half the jobs will be created in activities directly connected with the tourism industry and the other half will be created in tourism supporting sectors such as agriculture, distribution, building and construction.<sup>41</sup>

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<sup>38</sup>Ibid, p. 267

<sup>39</sup>P. Rivers, op. cit., p. 14.

<sup>40</sup>Hoff and Overgaard, op. cit., p. 321.

<sup>41</sup>These estimates are based on the number of hotel rooms and beds, which are also based on the number of tourists projected. As pointed out earlier, the rates of growth are not only too high, but also depend on several factors involved in the realization of the potential market.

The figures on the whole are encouragingly attractive, particularly jobs that would be created in activities directly connected with the tourist industry. However, as discussed in Chapter IV, the State Hotels Corporation has been experiencing shortage of trained personnel in hotel management. So that, besides the lack of investment capital, this is one reason why much of hotel development would have to be undertaken with the help of foreign investors. It has been advised that "management control remain in foreign hands. Why? Because it will be the foreign management's knowledge of the market abroad, its standards, taste, etc., that will influence the continued flow of tourists to the facility. While they manage the hotel, in a sense they are also managers of the market they know best."<sup>42</sup>

In a sense this is true; but what it means is that many Ghanaians in the industry might end up doing second-rate and menial jobs.

There are several other economic costs that have been identified resulting from tourism development in developing countries. One for example is that tourist demand and expenditure creates inflation in the economy.<sup>43</sup> What has been done here is to examine those economic costs that there are data and information on as contained in the various studies done on tourism in Ghana. In the next half of the chapter which deals with the social costs, more of the less obvious economic costs will be apparent.

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<sup>42</sup>H. W. Stewart, op. cit., p. 60.

<sup>43</sup>See J. Jafari, op. cit., p. 178-180.

## PART II: SOCIAL COSTS

As pointed out at the beginning of this chapter, the potential social and economic costs of tourism are inextricably inter-related. Most of the economic costs examined earlier have social repercussions, and therefore, there will be frequent reference to the economic costs in order to facilitate discussion of their social implications.

Some of the potential social costs, for example, the transportation problem and other demands that tourism could create on local infrastructure have been highlighted earlier on and discussed in Chapter IV. This section focuses on the following areas of potential social costs:

1. Resettlement
2. Demonstration Effect and the Erosion of Indigenous Culture
3. Cultural Problems and Xenophobia
4. Other Social Problems.

#### Resettlement

Development of tourist resources might involve resettlement of local residents. For example, a total of 1963 fishermen at three of the eight beach sites in Ghana<sup>44</sup> (Chapter III) must be resettled before the development of hotel and resort facilities. Future expansion of development will certainly mean more resettlement of people. Digya National Park and Lake Bosomtwi also require the resettlement of an unestimated number of residents.

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<sup>44</sup>These consist of Ada (Azizanya Village) 822, Bortianaw (Oshie Village) 783, and Butre - 358, at 1970 population census figures. (Hoff and Overgaard, op. cit., p. 211, 222 and 226).

Resettlement issues in Ghana, and for that matter, the whole of Africa are complicated, delicate, with a number of social, economic and political implications. For example, construction of a harbour and industrial township at Tema in 1953 meant acquisition of a large area which included the existing village of Tema. There was strong resistance to resettlement on a new site. The people felt they would lose the traditional protection of their village site and would become landless. They wondered if their gods could be moved to the new site without supernatural disaster. A serious objection to the move centred on the fact that their traditional home was being used to build a harbour township for "strangers": "they are not 'chickens' to be driven into already built 'coops' nor 'cassava trees' to be uprooted and planted anywhere"<sup>45</sup>.

Closely related to the resettlement issue is that of valuation, acquisition and compensation. But even on occasions when these are considered, resettlement is not enhanced. A case in point is the 1956 Frafra Resettlement Scheme involving some sections of the overpopulated Frafra tribe on a more fertile and sparsely populated land at Damongo, another tribal district. Despite the incentive of generous offer of land, a house, a bullock and a plough, it was difficult to persuade the people to leave the security of their own area. Only 149 families were settled in two years, but they still sent their dead back "home", two hundred miles away.<sup>46</sup>

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<sup>45</sup>G. W. Amarteifio, "Previous Resettlement Experience: Frafra and Tema", in R. Chambers, (Ed.) The Volta Resettlement Experience, New York Praeger Publishers, 1970, p. 106.

<sup>46</sup>Ibid, p. 105.

Thus, resettlement is one sensitive issue which if not handled carefully could create serious social and political problems for tourism development in Ghana. The issue is more delicate and potentially explosive because in this case the "strangers" are not Ghanaians but Europeans and North Americans who are exceptionally affluent by Ghanaian standards.

As mentioned at the end of Chapter III, the physical qualities that make resources like the beaches first class for tourism development are the very qualities that are essential to the occupation of the fishermen. In fact, in some cases these assets are the very reasons that led to the establishment of settlements centuries ago, in the first place. Moving the resident population to areas less favourable for their occupation, or possibly in another tribal district, could therefore, result in serious political issues probably with tribal underspinnings.

#### Demonstration Effect and the Erosion of Indigenous Culture

The demonstration effects discussed earlier in connection with its economic effects also have social ramifications. The direct or indirect contacts with the tourists and their world increases the resident populations' interest in travelling to countries of origin of tourists. Consequently, on the one hand, their trips to these markets, which, are financed from their savings, cash and bank deposits increases the "leakage" in their national economies.<sup>46</sup> On the other hand, upon their return from the

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<sup>46</sup>One of the factors responsible for black market activities is that Ghanaian travellers going outside the country are given limited foreign currency due to the shortage of foreign exchange. As a result they acquire more foreign currency through illegal means at much higher rates than the official bank rate. (R. N. Ghosh, and R. A. Kotey, op. cit., p. 13-14).

more advanced countries they become "westernized" and thus dissatisfied with their national economic situation. They make comparison with situations and facilities that exist "there". Since their national economic situation cannot respond to their wishes by providing them with the products demanded and the social atmosphere desired, they start to criticize society for its backwardness and hang-ups, and the government for its negligence and incapability to handle and stimulate the economy. This "naturally becomes a hot political issue which attracts multiplying listeners and sympathizers".<sup>47</sup>

The Ghanaian youth appears to be very vulnerable to the potential social impacts of the demonstration effects of tourism. Blind copying of foreign values and lifestyles has been "a burning national issue" which once prompted the Head of State to address the nation on the false standards that some Ghanaians are setting by trying to be second-rate Europeans.<sup>48</sup> Debates that ensued give some indication of the situation:

"Without mincing words, the youth of Ghana today have come to accept anything British, American and, for that matter foreign as the all-in-all. Anything African and Ghanaian is second-rate. . . . No decent society will sit down aloof to see its youth copy useless foreign cultures to the detriment of the nation. . . African nations cannot allow the nation-wrecking Western permissive society ideology to corrode our society. Even these very Western states are fighting hard to find an antidote to this canker".<sup>49</sup>

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<sup>47</sup>J. Jafari, op. cit., p. 174.

<sup>48</sup>N. Ayi, "Are we Ghanaians.... or Semi-Europeans", Daily Graphic, op.cit., January 3, 1974, p. 5.

<sup>49</sup>Ibid, p. 5. See also, "we must see ourselves as Africans", Editorial, Ghanaian Times, op. cit., January 5, 1974, p. 2.

The expansion of tourism in Ghana which means the arrival of large numbers of overseas visitors than before is certainly going to expose the youth to foreign lifestyles, thereby magnifying the problem while amplifying the reaction of the older generation.

### Cultural Problems and Xenophobia

There is always the risk that benefits of tourism to developing countries will be negated by disruptions in traditional lifestyles and loss to stabilizing customs. The citizens of host countries soon learn that tourists are intrigued by many day to day behavioural patterns (due, naturally to cultural differences). Consequently, they recognize that any item of culture can command its price, be it a carving, a ruin, a dance or a ritual. Tunisia has admitted to a shortage of "animations", as it quaintly describes tourist entertainment. For example, demand to see local weddings has far outstripped supply, with the result that mock ceremonies, at a price, are staged for the unsuspecting.<sup>50</sup> Such commercialization of cultural and sacred institutions is of major concern to many traditionalists.

Cultural items, particularly the festivals are important tourist assets in Ghana (after the beaches and wildlife). Even at the present low level of tourism, problems are being experienced with the behaviour of tourists at these ceremonies. It is said that:

"The Americans brought out the curse of traditional ceremonies in West Africa - the European or Black American with a camera. Possession of this device, they appear to think, entitles them to roam

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<sup>50</sup>P. Rivers, "Unwrapping the Africa Tourist Package", Africa Report, op. cit., March - April, 1974, p. 16.

the area at will, obstructing the view of other people and generally reducing the whole sacred ceremony to a second class circus. All but officials and news photographers with permits should be prohibited from leaving their seats to take photographs on these occasions. The rule had better be firmly established before all the German tourists arrive". 51

While such a rule would seriously restrict some of the intriguing activities that tourists love to undertake, the situation as illustrated by the quote indicates some of the potential problems of this cultural resource.

The social disruptions can take bizarre forms. The very well-dressed affluent tourists (in their tailored suits, smoking expensive cigars and with rolled umbrella or walking stick) may excite envy but they represent the old colonialism or today's capitalism, and so slip neatly into a psychological slot. In contrast, the unkempt tourists who attempt to exchange simplicity for their own sophisticated consumer society, sparks off bewilderment and swift official reaction. "Hippie" is now a catchword in East Africa. In 1972, Kenya closed its frontiers to "hippies" and forbade nude bathing on the island of Lamu and other coastal districts as "against the Kenyan way of life".<sup>52</sup> In the Gambia where a small population (494,274 in 1973) are in fear of being swamped by visitors, especially zealous Swedes, tourists have also been reprimanded for nude bathing. A recent report on Gambia states that:

"An interesting development now taking place is the progressive adjustment of cultures.

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<sup>51</sup>D. Williams, (Ed.) "Matchet Dairy.... From Ada" West Africa, op. cit., August 19, 1974, p. 10-11.

<sup>52</sup>P. Rivers, op. cit., p. 16.

Swedes have sometimes offended Gambian morals by appearing naked on the beaches, or scantily clad in the towns. As a result, the authorities have insisted on proper dress and, although they do not harass their package tourists, have been known to expel overland tourists who do not conform to the Gambian concept of well-dressed Westerners."<sup>53</sup> (Emphasis mine)

Such social problems are likely to occur on a large scale in Ghana with the expansion of tourism. Already the concern has been expressed that "it is a common sight today to see our future leaders (the youth) who prefer bad foreign culture to ours, parading in obscene clothes which do not conform to the norms of our Ghanaian society".<sup>54</sup>

In several African countries, mini-skirts, shorts and trousers (pants) on women have also been cited as against the African way of life and therefore corrupting. For example, Malawi banned abbreviated clothing on visitors, but relaxed a little in 1973 to permit it in restricted zones or during transit.

During the period of colonial rule and the subsequent increasing contact with the western world, Africans acquired certain lifestyles from outside. Now they are meeting increasing number of foreigners who visibly reject the new standard. Confronted by such a paradox, official confusion is understandable - as are the measures to contain the new "threat". For example, President Nyerere of Tanzania has suggested that tourism is a necessary evil, but that tourists must be isolated from the population.<sup>55</sup>

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<sup>53</sup>R. Uwechue, (Ed.) "Tourism Peace and Sunshine", Africa, op. cit., February 1975, p. 73-74.

<sup>54</sup>N. Ayi, op. cit., p. 5.

<sup>55</sup>P. Nyerere, "Essay", The House Magazine of the National Development Corporation, Tanzania, 1969.

These socio-cultural problems may create or intensify what is known as xenophobia, a dislike or hatred for foreigners. According to Jafari<sup>56</sup>, xenophobia may be generated in a number of ways.

The culture, tradition, heritage and even religion and religious issues and materials are used as "commodities" in tourism. In other words, these heritage which are highly respected by the local people become a constituent part of a business named tourism and are "consumed" by a "bunch" of foreigners or strangers called tourists. This would especially irritate the nationals when the tourists search for "consumption" of the "commodities" which are strange, unusual, or "primitive", to ridicule the people's way of life, to look "on the private life of another people, a life which is entirely their business, with an eye that, however friendly it may be, is alien".<sup>57</sup>

As observed earlier, the behaviour of tourists at such ceremonies as festivals could create resentment among Ghanaian traditionalists. Other cultural resources such as the crocodile ponds and the religious grottos are sacred to the local people who may not take kindly to large scale commercialization of their ancestral possessions. To them, their gods would react by reprimanding them with supernatural disaster.

#### Other Social Problems

There are several other social costs of tourism which could lead to xenophobia and also political problems. One problem centres on the wide difference in the income level of the tourists and the local residents.

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<sup>56</sup>J. Jafari, op. cit., p. 182-183.

<sup>57</sup>V. S. Pritchett, The Offensive Traveller, New York: Alfred A. Knopf Inc., 1964, p. 4.

The "travel industry runs the risk of creating an enclave in which affluent foreigners are catered for and use resources which are not available to the mass of the domestic people. The luxury required by a travel industry for its clients may exacerbate any feelings of resentment towards foreigners which local people may already possess. This resentment is particularly probable in countries which have endured periods of colonial rule"<sup>58</sup> Many tourist destinations are now represented by "tourist ghettos" such as resorts of Club Méditerranées, where the visitor meets only other tourists.

Ghana has the ingredients for all the above situations. In the first place, the discussion on the profile of tourists showed that they would be mainly rich professionals. Ghanaians on the other hand, earn low incomes: the minimum wage being about \$2.00 per day in contrast to, for example, \$3.00 an hour in North America. In the second place, imported commodities might be sold in shops, restaurants and bars exclusively to foreigners.<sup>59</sup> And although payment would be in foreign currency, it might still create some resentment among Ghanaians when they see items beyond their purchase.

Furthermore, for over a century Ghana was under British colonial rule, and although it has achieved political independence, as seen in Chapter II, economic independence is still to come. Its economic fortunes are still tied to situations existing in the economies of its trading partners. Developing beach and other resources which would be predominantly used by affluent foreigners could spark off resentment against twentieth century exploitation or neo-colonialism. This is particularly so when

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<sup>58</sup>P. H. Gray, op. cit., p. 158.

<sup>59</sup>Hoff and Overgaard, op. cit., Part II, p. 307.

development of such facilities has meant removal of local resident population to less resourceful areas viable to their occupation.

There are other areas where social discontentment could pose as a threat to the industry. There have been many instances in Ghana where hotel and bar personnel have given preferential treatment to tourists because of large tips. The practice of giving tips is little known in many parts of Africa, since the hotel employee is supposed to be paid for his services by his employer. However, since such tips could in a day amount to well over the minimum wage in Ghana, it could further create bitterness between the labourer who digs in the sun all day while earning \$2.00 and the clean-uniformed steward in an air conditioned hotel.<sup>60</sup>

In other instances, traders have been known to have refused to sell to local people, preferring tourists who consider their prices relatively low and hence pay call-prices without bargaining or haggling. The same can be said of taxi drivers who seldom have meters and consequently inflate fares or quote them in dollars or sterling which they can later change on the black market at 2 - 6 times the bank rate.

Some of the social problems being experienced in the Caribbean are already beginning to occur and others are likely to develop and intensify if tourism is developed to that level. This is because there are several social, economic, historical and political similarities between Ghana

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<sup>60</sup>Another area of resentment could be on the part of local investors against foreign investors: "The government's encouraging foreign tourism investment by discriminatory laws and regulations - common in the developing countries - creates a kind of xenophobia among local investors, in general, and local tourism investors, who feel more entitled to make money on their tourist facilities than the foreigners in particular" (J. Jafari, op. cit., p. 184).

(and Africa on the whole) and the countries in the Caribbean. Lundberg<sup>61</sup> states that, tourism while holding out the promise of economic salvation for most of the Caribbean economies, which are otherwise marginally productive, has also precipitated feelings of inferiority, anxiety and hatred among people who have only recently attained independence. Reviled and courted, "tourism has brought a combination of dollars and tension, spectacular hotels and overcrowding, tax revenues and gambling, employment and exclusion of the people from free enjoyment of their most scenic areas"<sup>62</sup>.

It is possible that many people in Ghana might turn their backs on tourism as degrading to the human condition. Independence from colonial rulers appeared as a mirage of better times to come. However, nineteen years after independence, the country and its people are still tied to the apron strings of the advanced western countries. Now, they might find that jobs in hotels put them once more in the role of servant to new "masters" relationships just like in the days of colonial rule. Meanwhile, tourists who pay high prices for their vacation in the sun expect appreciative super-service. The "rising expectations fostered by (local political) leaders to achieve political independence might become frustrated and begin to fester".<sup>63</sup> It would become difficult for the government to explain that "great houses" and tourists are needed to supplement cocoa farms as a means of earning revenue and paying for promised benefits.

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<sup>61</sup>D. E. Lundberg, "Caribbean Tourism - Social and Racial Tensions", The Cornell H.R.A. Quarterly, op. cit., Vol. 15, No. 1, p. 82-87.

<sup>62</sup>D. E. Lundberg, "Caribbean Tourism: Vital to the Economy but Mismanaged" op. cit., p. 32-33.

<sup>63</sup>D. E. Lundberg, "Caribbean Tourism - Social and Racial Tensions", op. cit., p. 83.

Instead, these problems may create or intensify xenophobia.

Another social problem centres around the question of the nature and type of tourist facilities and services. Instead of international style of hotels seen on Miami and Waikiki Beach, some leaders of developing countries opt for hotels which reflect indigenous ambience. Entertainment, they say, should be drawn from the local community's culture and history. Food should be produced locally, and the dishes offered should be cooked and served in the style of the community. Prime Minister Mitchell of St. Vincent phrased it this way: "The tourist dollar alone is not worth the devastation of my own people, and a country where the people have lost their soul is not worth visiting".<sup>64</sup> He urged tourists to support the local fishing industry by demanding local fish dishes rather than asking for the usual steak, prime rib roast and hamburgers that are imported. However, according to Lundberg, the argument in favour of serving locally produced foods make good economic sense if the product can be sold: if not, the argument is wasted.<sup>65</sup>

Similar situation could arise in Ghana. For example, it has been suggested<sup>66</sup> that as much as possible:

- i building style and building materials must respect and utilize local habits and local products, and
- ii the food and drinks served should be influenced by local habits and locally produced products should be utilized.

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<sup>64</sup>Travel Trade (Nov. 6, 1972) as cited by Lundberg, Ibid, p. 84.

<sup>65</sup>Ibid, p. 84.

<sup>66</sup>Hoff and Overgaard, op. cit., Part II, p. 136-137. Also see, Obuam Committee, op.cit., p. 29-34.

On the other hand, hotels are mostly assessed by such yardsticks as "internationally acceptable standards", "deluxe" or "first class". But in the long run, it comes down to whether the inputs of a hotel - the cement, carpets, air conditioners and requirements for the kitchen such as refrigerators - are produced in Ghana. Actually, most of these have to be imported, which is the cause of the high import content that exists in Ghana that was pointed out earlier. Also, ultimately, the decision of what is to be used rests with the hotel establishment, which in the case of Ghana, would be mostly foreign entrepreneurs. A study of 55<sup>67</sup> of the largest hotel/motel chains in the world "revealed clearly that capital items are usually purchased centrally"<sup>68</sup>. For example, none of the companies generally purchase bedding and towels at the local level; only two companies generally purchase electrical products locally; and only two companies also purchase furniture items at the local level.<sup>69</sup> So eventually, it is the hotel establishment, its budgeting and accounting procedures, as well as the availability of the inputs that has the decisive weight.

It has also been recommended that "the tourist resort areas as well as the tourists shall be integrated as much as possible into the Ghanaian nature and way of life".<sup>70</sup> This is certainly in line with the belief that tourism fosters international understanding. However, experience

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<sup>67</sup>This total represented all of the chains based in English-speaking countries that were listed in the 1971 Service World International '100', the 100 longest hotel/motel chains ranked in terms of total rooms.

<sup>68</sup>J. K. Ryans, Jr., I. R. Vernon, and G. R. Banville, "Inventory Control and Cost Practice of Major International Hotel Chains", Journal of Travel Research, Vol. XIV, No. 2, Fall, 1975, p.19.

<sup>69</sup>Ibid, p. 19.

<sup>70</sup>Hoff and Overgaard, op. cit., Part II, p. 136.

has led to the observation that "the present practice of tourism does not warrant the claiming of such a utopian role for the industry"<sup>71</sup> Tourists "learn to appreciate the customs and ways of life in foreign countries only if they are visiting as equals - if they spend and live as the natives; but only to a limited extent if they are observers from the balconies of first-class hotels with human contacts reduced to brief discussions with waiters, taxidrivens, (tour) guides and chamber-maids."<sup>72</sup> All too often, the tourist is indifferent to the social and cultural attributes of his destination. His only objective is to be away from home:

"Where were you last summer?"

"In Majorca."

"Where is that?"

"I don't know, I flew" <sup>73</sup>

Of course, the profile of tourists as indicated in Chapter V would not have one believe that such ignorant tourists would be coming to Ghana, although they could always be "the masses" that joined charter flights. However, the profile indicates that these rich professional class tourists would require first class facilities - the kind of facilities with high import content, and also hotels with balconies from where human contact is reduced to brief discussion with chamber-maids, etc.

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<sup>71</sup>J. Jafari, op.cit., p. 181.

<sup>72</sup>Lickorish-Kershaw, as cited by Jafari, op. cit., p. 181.

<sup>73</sup>L. Turner, "Tourism and Social Sciences - From Blackpool to Beridorm and Bali", Annals of Tourism, No. 1, Vol. 6, 1974, p. 203.

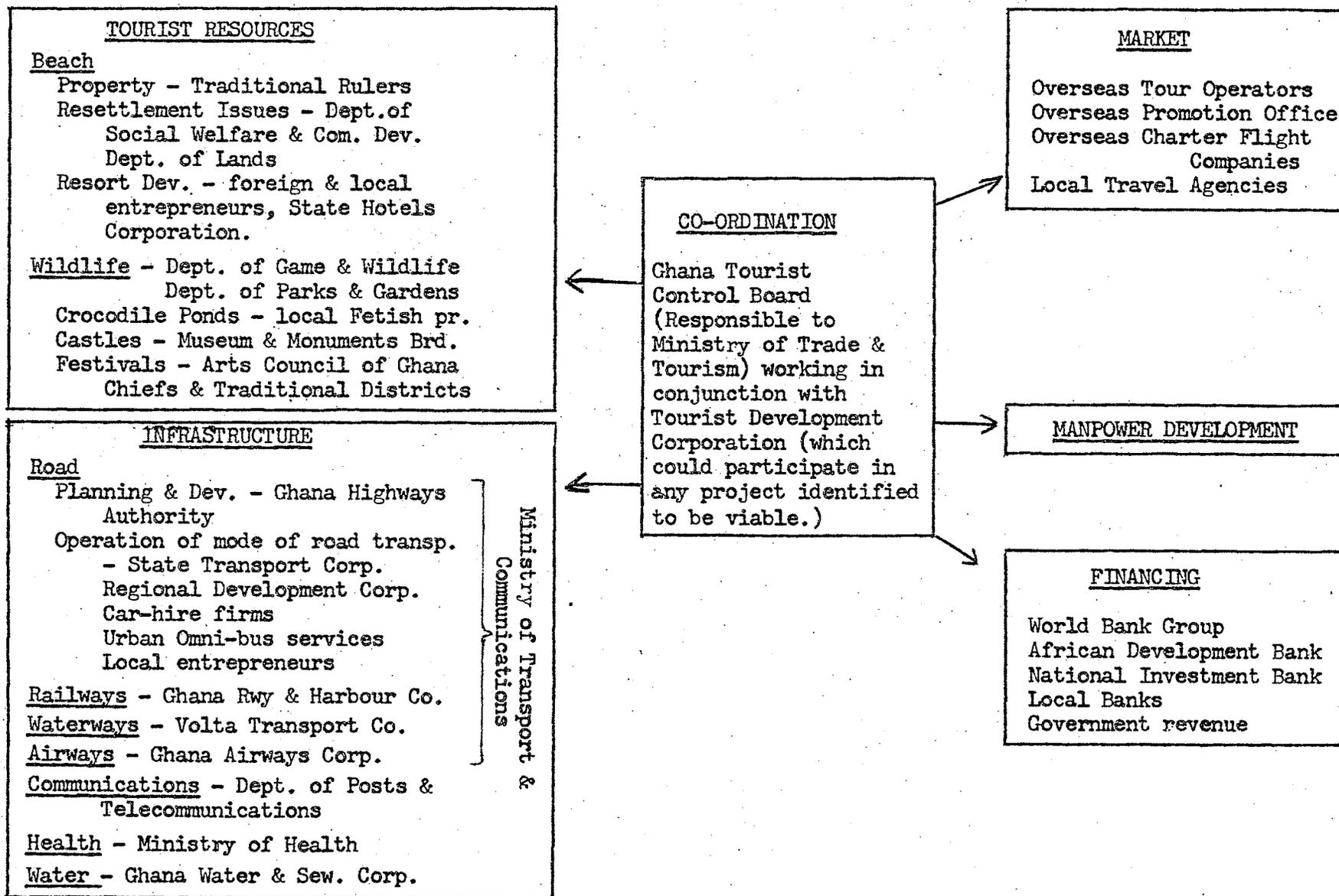
### Co-ordination of Development

In order to minimize some of the socio-economic costs discussed in this chapter, it is necessary that much planning goes into development of tourism in Ghana. The large number of government agencies involved in development of infrastructure in the country has been indicated in Chapter IV, as well as the problems that might arise with providing connections to tourist development areas. Figure 6.1 shows some of the important institutions and individuals related to tourism development and their areas of involvement. Most of these institutions, for example the government agencies, have their primary duties which indirectly promote tourism development, but direct tourism development is only secondary. The need for co-ordination of their activities in so far as they affect tourism is therefore very essential. This responsibility rests with the Ghana Tourist Control Board.

In the absence of co-ordination, there would be duplication which would lead to economic loss, fragmented development which would lead to both economic and social problems. Besides the institutions listed in the table, there are several others whose activities could promote or hinder tourism development and therefore, the Tourist Control Board will have to work in close connection with them. Some of these are:

- i The local banks in connection with currency exchange procedure which is at the moment cumbersome and therefore encourages black market activities.
- ii The Ghanaian Embassies and High Commissions abroad, with regards to liberalizing granting of holiday visas, especially, to potential tourists from non-commonwealth countries such as the United States, Germany and Scandinavia.

FIGURE 6.1: INSTITUTIONS AND THEIR AREAS OF INVOLVEMENT IN TOURISM DEVELOPMENT IN GHANA



iii The Department of Customs and Excise in connection with streamlining arrival formalities at airports, and negotiation for the liberalization of import restrictions with regards to imported inputs required by the industry.

Co-ordinated development by the Ghana Tourist Control Board is not going to be an easy job, not only because of the multiplicity of agencies and people involved, but also because of the bureaucracy, red-tapism and the centralized structure of the Ghanaian civil service which results in delays, and frustration with implementation of plans even when they have gone through the long tunnel of approval.

This point needs further elaboration because by virtue of the large number of different agencies involved, successful tourism development with minimum socio-economic costs depends on integrated, regulated and tailored development, which rests on an efficient government machinery - the Public Service. It has been pointed out that there is "the long agonizing and frustrating time lag between initiation and implementation of government decisions (which) contributed in no small way to the pits into which the governmental machinery falls from time. The unnecessary delays and red tape have cost the nation a lot in economic terms"<sup>74</sup>. Even if others see the problem as not with only adverse economic effects but also with moral implications, the problem is complicated: "the greatest sin of public servants is the undue delay of execution of duties assigned to them or duties they should do by virtue of their offices."<sup>75</sup>

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<sup>74</sup>R. Horsley, (Ed), "Decentralization of Gov't. Agencies", Editorial, Daily Graphic, op. cit., No. 7227, January 4, 1974, p. 2.

<sup>75</sup>E. A. Osen, "Delays by Public Servants - A Change Must Come", Daily Graphic, op. cit., No. 7225, January 2, 1974, p. 8.

The root causes of the problem are many, but one commonly identified is "that the machinery, or the whole set-up of the public services - and the Civil Service in particular - as well as the procedures in carrying out their duties is cumbersome, archaic and tardy; and unless a drastic reform takes place public servants, who have to implement the services, will continue to be sluggish and inefficient, if not corrupt".<sup>76</sup>

One such reform suggested is the decentralization of the Civil Administration, so that "decisions can be taken right where the problem is without waiting for ages for some boss in Accra (the capital) to send in a reply to a letter which may never have reached its destination."<sup>77</sup> Such a suggestion, however, is not appealing to those who would implement it, since it would mean clipping their own powerful wings by passing on some of their responsibilities in a decentralization program. The implication of the situation, therefore, is that Ghana does not seem to have an efficient machinery to co-operate with the Ghana Tourist Control Board in implementing a successful tourism development plan which could minimize the socio-economic costs involved in tourism development that were examined in this chapter.

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<sup>76</sup>Ibid, p. 8.

<sup>77</sup>R. Horsley (Ed.), "Decentralization of Gov't. Agencies," op. cit., p. 2. Also see "Decentralize Gov't. Agencies - says Asantehene". (Ibid, p. 16.)

### Summary

This chapter examined the socio-economic implications of tourism development in terms of potential costs within the framework of findings in previous chapters. With regards to foreign exchange earnings it was pointed out that due to the fact that realization of Ghana's potential market would be through overseas tour operators, charter flight carriers and hotel establishment, this could lead to heavy leakages. Since tours are sold as a package and therefore all the air fare, hotel charges, and even bills for some ground operations at the destination point would all have to be paid abroad. In the end the net gain might amount to only small earnings.

The fact that there would be a high import content for the industry both as a result of the absence of these locally, and the fact that eventually the entrepreneur is the decision maker would lead to further leakages. In this respect, it was pointed out that most international hotel chains have such an accounting procedure that allows for centralized purchase of capital goods. The high import together with foreign exchange spent on overseas promotion could result in more leakages that could create deficit foreign exchange earnings.

The examination of the tourist multiplier work done on Ghana showed that it is based on too many assumptions and that in reality these assumptions operate against tourism development: black market activities, the demonstration effect, the employment of expatriate personnel and the repatriation of their profits abroad together with that of foreign companies in the industry. All these could contribute to "leakages" while reducing the income to Ghanaians.

It was pointed out that the social costs of tourism are closely related to the economic costs. So that for example, the demonstration effect of tourist spending has both economic and social ramifications. In the first place, it could lead to the resident population consuming more while saving less or undertaking trips abroad which adds further to the leakage. In the second, it could lead to resentment. Further resentment could centre around the kind of tourist facilities, resettlement of resident population from lands best suited to their occupation, the threat of twentieth century exploitation and re-appearance of servitude role of locals to foreigners, disruption of the indigenous culture and life-style, particularly, because the Ghanaian youth are susceptible, if not vulnerable to foreign influence. All these could create xenophobia, dualism, and friction between the older traditional-oriented generation and the young western-style educated youth, as well as between more highly paid personnel in the tourist industry and those in other more laborious but less rewarded jobs.

It was stressed that the only way to reduce these socio-economic costs and therefore their adverse impact, is to co-ordinate development into the whole social and economic framework of Ghana. The multiplicity of institutions and individuals involved in tourism development was elaborated and was shown to arise from the nature of the industry which encompasses almost all sectors of the socio-economic set up of Ghana, as well as even overseas institutions. Although the Ghana Tourist Control Board has the responsibility of co-ordinating tourism development it was indicated that, actually, it needs the co-operation of all the institutions and individuals involved, particularly the government agencies -

that is represented by the Public Service. A brief examination of the service, however, led to the conclusion that Ghana does not have, at present, the administrative machinery to assist in implementing a Tourism Development Plan.

## CHAPTER VII

## SUMMARY AND CONCLUSION

This study investigated some of the socio-economic implications of mass tourism development in developing countries with a case study of Ghana.

As in the case of other developing countries that are turning to tourism development, the Ghanaian economy has not experienced any appreciable growth since independence, nineteen years ago. This is due to its dependence on few unprocessed agricultural crops and minerals for export, problems of industrial expansion, tariff policies of its trading partners and wild fluctuation in the price of its exports. Increasing prices of imports have also led to balance of payment deficits, and consequent shortage of foreign exchange earnings which together with other factors such as the policy of structural transformation of the economy after independence, led to a period of political instability between 1966 and 1972 which further adversely affected the economic development. But even after 1972, a new problem created by late 1973 oil price hikes and subsequent general world-wide "imported inflation", further depleted foreign exchange reserves built over the short one year period. The need for diversification into other productive sectors is therefore more pressing than ever before.

Tourism appears to be the "growth industry" with the diversification requirements for Ghana since it is free from some of the problems with traditional exports, for example, tariff problems. Furthermore, it might have a shorter gestation period, provide ready foreign exchange, and

have linkage effects with other sectors of the economy such as agriculture, manufacturing, construction and services. In addition to these economic areas that tourism might lead to growth and development, there are also social and environmental benefits that could be derived from its development.

The urgent need to diversify the Ghanaian economy and the solution that tourism development seems to be able to provide is at the root of present programs to expand the tourist industry which is at a very low level in terms of number of arrivals, foreign exchange earnings and the average length of stay.

Ghana has a number of very good beaches some of which are superior to those found in other countries in the region and also, rank among the best on the continent of Africa. Wildlife resources are, however, nowhere comparable to the variety of species and profusion in numbers that are found in East Africa. Nonetheless, a number of game parks and reserves could be developed in Ghana to supplement beach vacation. This will require a long period of planning and conservation, possibly the whole Plan period. In addition, Ghana offers interesting cultural resources including a variety of festivals. Besides, there are historic castles that are unmatched in number anywhere in Africa. The hospitality of the people is also acknowledged as providing a friendly and welcoming environment.

General infrastructure, particularly transportation is undeveloped in Ghana, and road transport which is the most extensively used by Ghanaians does not meet national demands. The same can be said for telecommunications. Tourism expansion will therefore strain the already great demand on these infrastructure. Fortunately, water and electricity supplies have the capacity to meet future requirements from the tourism

sector, and the government has undertaken to provide these as part of incentives to investors.

Tourism infrastructure, particularly accommodation facilities, is insufficient and will therefore require extensive investment to meet the demand of expanding the industry. Local entrepreneurs do not have the resources and the capacity to provide accommodation facilities, and the State Hotels Corporation lacks the resources and expertise to play any central role in hotel development. Consequently, it appears overseas investors (such as the German company involved in the Ada project) will be the major source of providing hotel facilities which would include restaurants and facilities for entertainment, shopping, sports and recreation.

The examination of Ghana's market potential indicated that future tourists would come mainly from Germany, Scandinavia, Britain and the United States. They would be mainly wealthy professionals and would arrive by charter flights. The tourist market is very well organized and the actual business of selling destinations rests in the hands of travel agents some of whom are integrated into the charter flight and hotel business.

The considerations in Chapters III to V show that even though tourism development is desirable for economic reasons (Chapter II), it would have several socio-economic implications for the country. In the first place, the deep involvement, or even monopoly, of foreign enterprise in realizing the market, as well as in establishing hotel and related facilities would lead to several leakages which might result in a net deficit earnings. Secondly, the characteristics of the tourists, particularly their spending habit and lifestyles would have disruptive

social effects on society - something which is already happening at the present low level of development.

The conclusion to be made at the end of this study is not whether tourism should be expanded in Ghana or not. As IUOTO has rightly noted, tourism is a vested right in the present time and a "point of no return" has been reached: "tourism has become a claim and an acquired right of modern man. It is no longer a question of analyzing its usefulness, but to face the necessity of its organization". It also notes that the tourism demand exists in all countries and "will be satisfied sooner or later". Any counteraction to tourism, therefore, could "lead to social tensions and economic crisis, the gravity of which it is difficult to measure".<sup>1</sup> So whether tourism is developed in Ghana or not, people will still visit the country and therefore it makes more sense to develop it as an industry and reap the benefits.

While there is a genuine economic desire to develop tourism in Ghana, such a development requires more than just first-class tourist resources, a market and capital. Like any economic activity, tourism generates costs. But there is hardly any reference to possible costs in the terms of reference of studies on the Tourism Development Plan and all other studies on tourism in Ghana, for that matter. The socio-economic costs involved in tourism development in developing countries are even greater by virtue of the fact that they are developing countries who have to depend on tourist markets of the advanced countries as well as their investors.

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<sup>1</sup>IUOTO, Pilot Study on the Relationship between Infrastructure Policies and Tourist Development Policies, Commission C, D4, 1972, cited in Jafari, op. cit., p. 66.

The low level of industrial development means that import content for building general and tourism infrastructure will be high. Even much of the food, meat and dairy products will have to be imported. Absence of capital means getting loans which require payment with interests. Lack of expertise in administrative positions means Ghanaians would take less attractive jobs in the industry. While under-development of general infrastructure such as transportation means further strain on systems that cannot meet existing local demands. These situations and the problems they create are mainly due to the fact that the country is developing. The point being made here is that for a developing country, the low level of development of all sectors of its economy could seriously not only reduce the net gain of tourism but create serious social dislocations as well. This therefore calls for serious evaluation of its socio-economic framework before plunging into large scale development, as is taking place in Ghana.

The fact that there is a wide cultural gap between the market and destination countries also has serious implications. These implications are grave considering the economic profile of the potential market against that of the resident population at the destination point. Tourists from, for example, Canada visiting the United States make less impact because the socio-economic and cultural differences are not that wide. The same can be said for European visitors to other countries on that continent. The situation is different when the tourist is coming from a developed country to a distant developing country with very "fascinating culture".

There are bound to be problems when two widely different cultures meet, resulting in cultural shock. The visitor in his fascination and

ignorance takes a lot for granted which is viewed as contempt by the local population. On the other hand, the resident population who are equally ignorant about the visitor's lifestyle responds in a mixed way - blind admiration by the younger generation and a feeling of threat by the old. For example, short clothes such as cut-off jeans and the scenes they create, are quite common, in fact, the normal everyday thing in the summer in western nations. So a visitor going to a hot tropical country, naturally, brings such clothes along. But to the local population, especially the old generation, it is corrupting. To the young population, it is the latest "in thing" that must be copied in order to be abreast with the times.

In the same manner, "exotic" food and drinks that are imported to feed tourists are not really exotic to the visitor. This is what he gets everyday back home. While a perfectly valid argument can be made for restricting importation of such items in order to save foreign exchange, one would not, on the other hand, expect a visitor to change his eating habits overnight, especially if there is the possibility that it would upset his metabolism and hence ruin his whole vacation. So tourists might have to be provided with what they are used to even if it means imports.

But these are real problems implicit in tourism development in developing countries. The problems assume larger proportions if the destination country has a history of colonial rule: there is an intense feeling of twentieth century exploitation if the industry falls into the hands of multinational companies.

It is said that tourism is labour intensive and does not require high level technical expertise. This is true to a point. An examination of the scope of the industry reveals that it encompasses all aspects of the economy and therefore utilizes labour existing already in such areas as Department of Game and Wildlife, the Arts Council and Service (infrastructural) sectors. Implicit in tourism development, however, is whether the activities of the multiplicity of agencies involved can be co-ordinated, and even if they could, whether the administrative machinery that exists is efficient enough to undertake a large scale tourism development. In the case of Ghana, such a machinery does not exist. So even if all other factors are available, there could still be a problem with implementing the Development Plan as has always been the case with implementing Economic Development Plans since independence.

In a desire to undertake large scale tourism development for genuine reasons, it has to be realized, as has become obvious from this study, that the basic factors for producing a tourism product (resources, infrastructure, capital and manpower) are only basic requirements. Their nature, capacity and therefore, limitations have to be analyzed and assessed in order to establish any socio-economic trade-offs that may be implicit in development.

Final 'consumption' of the product depends on a market. 'Consumption' can only take place in the destination country. Examination of the means of realizing the market, however, shows that the means of realizing the market lies in the hands of foreign establishments over which the destination country has very little control. Consequently, there is no guarantee of a continuous flow from the markets when large investments have been sunk into developing a destination like Ghana.

But even if the factors exist with adequate capacity to produce a marketable tourism product and consequently tourists flow to 'consume' the product, it is not the end of a success story. The profits might point to an economic success, but there are still social costs that might offset the economic benefits and therefore need to be evaluated. This study has shown that there are both potential economic and social costs of developing tourism in Ghana. There is therefore the need to assess the country's tourism development threshold and absorptive capacity. Tourism should be seen as part of the whole socio-economic framework of the country. Its development should therefore be at the rate of other sectors of the economy. For example, growth in agriculture and manufacturing industry would mean that some of the inputs that would otherwise be imported for the tourism sector, could be obtained locally and therefore, reduce leakages and retain foreign exchange earnings. In the same way, developments in transportation, health and other areas of infrastructure could mean reduced local demand on these amenities, utilities, and services, and therefore less strain by the demand generated by tourism.

The several possible benefits from tourism development cannot be denied. But they could be negated by economic costs alone, not mentioning the social costs. Even if there is a problem of lack of co-operation from the numerous agencies involved in tourism development to co-ordinate the activities of the Ghana Tourist Control Board, there are a number of steps the Board can take to minimize the 'costs', and even increase some of the benefits.

It is possible to work out some form of agreement for Ghanaian aircraft to carry a percentage of charter loads of tourists, as well as getting foreign investors to reinvest some of their earnings in the country. This could result in more revenue staying in the country. A policy of quota employment and in-service training of Ghanaian employees in foreign hotel establishments is another action that could lead to increased participation of Ghanaians in the industry.

Another area that requires serious consideration is the education of both tourists and the resident population in particular, about each other's culture and the differences in order to reduce any resentment. Once tourists feel unwelcome, they will not return, tour operators will not recommend the destination to prospective tourists, foreign investors also pack and leave. The destination country will be left with empty hotels, huge investments that still have to be paid for.

Since tourism, like any other economic activity, generates costs, the only way to minimize these costs is by exercising restraint. Development should be preceded by adequate research to allow integration into the whole national socio-economic framework. In the author's opinion, tourism can be a basic cause of social dislocation such as has been termed "a premature departure to modernization"<sup>2</sup>. But such a dislocation is really no different from the dislocation by industrialization in Eighteenth Century England.

It is true that tourism happens to be a vehicle of change in many parts of the Caribbean Islands, Hawaii, Spain and even some African countries. But the scale of dislocation is related to the visitor intensity

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<sup>2</sup>J. Jafari, op. cit., p. 187.

index, which is the ratio of visitors to residents and also, facilities. Millions of tourists converge on cities like New York and London where they are absorbed by the huge complex of facilities and merge with the large population. On the other hand, in smaller areas, tourists can overwhelm the facilities and residents.

In the case of a developing country like Ghana, what makes the big difference and hence the extensive costs involved, is the difference in the social, cultural and economic profile of the visitor and the residents. The fact that the country is developing also means several leakages.

For every country, the in-built threshold before economic, social and cultural damage becomes critical will be different. In today's more sober assessment of the industry's capacity to cure economic ills, there is better chance that countries like Ghana that are making new beginnings will evaluate their socio-economic preparedness and set their limits on tourism growth and eventual capacity.

Tourism is an industry that could be built on dreams: the sun must always shine and the "natives" must be friendly. But if reality is to more closely resemble the dream, careful planning which is comprehensive enough to consider the costs as well as the benefits, is required. This is particularly the case because tourism is a very powerful phenomenon, being the only "export industry" where the customer calls in person to collect what he has paid for. Largely because of this, it is potentially more disruptive than other industries of comparable size, even when its vaunted economic benefits turn out to be real. The disruption is greater, the more underdeveloped the economy of the destination country is and the greater the socio-economic difference between its residents and tourists.

Without comprehensive planning and management, the industry could get into the wrong hands of multi-national corporations, the tourists may be the wrong type for its level of socio-economic development and therefore the resultant dislocations could create xenophobia which drives the customers away. But then, the damage is already done, for hotels have few other uses. Unlike the tourists, they are there for keeps.

A P P E N D I X E S

## APPENDIX I

TERMS OF REFERENCE OF THE OBUAM COMMITTEE<sup>1</sup>

The Obuam Committee was appointed to undertake a feasibility study on the development of Ghana's tourist attractions for the five-year plan period: 1972-1976.

Terms of Reference

The six-member committee's terms of reference were:

- a) To make on-the-spot survey of known attractions and decide what facilities and amenities should be provided.
- b) To assess the cost of facilities to be provided.
- c) To search for and evaluate new attractions during the tour of each (of the nine) regions.
- d) To make a detailed study of all the tourist attractions, and to report on the feasibility of development.

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<sup>1</sup>Obuam Committee, (op. cit., p. 1.

## APPENDIX II

RESPONSIBILITIES OF THE GHANA TOURIST CONTROL BOARD  
AND TOURIST DEVELOPMENT COMPANY<sup>1</sup>

The Ghana Tourist Corporation which was the only public organization directly involved in the development and promotion of tourism was re-organized and split into two bodies in 1973.<sup>2</sup>

A. The Tourist Control Board - charged with the responsibility for promoting tourism, regulating, controlling and supervising all matters affecting tourism in Ghana. It also regulates activities of tour operators to ensure that plans for tours are properly made and carried out in the best interest of the economy. The Board is responsible to the Ministry of Trade and Tourism. Specifically, the Secretariat of the Board, headed by an executive director is responsible for:

- a) tourist policy formulation;
- b) regulations and control of the tourist industry;
- c) main government advisory organ on promotion and regulation of tourism;
- d) liaison with national and regional development agencies in the planning and implementation of tourist programmes within the overall national development frame-work.

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<sup>1</sup>Ghana Tourist Control Board, Ghana Tourist News, No. 3, May 1974, p. 6-7.

<sup>2</sup>For reasons for this division, see Chapter II.

- e) overseas promotion of tourism, preparation of brochures, tourist maps, etc.;
- f) research and studies on trends in the industry;
- g) any other matters affecting tourism.

The Board has the following departments:

- a) Tourist Promotion
- b) Research and Planning
- c) Sales and Marketing
- d) Regulations (Standards and Licensing)
- e) Tourist Information
- f) Administration and Finance

B. The Tourist Development Company - a public limited liability company owned jointly by the Tourist Control Board and the Ghana Investment Bank. Its functions are:

- a) To promote and mobilize resources for investment in tourist undertakings and services.
- b) To identify, analyze and implement specific projects in the field of tourism.
- c) To seek equity participation in joint ventures with Ghanaians as well as foreign concerns and individuals in tourist development projects.
- d) To take over the existing assets and commercial operations of the former Tourist Corporation, such as tourist coaches, duty-free shops, tourist travel agency and casinos.

- e) To assist and encourage Ghanaians to expand and modernize their interests in the tourist industry by providing financial and technical assistance.

The chief executive of the Development Company sits on the Board of Directors of the Tourist Control Board. In this way the two key personalities in the policy making process of both organizations are able to co-ordinate plans and activities.

## APPENDIX III

## GUIDELINES TO PROSPECTIVE INVESTORS IN THE TOURIST INDUSTRY

UNDER THE CAPITAL INVESTMENT DECREE N.R.C.D. 141 1973<sup>1</sup>

In order to stimulate and attract tourist investment, various concessions are granted under the Investment Decree, which also sets out the following:

Projects which must be fully owned by Ghanaians:

- a) Travel agencies.
- b) Curio and Craft shops.
- c) Tour operators and handlers.
- d) Tourist transportation in all forms.
- e) Local representatives of overseas tour operators.

Projects to be jointly owned by Ghanaians and Foreign Individuals and Companies:

- a) Casinos
- b) Restaurants and Catering services.
- c) Hotels or accommodation facilities especially designed for tourists.
- d) Tourist resort projects.
- e) Hotel Management and Marketing.

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<sup>1</sup>Ghana Tourist Corporation, Background Notes on Tourism in Ghana, op. cit., p. 9-11; Govt. of Ghana, Capital Investment Decree, 1973 N.R.C.D. 141, Jan. 1973, Rep. of Ghana, Outline of Ghana's Investment Policy, Accra, Ghana Publishing Corporation.

Benefits and Concessions to Foreign Individuals and Companies:

- a) Employment tax credit for a period not exceeding ten years.
- b) Income tax holiday for a period not exceeding five years.
- c) Capital allowances in respect of buildings, plant machinery, structures, roads, furniture, fixtures and fittings used for the purpose of the projects.
- d) A 25% rebate on chargeable income to a person or company incurring capital expenditure on scientific research for the purpose of development or advancement of the project.
- e) Exemption from import and custom duties and purchase tax of up to 100% on imported goods that are essential for implementation of the project.
- f) Investors subject to double taxation receive tax-refund relief.
- g) Deferment of up to 5 years on payment of company registration fees and stamp duty on invested capital.
- h) Guarantee from government expropriation.
- i) The transfer abroad of profits, capital, external loans and interests receive priority in foreign exchange allocation.

Other Possible Government Incentives

- a) Guarantee against increase in taxes on profits dividends and reserves.
- b) Guarantee for convertibility of currency (for payment of international operating costs, commissions, management salaries, interests and dividends).
- c) Freedom from price controls.

- d) Permit accelerated depreciation for buildings and equipment.
- e) Low land costs.
- f) Low utility rates.
- g) Provision of utility lines (brought to site of structure).
- h) Construction of access roads.

## APPENDIX IV

TERMS OF REFERENCE OF THE DANISH STUDY TEAM  
ON TOURISM IN GHANA: DEVELOPMENT GUIDE 1975-1990<sup>1</sup>

With a grant from the Danish International Development Agency (DANIDA) Hoff and Overgaard Planning Consultants of Copenhagen were contracted to carry out a master feasibility study of:

- i Ghana's present touristic assets and facilities with a view to setting up a plant to increase the occupancy rate of the present hotels, especially with a view to attracting groups of airline passengers and also international meetings.
- ii The present level of service in hotels and other segments of the tourist trade, and the need for training hotel managers, officials of the tourist organizations and the like both locally and abroad - the latter possibly on scholarships by the Danish Government.
- iii The possibilities for developing the various regions of the country touristically with a view to improving existing facilities of over-nighting in game reserves and mountainous regions, sports and entertainment facilities, places of historical and political importance, and any other places or attractions that may be later on decided by the Tourist Control Board, etc.
- iv Part (iii) of the master feasibility study should include an order of priority for which projects should be selected for

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<sup>1</sup>Hoff and Overgaard, op. cit., Part I, p. 1-2.

further action in the next stage of our tourism development in the format of requesting technical and financial assistance from Danish and/or other international sources.

## APPENDIX V

THE TOURIST DEVELOPMENT PLAN 1975-1990<sup>1</sup>Background to Plan Formulation and Calculations

A very important feature of modern charter traffic is that big aeroplanes have to land at no great distance from beach hotels and resorts. More than 1 to  $1\frac{1}{2}$  hours bus ride from the airport to the hotel after a long flight is a handicap. The Development Plan is therefore set out on the basis of two alternatives. The first is based on the assumption that all charter flights do not have to land at Kotoka International Airport at Accra, but can also go to Takoradi in the Western Region. This means an airport has to be built in the early 1980's to handle large aircraft which cannot be catered for presently. The second alternative is the situation expected if the present Takoradi Airport is not sufficiently expanded or rebuilt to handle landing of international flights; that is, all charter flights terminating in Accra.

Only in Alternative I will the proposed beach resorts in the western coastal area be fully utilized. In Alternative II, some development could take place there through transfer of tourists by small local planes or air-conditioned buses. However since it would involve considerable economic and physical handicap in both cases, the potential of the region might still be underutilized. The result will be a fall in growth rate, as shown in Table 1. The difference by the end of the planning

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<sup>1</sup>Hoff and Overgaard, op. cit., Part I, p. 125-150.

period would be around 150,000 tourists a year (357,000 against 196,000). This evidently is a substantial difference, which in terms of growth rate is a fall from 15% in 1980 to 6% in 1985.

TABLE 1: PROJECTED TOURIST ARRIVALS, 1973-1990

Year	Alternative I Number of Tour- ist Arrivals	Growth Rate (%) P.A.	Alternative II Number of Tour- ist Arrivals	Growth Rate (%) P.A.
1973	53,248	--	same as Alt. I	--
1974	58,570	10	-do-	10
1975	64,400	10	-do-	10
1976	72,100	12	-do-	12
1977	82,900	15	-do-	15
1978	95,300	15	-do-	15
1979	109,600	15	-do-	15
1980	126,000	15	-do-	15
1985	222,300	12	164,000	6
1990	357,300	10	196,000	3

Source: Hoff and Overgaard Estimate.  
Hoff and Overgaard, op. cit., Part I, p. 127

In 1974 and 1975 the general modest growth rate of 10% was projected.<sup>2</sup> By the end of 1976 the first seaside resort hotel at Ada is expected to be opened; thus starting up charter tourism. In addition, some existing hotel facilities are expected to be upgraded. As a result, a slightly higher growth rate of 12% is projected. From 1977 to the end of the planning period, charter tourism is expected to play significant and leading role. This period is calculated to commence with a 15% growth rate; decreasing to 12% after 1980. By 1980, Ghana is expected to be a fairly established destination for pleasure tourism, and with the market ready to open up the very attractive potential resources in the western region.

<sup>2</sup>See Chapter V for comments on the growth rates.

This is expected to stabilize the fairly high growth rate. Alternative II (Table 1) suggests what might happen after 1980, if there is no investment in an airport at Takoradi.

It is difficult to make very realistic assumptions about what might happen as far ahead as 1985-1990, particularly in an industry which is greatly influenced by economic situations in the tourist-generating countries, by competition and the ever-changing fashion of travel. Nonetheless,

"we find that the potential for Ghana is of such a size that it is likely that the above-mentioned growth rates will be realistic".<sup>3</sup>

#### Projection of Tourist Arrival

The projections in Table 1 are based on four assumptions:

- i That charter flights will be allowed into Ghana without restrictions.
- ii That charter flights will be allowed out of the different European and United States markets.
- iii That hotel capacity will be made available at an appropriate rate over the planning period.
- iv That the required promotion activities are undertaken.

One problem with the projection is the starting point.

The existing tourist statistics do not give a complete picture of the present tourist situation. Furthermore, since "pleasure" tourism (the expression is used in the broad sense as group tourists, plus individual pleasure tourists) to Ghana is at such a low level, the base for projection of growth rates is just about non-existent. The projections

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<sup>3</sup>Hoff and Overgaard, op. cit., Part I, p. 128.

"are therefore based on the total number of frontier arrivals, and not on the pleasure tourists alone. Consequently, the growth rates appear to be fairly low. However, it is about the average; the true growth rate for pleasure tourism alone will be considerably higher than the average in (Table 1)."<sup>4</sup>

#### Development Target

Based on the projected tourist arrivals, the required number of beds within the Plan period has been calculated. They are also based on the following six assumptions:

- i Arrival of tourists as projected in Alternative I and II.
- ii That about 50% of present tourists stay in hotels of international standard.
- iii That 90% of the new tourists will be accommodated at the international hotels.
- iv That the present average number of nights is 4.0 (as indicated in Chapter III.
- v That the average length of stay will increase in accordance with the growing proportion of pleasure tourists and the average for this category will be 14 days.
- vi The bed occupancy rate is estimated to be 40% at present, and is expected to grow to 60% as a result of the development. A bed occupancy rate of 60% is required to make the hotels feasible. It is assumed that through promotional activities and controls this rate can easily be achieved.

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<sup>4</sup>Ibid, p. 126.

TABLE 2: REQUIRED NUMBER OF BEDS 1973-1990 IN ALTERNATIVE I

Year	Growth Rate P. A.	No. of Tourist Arrivals (000)	No. of Tourists Staying at a Hotel(000)	Average Length of Stay (Nights)	Est. No. of Bed Nights (000)	Int. Hotels	
						Occ. Rate Yearly Average	Req. No. of Beds
1973	--	53.3	27.0	4.0	108.0	40%	740
1974	10%	58.6	31.8	4.0	127.0	40%	870
1975	10%	64.0	37.0	4.0	148.0	45%	900
1976	12%	72.1	44.0	5.0	220.0	45%	1,340
1977	15%	82.9	53.7	5.5	295.5	50%	1,620
1978	15%	95.3	64.9	6.0	389.3	50%	2,130
1979	15%	109.6	77.8	6.5	505.5	50%	2,770
1980	15%	126.0	92.6	7.0	648.2	55%	3,230
1985	12%	222.0	197.0	8.5	1,522.0	60%	6,900
1990	10%	357.0	301.0	9.5	2,858.0	60%	13,100

TABLE 3: REQUIRED NUMBER OF BEDS 1973-1990 IN ALTERNATIVE II

Year	Growth Rate P. A.	No. of Tourist Arrivals (000)	No. of Tourists Staying at a Hotel(000)	Average Length of Stay (Nights)	Est. No. of Bed Nights (000)	Int. Hotels	
						Occ. Rate Yearly Average	Req. No. of Beds
1973	--	53.3	27.0	4.0	108.0	40%	740
1974	10%	58.6	31.0	4.0	127.2	40%	870
1975	10%	64.4	37.0	4.0	148.0	45%	900
1976	12%	72.1	44.0	5.0	220.0	45%	1,340
1977	15%	82.9	53.7	5.5	295.5	50%	1,620
1978	15%	95.3	64.9	6.0	389.3	50%	2,130
1979	15%	109.6	77.8	6.5	505.5	50%	2,770
1980	15%	126.0	92.6	7.0	648.2	55%	3,230
1985	6%	169.0	131.0	8.5	1,113.3	60%	5,080
1990	3%	196.0	155.0	9.5	1,474.0	60%	6,730

Equation:  $B = \frac{TL}{365R}$ , where

B= number of beds required.

T= number of tourists staying at a hotel

L= number of previous year & 90% of growth in tourist arrivals

R= average length of stay

R= average occupancy rate.

Source: Hoff and Overgaard, 1974, p. 141.

In Alternative I (Table 2) the necessary number of beds is estimated at 740 in 1973 rising to 3,230 in 1980 and 13,000 in 1990. In Alternative II (Table 3) the necessary number of beds is 3,230 in 1980, and 6,730 in 1990. This gives a substantial difference of more than 6,000 beds by the end of the planning period.

Table 4 shows the required development of the estimated year by year bed capacity for the two alternatives.

TABLE 4: REQUIRED DEVELOPMENT IN BED CAPACITY 1973-1990

Year	Alternative I		Alternative II	
	Demand	Development in Demand Per Year	Demand	Development In Demand Per Year
1973	740	---	740	---
1974	870	130	870	130
1975	900	30	900	30
1976	1,360	440	1,340	440
1977	1,620	280	1,620	280
1978	2,130	510	2,130	510
1979	2,770	640	2,770	640
1980	3,230	460	3,230	460
1985	6,900	735	5,080	370
1990	13,100	1,240	6,730	330

Source: Same as Tables 2 and 3.

The annual demand for beds in both alternatives are small before 1976, after which it is about 300 to 650 until 1980. From then until 1990, demand in Alternative I is much stronger than in Alternative II in response to the greater number of projected tourist arrivals.

#### Specific Items of Development

Table 5 shows the planned facilities for the Mass Charter Market. A brief explanation of the Table is deemed necessary. Two (development)

TABLE 5: DEVELOPMENT OF FACILITIES FOR THE MASS CHARTER MARKET 1976-90

PHASE	DEVELOPMENT AREA I		YEAR	DEVELOPMENT AREA II		TOTAL NO. OF BEDS DEV.		
	ALTERNATIVE I AND II			ALT. I	ALT. II			
I	Accra 400, Bortianaw 300		1976			700		
	Upgrading of hotels (1976-78)		1977	Upgrading of hotels (Alt. I & II)				
	Ambassador extension 200		1978	Infrastructure, Phase I (Alt. I)		200		
	Tourist & Conference centre Bortianaw 500		1979	Resettlement plans (Alt. I)		500		
	Prampram 400, Ada extension 400		1980			800		
TOTAL 1976 - 1980						2,200	2,200	
	ALTERNATIVE I	ALTERNATIVE II	YEAR	ALTERNATIVE I	ALTERNATIVE II	ALTERNATIVE I	ALTERNATIVE II	
II	Accra 500	Accra 500	1981			400		
			1982	Atlantic Extension 200		700	500	
	Prampram Hotel 400	Prampram Hotel 400	1983	Butre 400		800	400	
			1984	Bushua 400	Bushua 400	400	400	
		Volta River Resort Centre 400	1985	Akwida 800		800		
				Cape Coast 400		400	400	
TOTAL 1981 - 1985						3,500	1,700	
	Accra 1,000	Accra 800	1986		Cape Coast 400		400	
			1987	12 hotels			400	
			1988	5,000		Bushua 400	6,000	800
			1989					
			1990					
TOTAL 1986 - 1990						6,000	1,600	
TOTAL 1976 - 1990						11,700	5,500	

areas have been chosen to be developed over a two phase period. Area I is made up of the following - with reasons for selection:

- i Accra - It is considered that although the main demand will be for beach resorts, some tourists would like to stay in the capital, from where visits to the beaches will be made.
- ii Ada - This area is said to have a natural beauty for Ghana and also, for the Coast of Africa.
- iii Prampram - (more exactly between New and Old Ningo) has a fairly good and safe beach.
- iv Bortianaw - only 13 miles from Accra, and has fairly good and safe beach.

The three main reasons for selection of Area I are:

- i The area is relatively well provided with infrastructure;
- ii The possible excursion destinations are more developed than elsewhere in Ghana;
- iii The joint Ghana Government-German venture to develop Ada as a tourist resort center is at an advanced stage.

Specific development items for Phase I (1975-1980) in Area I are:

- i The Ghana-German resort project with a total of 800 beds in two stages. (Part I is to be completed by late 1976.) The quality of accommodation facilities will be between medium and first class. The main facilities will be that of water sports such as swimming pools, sailing and water skiing.
- iii A medium-class accommodation project at Bortianaw (Kokrobite) with a 300 bed capacity, as well as a golf course and facilities for horseback riding.

- iii Upgrading of the three state hotels in Accra, bringing the Ambassador and Continental Hotels up to the medium class level and the Star Hotel to standard level.

The above developments are estimated to be completed by 1978 after which the next projects will be:

- i Construction of a tourist centre at the beach of Bortianaw with 500 beds and congress facilities.
- ii Part II of the Ada project.
- iii Part I of a tourist resort complex at Prampram with 400 bed medium-to-standard quality level.
- iv Extension to the Ambassador Hotel to provide 200 beds.

Phase II (1981-1990) involves the operation on the basis of two Alternatives. In the first, the main emphasis will be on exploring the potential market and on creating the necessary infrastructure in development Area II. In the other, the infrastructure will not be provided and the main development must therefore still take place in development Area I.

Taking the two Alternatives separately, in the first, existing centres in Area I will be expanded which will lead to the following projects:

- i Prampram: There is capacity for expansion by building one more hotel with a capacity of 400 beds at medium standard.
- ii Accra would require three or four new hotels with a total capacity of about 1,500 beds, in order to function adequately as a centre for tourism. A medium-to-first class 500 bed hotel at Marine Drive in the first half of the period (1981-1985), and the remaining 1,000 beds in the second half should meet the requirements in Accra.

In Alternative II, further developments besides the above is required in Area I: a resort centre with 400 beds opposite the Ada resort centre (at the other side of the river mouth).

Development Area II is the western coastal region. The section of this Area to be developed lies between Takoradi and Axim. Phase I (1975-1980) will not involve any new development except the following minor ones:

- i Upgrading of existing facilities, such as Atlantic Hotel in Takoradi, chalets at Bushua Beach and the Elmina Motel.
- ii A regional planning study.
- iii First phase in construction of infrastructure, (mainly airport, roads, water, electricity and sewerage) if found feasible in the regional study.
- iv Start of resettlement program, if necessary.

Phase II (1981-1990) for Area II also has two alternatives. In the first, the potential can be fully utilized. Beaches with access (already connected to the road network) receive initial development. These are:

- i Bushua - 800 beds in two stages.
- ii A 400-bed centre at Butre which is close to Bushua and therefore together could form a sub-centre.
- iii Two hotels around 1984 and 1985 with 800 beds at Akwida to form a second sub-centre, to serve this area, west of which are found many good beaches in small bays.
- iv Expansion of the Atlantic hotel by 200 beds in order to make Takoradi, as the western centre of tourism, parallel Accra.

v A hotel with 300-400 beds in Cape-Coast, a very important cultural and historical (old capital of the then Gold Coast) centre along the coast.

These projects would take place in the period 1980 to 1985 to "open-up" the area. From 1985-1990, more development involving 5,000 beds distributed among about 12 new hotels in the region from Akwida to Axim are expected.

Alternative II considers that even if the airport in Takoradi is not enlarged, it would still be possible to get some charter tourists to Area II either by modern coaches from Accra airport (about 5 hours drive) or by smaller aircraft from Accra to Takoradi airports.

Bushua forms the only possible development area if only minor infrastructure cost can be involved. Therefore, an 800-bed centre would be built in two stages around 1984/85 and 1987/88. In this case the Atlantic Hotel extension will not be necessary. However, the 400-bed hotel at Cape Coast would be constructed, but at a later date, around 1985/86.

#### Capital Investment

The Tourist Development Plan requires extensive resources for its implementation. The most important is capital investment necessary for building the overall tourist plant which involves mainly infrastructure as well as capital for running tourist administrative, planning and research units. Tables 6 and 7 show some rough estimates of the most important items of Government expenditure.

TABLE 6: ESTIMATES FOR GOVERNMENT INVESTMENT (1975-1980)  
DIRECTLY RELATED TO THE TOURISM DEVELOPMENT PLAN

Item	Total Amount In Million Cedis*
1. Upgrading of hotels	2.3
2. Upgrading of rest houses	0.3
3. Extension of hotels	3.0
4. Development of new hotels	40.0
5. Development of game lodges	2.5
6. Development of rest houses	<u>2.0</u>
Total Development of Tourist Facilities	50.1
7. Development of Infrastructure	3.6
8. Creation and running of hotel and tourism school	2.7
9. Running of tourist organizations	<u>6.0</u>
TOTAL	<u>62.4</u>

Source: Hoff and Overgaard Estimate  
Hoff and Overgaard, 1974, p. 315.

\* In 1974 prices.

Comments on Table (Items 1-9)

1. This amount covers improvement of the Atlantic, Ambassador, Continental, Meridian, Volta and City Hotels, together with renewal of facilities in Bushua and Elmina.
2. This includes improvement of the catering rest houses in the castles, and those at Amedzofe.
3. Covers extension of the Ambassador and City Hotels (200 and 100 beds respectively).
4. This includes 2,000 beds in Ada, Bortianaw and Prampram. Each bed is calculated to cost ₦20,000 including land preparation, furniture, pre-opening costs, local infrastructure (water, electricity, sewerage, etc.).

5. This covers a new game lodge with 100 beds in Digya and extension as well as upgrading of the Mole Game Reserve Lodge.
6. Calculated with an additional 120 beds.
7. Covers the first phase of the Takoradi-Axim tourist road. Estimation is at 100,000 cedis per mile with a formation of 24 ft. width and 12 ft. wide base course and double surface dressing. A third of the 35-mile road would be constructed in 1976-1980, costing ₵1.2 million. Estimated cost for the Takoradi Airport with a 12,000 ft. by 150 ft. runway is ₵7.2 million. The first phase (1976-1980) would cost ₵2.4 million. These investments would be only necessary in case of Alternative I.
8. Calculated as ₵32,000 for the creation and ₵440,000 in yearly running costs of the hotel division of the school. Then ₵100,000 to cover yearly costs for all other divisions of the school.
9. Estimated at ₵1.2 million as an annual average for the five years.

Table 7 gives estimates of Government expenditure for the second period (1981-1990) of the plan.

TABLE 7: ESTIMATES FOR GOVERNMENT INVESTMENTS (1981-1990)  
DIRECTLY RELATED TO THE TOURISM DEVELOPMENT PLAN

Item	Total Amounts in Million Cedis	
	Alt. I	Alt. II
Development of new hotels	190.0	66.0
Development of game lodges	3.0	2.5
Development of rest houses	1.0	1.0
Total development of tourist facilities	<u>194.0</u>	<u>69.5</u>
Running of hotel and Tourism School	7.8	6.0
Developing of infrastructure	7.1	x
Running of tourist organizations	<u>16.0</u>	<u>14.0</u>
TOTAL:	<u>224.9</u>	<u>89.5</u>

Source: Same as Table 4.6, p. 318.

x In this alternative only investments will be needed to open up the Volta River Area.

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