

### 1.1.1 Tourism Product Diversification

In the tourism sector, Kenya is world renowned as a safari and beach destination. Despite being rich in the diversity of tourism resources and attractions, the country is, however, weak in promoting the wide range of tourism products. Diversification is thus critical in ensuring future and sustained success of the tourism industry. The projects funded by TTF must illustrate diversity as one of the key aspects.

The key question here is: What is new or innovative about this project?

- Does it target a new area?
- Does it target a new market?
- Is it going to offer a new product/s?
- Does it have a new project design?

Other critical questions one should consider in relation to diversification include whether or not the project is:

- Innovative and uses any appropriate eco-technologies?
- Market or demand driven?
- Based on a viable product range?
- Linked to other tourism enterprises?

### 1.1.2 Project Sustainability

The chances of any tourism enterprise producing the expected results and benefits depends on four main aspects as outlined below. It is important that every project fully considers these before submission to TTF for funding.

1. **Financial Sustainability:** Continued financial outflow and profitability beyond the TTF funding period is an essential consideration. The key question here is "will the project have a profitable return?" This is a broad question whose answer depends on responses to the following subsidiary questions:

- What is my tourism product and what is my market?
- What is the size of the overall market locally and what can I get from this?
- Who are my competitors and what advantage do I have over them?
- What will be my marketing strategy?
- What will be my advertising strategy?
- Is the project viable in financial terms?
- What amount of money do I need as initial capital?
- What is my operating budget?
- What will be my profit?

- What is the Internal Rate of Return? (Assuming that I will borrow money from a financial institution for instance)
- What is the break-even point for the project?
- What are the risks associated with the project?

2. **Technical Sustainability.** this is reflected in the ability of technical designs to withstand natural forces and maintenance over time. Applicants should strive to answer the following questions:

- Do I have some track record and experience in the tourism sector in general and in the kind of project I am proposing?
- Do I have the key personnel for the project? (What type and number of technical persons are required for the proposed project?)
- What is the management structure of the project?
- Will the project build some local capacity? Does it involve some formal training or on-the-job training?

3. **Community sustainability.** initial and continued community support and stability are important for project success. The key issues here are whether the proposed project fits well within the developmental needs of the area and whether it is acceptable to the community.

In this respect, the key questions that applicants should seek to answer are:-

- Does the project benefit the community?
- What benefits (economic, social, and cultural) accrue to the community?
- Does the project build some capacity to the local community?
- Does the project have some multiplier economic benefits to the community?

4. **Environmental sustainability.** this relates to the long-term ability of the natural environment to withstand pressure of use and recover from any damage. Sustainability here refers to the use of a particular resource, or set of resources, in such a way that they can meet your own needs and those of future generations. This means ensuring that the resource does not get finished, or that it actually grows. Environmental sustainability also requires that there should be no wastage and the technologies used should be environmentally friendly i.e. posing no danger to the environment e.g. recycling, proper waste disposal etc.

The key question is whether the project is likely to have any adverse impacts on the environment, whether negative or positive. Further, if the basis of the project is use of natural resources available in the area, will the project use them sustainably or is there danger that the resources will deteriorate or become depleted over time?

**BEST ENVIRONMENTAL PRACTICES**

**Energy:** Use of energy saving bulbs and equipment; monitoring energy use, servicing equipment, using renewable energy sources e.g. solar,

**Water management:** Recycling; use of low-flush toilets and low-flow shower heads and faucets; avoiding wasteful landscaping practices, such as hosing outdoor surfaces and watering gardens during the day; using drip irrigation systems; choosing drought-resistant native plant species for landscaping.

**Waste water:** Minimizing wastewater discharge by reducing water use; collecting waste oil and grease for separate processing; using biodegradable detergents and cleaning agents that are compatible with the wastewater treatment technologies; minimizing the use of chlorine, bleaches, detergents and other chemicals that end up in wastewater; ensuring all wastewater is properly treated before it is released into the environment; reusing treated gray water for washing floors, flushing toilets and irrigating gardens and golf courses.

**Wastes:** Reducing, reusing and recycling. **Reducing:** buying products in bulk and with less packaging to reduce waste generation. **Re-using:** replacing disposable items with reusable ones such as rechargeable batteries, refillable soap and shampoo containers; requiring vendors to take back pallets and crates. **Recycling:** separating waste at the source rather than having to go through all the trash after it is collected; composting organic wastes such as food scraps, leaves and tree cuttings; selling recyclables like paper, glass, metal and plastic.

### **1.1.3 Contribution to Poverty Alleviation**

Uplifting the living standards of the people is the essence of all development. With poverty level of about 56%, this is even more so for Kenya. All applicants should therefore bear this component in mind when formulating project proposals.

In ensuring that the proposed project has a component of poverty alleviation, one should ask, "how many people's standards of living will be uplifted directly or indirectly by the project? The proposal should clearly indicate who will be the beneficiaries and how many these will be.

Other questions that need to be answered are what kinds of benefits are actually going to accrue to the beneficiaries, whether these will be in terms of monetary gain to individuals or groups, economic empowerment, social or cultural enhancement, training opportunities etc?

For the community to get any benefits in this respect, the project has to be geared towards making some profits without overexploiting community resources. So, proponents must provide information on what benefits (profits) the project expects to bring and how much of these will go back to the community. Indicating how the community will access these benefits is equally important.

Further, it is necessary to provide details on how the proposed project is going to boost other economic activities in the area. If it is a hotel, indicate what employment or business opportunities it will provide to different categories of workers and local people, for example, cultural dancers, curio and artifact vendors of, vegetable and other food stuff dealers. Equally

important is the question of how the proposed project will boost local infrastructure and facilities in terms of roads, power, and access to health and other social amenities.

#### **1.1.4 Links to Conservation**

Most of Kenya's tourism thrives from the diversity and availability of natural resources. The conservation of these resources is thus critical for profitability and especially biological sustainability of tourism projects. On the other hand, conservation can only succeed where there is willingness by the local community to undertake the protection of natural resources. They will only do this if they benefit from the consumptive or non-consumptive use of these resources. Conservation here should thus be looked at in terms of asset preservation.

An essential component of the proposal, therefore, is to indicate how the project intends to contribute to the conservation of the natural resources base. In formulating a proposal, one should thus to provide answers to the following questions:

- What are the natural resources in the project area?
- What is the current state of the environment? (Good, degraded etc.)
- What are current land-uses? (Agriculture, livestock grazing)
- Are there ongoing conservation activities and which?
- Will my project promote the conservation and protection of resources?
- How will it enhance conservation?
- Which resources will it protect and how?
- Who will undertake the actual conservation?
- What technologies will be in use at the project and are they environmentally friendly?
- Who owns the project area and site?

#### **1.1.5 Co-financing**

The Tourism Trust Fund does not provide 100% financing and depending on the level of funds applied for, the proponent may be required to contribute up to 25% of the funds required as outlined below. This is important because the proponent must show commitment to the project and cultivate a sense of ownership.

Amount applied for	Co-financing required
Kshs 5 million	25%
Kshs 5 – 10 million	20%
Kshs 10 – 25 million	15%
Kshs 25 – 50 million	10%
Kshs 50 million and above	Not eligible for TTF funding

TTF requires evidence of the source of additional funds needed to complete project under its consideration. Proof of ability to contribute the proponent's share of the funds required has to be provided in the form of:

- Membership base and contributions
- Bank statements
- Audited accounts
- Title deeds where there is land ownership

Other forms of co-financing can be in form of:

- Community labour
- Community contribution of building materials