Eco-tourism and the informal carbon market: Is the climate right for change?

A summary policy brief

Background

International tourists (especially those from Namibia’s main source market - Europe) are increasingly becoming aware of issues related to climate change and global warming. More specifically, tourists are also acutely aware that long haul travel and leisure tourism could contribute to this global dilemma.

Recent studies conducted in Namibia, suggest that although the tourism resource itself may be directly impacted by climate change, it is highly likely that there will be an indirect impact, primarily linked to the concerns of tourists regarding the contribution of their trips to global warming. Namibia must address these concerns. If no action is taken, this could result in deterioration in the Namibian Tourism economy. A decline in the number of tourists and the contribution of tourism to the national economy will make it difficult to achieve Vision 2030 and fulfil the targets of the National Development Plan. Currently, the tourism sector in total generates 14% of GDP a figure that is forecast to rise to 23% by 2016 - clearly a significant contribution.

It is therefore the indirect impact of climate change that needs to be addressed most urgently by all stakeholders. In order to combat the potential decline in the tourism sector there are a number of actions that should be taken, some of which are related to climate change and others to the tourism sector in general.

It is widely recognised that Namibia possesses a world beating tourism resource - both natural and cultural. However, in order to capitalise on this and create a comparative advantage over other destinations, it is important that the tourism sector ensures that it is fully aligned with emerging market demand and in particular consumer concerns regarding global warming. This means that all tourism products should be able to demonstrate a high level of sustainable environmental management, a contribution to conservation, minimise greenhouse gas emissions (or better still become “carbon neutral”) and contribute towards economic development and more specifically, poverty alleviation.

In order to achieve this there needs to be subtle but important shift in the current Namibian tourism product to fully embrace these characteristics and the opportunity that comes with them. This will also require the removal of current policy constraints (particularly those related to investment and government incentives should be utilised and these should be targeted at products that can meet international ‘certification’ requirements for a combination of environmental, social and climate ‘friendly’ indicators. The development of a majority of tourism products that are certified, particularly as ‘carbon-neutral’, will not only add value to the products themselves but also to the overall destination brand.

In addition to the tourism product and brand development, there are a number of opportunities linked to this that fall under the general heading of ‘carbon-trading’. Namibia should develop a number of ‘carbon-offset’ products that exploit the demand for sustainable, people and carbon-friendly tourism. These products, if developed correctly, can be marketed and sold to both discerning international tourists (especially those coming to Namibia) and larger organisations who wish to obtain carbon credits in order to demonstrate their commitment to reduced GHG emissions. The trading of carbon credits could generate additional income for natural resource management, and should start with the further development of the emerging ‘community conservation Namibia’ brand carbon credit, which embodies all of the key characteristics of the type of tourism product that Namibia should be developing.

To ensure that the tourism products have credibility they should obtain certification from existing and internationally recognised bodies, however in order to ensure quality and consistency within Namibia it is proposed that a national “coalition or body” be established to provide expertise and guide the development of carbon-neutral and carbon-offset products. This body would work co-operatively with all stakeholders including government, the private sector and NGOs.

Namibia is at a turning point regarding the future of the tourism sector and its response to climate change. This is made more important by the current global economic downturn. If the sector decides to continue with ‘business as usual’, there is a real possibility that Namibia will lose its market share and the sector will decline. If on the other hand there is a concerted and collaborative effort to embrace change and take advantage of the opportunities presented by climate change, Namibia has the potential to develop as a world-leading tourism destination.

Climate Change

Climate Change is caused by the build-up of carbon dioxide and other particulates that prevent some of the sun’s warming rays from being reflected back out of earth’s atmosphere. The burning of carbon-based fuels, notably wood, coal, and oil generates ‘Greenhouse Gases (GHG)’ - so-called because their dispersal throughout the upper atmosphere creates a layer that traps the heat from the sun close to earth. As a consequence, every year the concentration of CO2 and other greenhouse gases increases and the heat from the sun’s rays is trapped within our atmosphere slowly increasing average global temperatures.
Tourists and destinations

An analysis of tourist destinations in Namibia indicates that landscapes, nature and wildlife viewing, with a small but increasing interest in culture, dominate the Namibian tourism product. In terms of contribution to the Namibian economy, a study in 2008 indicated that the CBNRM programme and in particular, conservancies, generated N$39 million cash income in 2007 and contributed N$223 million overall to the Net National Income. Potentially more important than the economic benefit is the empowerment of local communities and the commitment that this programme brings to long term sustainable natural resource management.

The high carbon emissions of air travel could have a negative effect on the choice of Namibia as a destination from Europe and America, however the opportunity for carbon-trading through developing carbon-offset products in the tourism industry is great and could neutralise this to a large extent. The trading of carbon credits could also generate additional income for natural resource management, conservation and development.

Options for Namibia could include the following:

- **Voluntary Carbon-Offsetting of flights to and from Namibia** - to create a more direct link between flights to Namibia, their carbon emissions and the tourism resource itself. This requires that the total carbon emissions of the flight be “offset” by an equivalent carbon reduction or carbon sequestration in Namibia and will need to be certified as such. (A project involving Air Namibia, NNF and the Directorate of Forestry currently exists in this category but could be extended to include other airlines).

- **CDM – large scale CDM projects based on a tourism natural resource.** This would need to be done on a large scale and would probably focus on biological sinks or renewable energy. The process of compliance is very complicated and the transaction costs generally very high but the returns can also be expected to be large. CDM projects related to tourism could emerge but this should not be a policy focus.

Recent data from consumer survey groups and Travel & Tourism organisations demonstrate that consumers are increasingly willing to trade up for sustainability, with the result that operators are now allowing ‘conscientious consumption’ to drive development into the future.

Tourist numbers are made up of 40% South African, 21% German, 7% British and then 3-4% from other European countries such as Italy, Netherlands and France. European and other overseas visitors also tend to spend at a much higher rate than South African and regional visitors - possibly by up to a factor of ten times more and are generally more environmentally conscious and aware of issues related to climate change and the link with tourism. In addition, they are almost exclusively long-haul air travellers. It is important to understand the Namibian Tourism market in sufficient detail to focus interventions around climate change more strategically. Clearly the key European source markets should remain a focus as should the emerging US market. In addition, attention should be given to the regional (in particular South African) market as these tourists are more likely to continue to visit Namibia during periods of economic difficulty.

Very few new tourism products have been developed in Namibia in recent years and there appears to be an attitude among many operators to practise ‘business as usual’ without addressing issues of environmental sustainability or community involvement and empowerment. A change in attitude and encouragement to develop products that could be classified as carbon-neutral or carbon-reducing need incentives and support from government.
Carbon Neutral Certification

Carbon neutral certification is not the same as a carbon-credit or carbon offsetting as it is something that cannot be traded or sold.

- **Country level carbon neutral certification** - provided it was possible from a scientific point of view, certification of Namibia as a carbon neutral country may add some value to it as an eco/responsible/sustainable tourism destination and give it a comparative advantage over its competitors. At this stage no country has yet achieved this status and there are emerging doubts related to its credibility.

- **Product or organisation level carbon neutral certification.** This can be done relatively easily and should create a comparative advantage for a tourism product or company in the market. The cost of certification can be passed on to the customer as a ‘carbon levy or tax’. This should be included as a major component of the tourism sector transformation as it is expected to add value to the product and appeal to emerging consumer demand for carbon neutral certification.

If Namibia is serious about maximising the potential of tourism as a key economic sector and wants to re-position itself as a “Fair Trade”, “Sustainable Tourism” or “Carbon Neutral” destination, the broad raft of policies, which currently impact on tourism need to be addressed concurrently.

**Policy recommendations**

1. **National policy on climate change and tourism created** to provide framework and direction for addressing climate change issues related to tourism and that includes guidelines related to Voluntary Carbon Offset products.

2. **Strengthen National Policy on Tourism** to promote comparative advantages and to emphasise:
   - Nature - including wildlife, biodiversity, carbon emission reductions and carbon neutral status
   - Sustainable resource management - including CBNRM, Parks, Freehold, Conservation and outcomes
   - Community benefits - including CBNRM, empowerment and capacity building
   - Develop a stronger Namibian tourism destination brand incorporating more emphasis on the above.

3. **Include tourism-related climate change issues in existing policies** (Tourism Policy, NTB, Environmental Management Act, National Development Plans.
   - Sustainable Tourism definition needs to include recommendation for carbon emissions reduction and carbon neutral status
   - NTB should strengthen environmental criteria as part of registration/quality control process - to include carbon emissions/carbon neutral status.

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Policy recommendations contd.

- Environmental Management Plans should include a carbon emissions component and indication of how reductions will be made in future leading towards carbon neutrality.
- National Development Plans need to include emphasis on carbon emissions mitigation related to tourism development.

4. Create a conducive investment environment that encourages investment in communal areas and in particular partnerships with conservancies/communities with an emphasis on appropriate technologies, especially those that conserve water and lead to a reduction in carbon emissions. Namibia Investment Centre (MTI) should encourage and incentivise investment in genuine certified sustainable tourism products (including carbon neutral status) and MTI/MET should provide incentives and financial support to encourage adaptation of existing tourism products to address carbon emissions/carbon neutral status.

5. Actively promote appropriate technology and in particular carbon emissions reduction and encourage the private sector to introduce appropriate technology/carbon emissions reduction.

6. Actively raise awareness of climate change implications for tourism. Develop and implement a tourism and climate change awareness campaign, particularly among the private sector and decision-makers.

7. Highlight the need for accuracy of tourism growth targets in light of climate change implications. Provide input to Tourism Satellite Accounts to reflect the potential changes in revenue and employment due to climate change.

8. Establish a national body/coalition/reference group to provide expertise and guidance to oversee the quality control of carbon neutral and carbon offset product development.

Namibia has the potential to offer products that are certified carbon neutral, adding to the perceived value of the tourism product on offer. In addition, Namibia can also generate further value from the natural resource base on which the tourism industry relies by developing high quality carbon credit products that build not only on the scientific potential for carbon sequestration but also on the values embodied in sustainable resource management and in particular the link with communities and the benefits that they earn from this resource. By building all of these components into the tourism ‘destination brand’, Namibia has an excellent opportunity to position itself as a leading sustainable tourism destination.

Selected references


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