

United Republic of Tanzania
Ministry of Natural Resource & Tourism
Integrated Tourism Master Plan
(enabling framework for a national tourism development
programme)

FINAL REPORT

VOLUME I

EXECUTIVE SUMMARY

April 1996

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in association with

Irish Tourist Board
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Glossary of Terms

ACCOR	French Hotel Group
A&K	Abercrombie & Kent
AWF	African Wildlife Foundation
BBC	British Broadcasting Corporation
BIT	International Trade and Consumer Fair, Milan, Italy
CAA	Conservation Area Authority
CEU	Commission of the European Union
DALP	Development Action Lease Procedure
DCA	Directorate of Civil Aviation
DoE	Department of Environment
E/D	Entry/Departure Cards
EIA	Environmental Impact Assessment
EIU	Economic Intelligence Unit
ERP	Economic Recovery Program
ETM	European Travel Monitor
EU	European Union
Forex	Foreign Exchange
FVW	Fremdenverkehrswirtschaft
GCA	Game Controlled Area
GDP	Gross Domestic Product
GMP	General Management Plan
GR	Game Reserve
GTZ	Gesellschaft für Technische Zusammenarbeit
HTTI	Hotel and Tourism Training Institute
IBRD	International Bank for Reconstruction and Development
ICAO	International Civil Aviation Organisation
IDA	International Development Agency
ILO	International Labour Organisation
IPC	Investment Promotion Centre
IRP	Integrated Roads Project
ITB	International Tourism Exchange, Berlin, Germany
ITMP	Integrated Tourism Master Plan
IUCN	International Union for the Conservation of Nature
K&D	Kerr & Downey
KLM	Dutch National Airlines
LAU	Limits of Acceptable Use
LTU	German Tour Operator Group
MLHUD	Ministry of Lands, Housing and Urban Development
MNR&T	Ministry of Natural Resources and Tourism
NCAA	Ngorongoro Conservation Area Authority
NCS	National Conservation Strategy
NCSSD	National Conservation Strategy for Sustainable Development
NEAP	National Environmental Action Plan
NEMC	National Environment Management Council
NVA	Net Value Added
NGO	Non-Government Organisation

NORAD	Norwegian Aid Agency for Development
NP	National Park
NTO	National Tourism Organisation
PR	Public Relations
RETOSA	Regional Tourism Organisations of Southern Africa
RGS	Royal Geographic Society
RSA	Republic of South Africa
RUBADA	Rufiji Basin Development Authority
SMTV	Trade-Consumer Tourism Fair, Paris, France
TAA	Tanganyika African Association
TAHI	Tanzanian Hotels Investment Company Ltd
TALA	Travel Agents Licencing Authority
TANAPA	Tanzania National Parks
TANESCO	Tanzania Electricity Supply Company
TAFICO	Tanzania Forestry Company
TAWICO	Tanzania Wildlife Company
TAZARA	Tanzania Zambia Railway
TETA	Tertiary Education Training Authority
TIO	Tourist Information Office
TIP	Tourism Infrastructure Project
TOR	Terms of Reference
Tsh	Tanzanian Shilling
TTB	Tanzania Tourist Board
TTC	Tanzanian Tourism Corporation
UK	United Kingdom
UNESCO	United Nations Education, Scientific and Cultural Organisation
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
USA	United States of America
USAID	United States Agency for International Development
UTC	United Touring Company
VETA	Vocational Education Training Authority
VFR	Visiting Friends and Relatives
WMA	Wildlife Management Area
WTM	World Travel Market, London, England
WTO	World Tourism Organisation
WWF	World-wide Fund for Nature

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1. INTRODUCTION

By any standards, Tanzania is an exceptionally beautiful and interesting country. With its twelve national parks, seventeen game reserves, fifty game controlled areas, a conservation area and marine park, Tanzania's wildlife resources are considered among the finest in the world and have been widely known for many years. They include the great Serengeti plains, the spectacular Ngorongoro crater, Lake Manyara and Africa's highest mountain, Kilimanjaro, in the North; and the relatively underdeveloped Mikumi National Park and Selous Game Reserve in the South. Additional natural attractions include the sandy beaches north and south of Dar-es-Salaam, the exotic 'spice island' of Zanzibar and excellent deep sea fishing at Mafia and Pemba Islands. Along the Indian Ocean are the remains of ancient settlements. At Olduvai Gorge, in the interior Rift Valley, is the site of discoveries of the traces of earliest man. To the tourist, Tanzania also offers interesting culture and crafts, most notably the Masai culture and art and the Makonde sculptures and carving done in ebony.

Tanzanians are a warm, open, friendly people with a long tradition of generous hospitality and a wealth of folklore.

The Target

In 1995, gross foreign exchange earnings from international tourism to Tanzania amounted to about US\$ 205 millions spent by an estimated 280,000 visitors to the country. This is a very small number by international standards and very few in relation to the potential for tourism in Tanzania.

The target for 2005 is a doubling of international visitors to 575,000, staying just over 2.6 million bednights and spending US\$ 570 millions in terms of constant 1995 money values. However, this will not just simply happen. The purpose of this Integrated Tourism Master Plan is to elaborate a strategy as to how this objective may be achieved through a program of product and service improvement, expansion of the range of tourist facilities and circuits, promotion of new investment, the introduction of better management and a customer care ethos, institution building and the implementation of a destination marketing campaign.

As specified in the Terms of Reference, "the Master Plan is to be a practical working document to facilitate consultation and cooperation between the many departments, organisations and enterprises expected to contribute to implementation. It will contain a succinct statement on the long term development and marketing strategy for Tanzanian tourism and will serve as a prospectus for the donor community and investors."

The Planning Period

The Integrated Master Tourism Plan concentrates on mainland Tanzania. The tourism sector of Zanzibar is the subject of a separate study.

The Plan covers a ten year period, 1996 to 2005, which is divided into three phases:

- Short-term, 1996-97
- Medium-term, 1998-99
- Long-term, 2000-2005

The Plan specifies the actions which are required to be implemented during these three phases to achieve the stated objectives. These actions are elaborated as a series of programs, which taken together are designed as the enabling framework for a national tourism development program.

Methodology

The methodology in undertaking the plan was a combination of desk research, an extensive series of personal interviews with all sectors of the tourist industry in Tanzania¹, fieldwork visits to the touristically attractive areas in the country, and a fieldwork survey among European and North American tour operators and airlines with programs and services to Tanzania.

An important part of the study methodology was the organisation of two Tourism Planning Workshops under the (joint) aegis of the Ministry of Natural Resources & Tourism and the Commission of the European Union. The participants in the workshops included individuals from the public and private sectors holding key positions in organisations of importance in the industry together with personnel from the Ministry. The purpose of the Tourism Planning Workshops was to:

- assess the present status and characteristics of tourism in Tanzania, identifying priorities and issues to be tackled;
- review the strengths and weaknesses of the tourism product, covering all areas - environment, infrastructure, tourist operations, international and internal access transport, marketing, institutional arrangements;
- identify possibilities for extending the range of tourism products - beach holidays, scuba-diving, deep sea angling, etc.;
- identify tourist zones, development of tourist circuits and how to improve the linkages between these circuits;
- identify the issues and priorities for tourism development and formulate policy guidelines;
- review the study findings and recommendations for development.

The deliberations and recommendations from both workshops formed the basis of the tourism development strategy as elaborated in this Integrated Tourism Master Plan.

During the course of our work, a parallel study was undertaken by Vamos International/ Nicholas O'Dwyer & Partners - Tourism Infrastructure Project, financed by the World Bank. Integration between the two projects was achieved through the composition of the team members of the respective Consultants and numerous meetings between the Consultants during the course of the fieldwork.

¹ For the purposes of this report, Tanzania is taken to mean *Mainland Tanzania*

Report Structure

The report is comprised of three volumes. Volume I contains the summary of findings and recommendations for action. It has been prepared as a 'stand-alone' document and covers all of the major issues involved in the preparation of the Integrated Tourism Master Plan. Volume II evaluates the tourism resource base and considers the major policy issues. Volume III assesses the market potential and elaborates the detail of the Master Plan, including a schedule for implementation.

2. EXECUTIVE SUMMARY

2.1. TOURISM'S ROLE IN THE ECONOMY

The tourism sector has a number of characteristics which suggest that it can make a significant contribution to the economy of the country. It ...

- generates hard currency foreign exchange
- creates jobs
- generates tax revenues for government
- has an important impact on regional economic activity
- is attractive for small and medium sized enterprises and consequently can foster an enterprise economy
- has strong linkages to other sectors of the economy
- can bring economic benefits to local communities
- has considerable potential for expansion and increased value added

These benefits arise as a result of the expenditure of international tourists in Tanzania. In 1995, we estimate that Tanzania earned about US\$205 millions in foreign exchange from international tourism. This excludes earnings from carrier receipts (passenger fares etc.). The value of tourism to the national economy is significant. The sector directly accounts for about 7.5% of GDP, nearly 25% of total exports earnings and directly supports an estimated 25,700 jobs.

2.2. TANZANIA'S TOURISM SECTOR

Despite this intrinsic potential, the tourist industry in Tanzania is relatively small.

Table 2.1

Structure of the Tourism Sector

Category	Units	Rooms	
		Total	Int'l*
Hotels/Lodges	252	7915	2435
Tented camps	27	565	565
Restaurants**	20	-	-
Tour Operators/ Car hire	200/250	-	-
Charter airlines	26	75+	50++

- * mainly used by international tourists
- ** international standard outside of hotels
- + registered for public transport
- ++ certificate of air worthiness

Although just under 8,500 total room capacity is very small in itself, this figure is weaker when account is taken of quality of standards and location. Based on our fieldwork survey and interviews with the travel trade, we estimate that only about one-third (3,000) of these rooms are predominantly used by international tourists. Outside of the hotels/lodges, there are very few restaurants of international standard.

There are a large number of ground tour operators (between 200 and 250) who arrange tours within the country, provide transport etc. The majority of these operators provide car rental and limited ground tour arrangements. In fact, this sector of the industry is highly concentrated with relatively few operators, such as UTC, Ranger Safaris, STS, Leopard Tours accounting for most of the business.

With the deregulation of the air services sector in 1992, there are now some 26 licensed charter airline operators with 168 registered aircraft. However, only 75 aircraft are listed as being licensed for public transport and of these, only 50 have a current certificate of air worthiness. Air Tanzania continues to dominate the domestic air services sector, carrying just over 123,000 passengers last year, though significantly down on the 1988 figure of about 330,000 passengers.

2.3. TOURISM TO TANZANIA TODAY

The Tourism Division estimates that 262,000 persons visited Tanzania in 1994. Market indicators suggest that the corresponding figure for 1995 was just under 280,000.

Table 2.2

Visitor Numbers by Purpose of Visit, 1995

Purpose of Visit	Numbers	Ave. Spend US\$	Total Spend US\$ M
Vacation/leisure	70,000	1,200	84
Hunting	600	35,000	21
Other Leisure	9,000	1,200	11
Business	40,000	1,000	40
Conference	5,000	1,000	5
Visiting Friends/Relatives	40,000	500	20
Other/Not Stated	115,000	210	24
Total Visitors	279,600	732	205

Source: Consultants estimates

The figures on visitor numbers by purpose of visit are estimates as there are no reliable published data on the demographic profile of visitors to Tanzania - where they come from, purpose of visit, length of stay, accommodation used etc. Improving the data-base is fundamental and recommendations are made to effect this. However, an indicator of the numbers and recent trends is given by statistics on visitor numbers to the National Parks from each of the main market areas as shown in Table 2.3.

Table 2.3

Trend in Safari Holiday Visits (non-residents)

Year	Africa	Europe	Americas	Other	Total
1989	658	14,623	13,846	748	29,874
1990	776	19,107	14,172	1,199	35,254
1991	1,651	30,361	11,970	1,880	45,863
1992	1,560	32,568	13,994	2,165	50,287
1993	1,438	33,683	14,430	2,614	52,165
1994	1,476	39,562	17,586	3,036	61,660

Source: National Park Statistics

Although, all the main markets have expanded during the past five years,

- visitors from Europe and North America predominate (93 per cent of the total);
- American originating traffic has performed sluggishly throughout the period while European traffic has grown rapidly.

Within Europe, the main source markets are France, Germany and Britain which together account for just over 60% of European arrivals. The secondary markets are Italy, Scandinavia and Switzerland, together accounting for a further 23% of arrivals.

How long do they stay?

Although there are no reliable published figures on the length of stay, based on our discussions with the ground tour operators, it would seem that 'safari' tourists to the Northern Wildlife Area stay for an average of just under 4 nights and those to the Selous/Ruaha stay between 7 and 10 nights.

Where visited?

While there is no statistical information on where the visitor goes within Tanzania, an analysis of the published catalogues of the 70 main tour operators from the major source markets in Europe and the United States gives an indication of where the vacation/leisure tourist visits.

As expected, all tour operators feature the Serengeti, Ngorongoro and Lake Manyara. The Selous also features very strongly. The Ruaha was featured in 15% of the tour operators' programs. However, places such as the Gombe National Park, Mahale, Katavi were only featured by one or two tour operators.

How do they come?

Industry sources estimate that two thirds of holiday visitors come overland from Kenya, about one-tenth arrive at Dar es Salaam and somewhat less at Kilimanjaro.

2.4. TANZANIA'S PERFORMANCE IN THE MARKETPLACE

Although visitor numbers of approximately 280,000 visitors appear significant, when considered in the context of relative market shares, Tanzania receives a very small proportion.

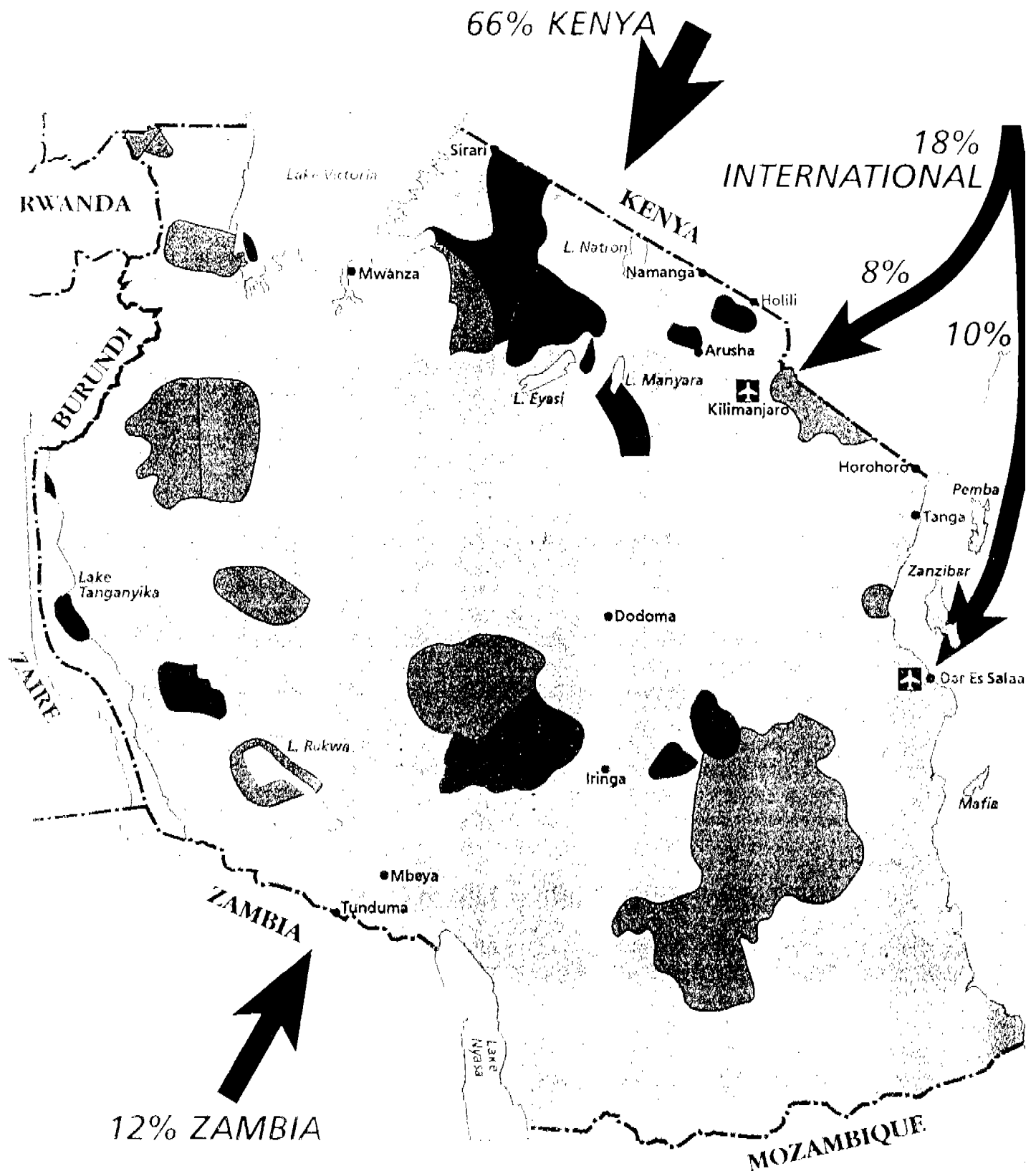
Table 2.4



Market/Destination	Share (%) of Market		
	US	Europe	Japan
Tanzania	7	2	3
Zimbabwe	8	3	n/a
Kenya	34	26	37
Other	49	69	60
All	100	100	100

* Sub-Sahara Africa

Source: Consultants estimates based on published National Parks statistics

Tourist Flows



-  Game Reserve
-  National Park

Why? The reason is simple enough. For the most part Tanzania offers a limited product, based on a limited resource (the Northern Wildlife Area) which is promoted as part of a larger tour program to Kenya. This accounts for the short average length of stay and the absence of linkages with other parts of the country.

To illustrate this point, the structure of the European long-haul market to sub-Sahara Africa is 40% beach holidays only; 40% beach and safari and the balance of 20% for safari only and special interest/activity holidays. However, excluding the "mass-market" beach holiday segment (for example, those going to Mombassa for beach holidays only), the structure of the market in which Tanzania competes is, according to the tour operators we interviewed in the main European source markets (France, Germany, Britain, Netherlands, Italy, Switzerland and Scandinavia) as shown in Table 2.5:

Table 2.5

Tour Program	Demand Profile %
Beach Resort	15
Beach and Safari	35
Single dest. Safari/Sightseeing	30
Dual dest. Safari/Sightseeing	20

This beach resort product is up-market - for example, the Seychelles and the "sightseeing" product would refer to tours to places of architectural, artistic, scenic interest (e.g. Victoria Falls). As Tanzania has neither a developed 'beach' product nor a 'sightseeing' product the industry is confined to the promotion of the safari element, which as illustrated, is only one part of the tourism product demanded by the tourist. Kenya, on the other hand, by being able to sell the complete range of holiday combinations, gets a larger share of the market. This analysis highlights the need for Tanzania to create a complementary 'beach' product to compete effectively in the marketplace.

As it is clear that there is a definite market demand, the major issue concerns the possibilities of expanding the range and supply of the Tanzanian tourism product. However, in defining the strategic approach to expanding the tourism product - i.e. how and what should be done - an important part of the process is the identification of the strengths and weaknesses of Tanzania's tourism products.

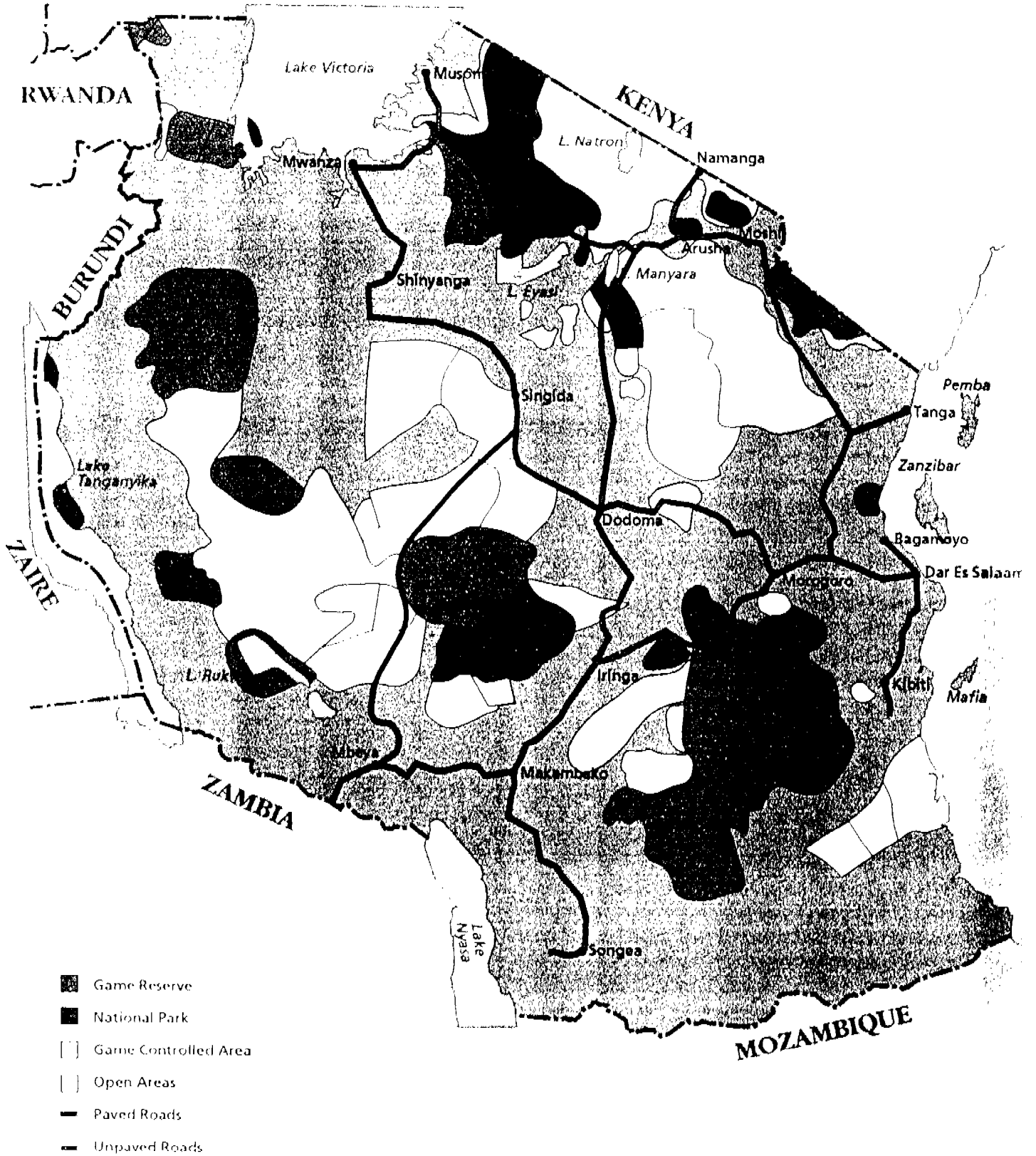
2.5. TANZANIA'S TOURISM PRODUCT - STRENGTHS AND WEAKNESSES

Mainland Tanzania's tourism product is centred around the network of national parks, game reserves and game controlled areas as shown on the following map. These Protected and Non-Protected Areas account for just over 25% of the country's land mass.

A country's 'tourism product' is composed of the total holiday 'offering' of natural attractions, facilities and amenities - to include scenery, hotel accommodation, restaurants and amenities. However, it is important to distinguish between

- the primary tourism attractions - *scenery, environment, etc.*
- the tourism facilities - *accommodation, services, etc.*
- the supporting physical and service infrastructure - *roads, banking services, etc.*

Wildlife Areas and Hunting Blocks



2.5.2 Tanzania's Competitive Weaknesses - Constraints to Product Expansion

The tour operators were also asked for their opinions as to the weaknesses of the Tanzanian tourism product.

Poor Accessibility to and within Tanzania

Tour operators from the UK, Italy and Germany found access to Tanzania more problematic than any other destination in the region. This view can be attributed to the lack of direct air scheduled services to Kilimanjaro for the UK market and the non-existence of services from Germany and Italy. Those markets served by scheduled air services (the Netherlands, France and Switzerland) found international access less problematic. However, since the survey was undertaken, Air France has terminated its services to Tanzania from March 1996 thus making it more difficult for French tourists to access the country.

Almost all tour operators felt that international access to Kenya was easier and cheaper than Tanzania, resulting in the majority (82%) choosing this access route for nearly all their tour programs.

Domestic access within Tanzania was also viewed to be less favourable than in competing destinations. The two prime areas of concern being road conditions and domestic air services provided by Air Tanzania. The main problem route was between the Northern and Southern Circuits. The majority of the tour operators surveyed said that they found it next to impossible to competitively include the Southern Circuit in their programs as the cost of access from the North is too high. The overland journey was thought to be time consuming and the road network unreliable, particularly in times of wet weather.

Tanzania's road network, showing paved and unpaved roads is shown on the following map. The total classified trunk road network is 10,200 km., comprising of 3,600 km. of paved roads and 6,600 km. of gravel/earth roads. The target is to pave 800 km. of road per year. By far the most important initiative affecting road infrastructure in Tanzania is the Integrated Roads Project (IRP) which includes airports, roads, harbours and involves sixteen or more donor agencies. Through these schemes, the trunk roads between Dar es Salaam/Arusha and Dar es Salaam/Mbeya are greatly improved and access to the country's most important wildlife and geo-physical attractions made much easier. In addition, a few shorter trunk road improvement schemes have particular importance for the development of tourism namely:

- Dar es Salaam to Bagamoyo, to be paved within the next two years under an EU financed project
- Makuyuni to Ngorongoro

The Makuyuni to Ngorongoro road is in a very bad condition and needs to be upgraded. Not only does this road carry all the tourists to the Ngorongoro Conservation Area and the Serengeti National Park, but it also serves the very important cultural areas of Karatu and Oldeani. However, the findings of a recent World Bank financed environmental impact assessment study of the implications of upgrading this road were very negative. It is not within the scope of this Tourism Master Plan to evaluate the issues raised. We would simply point out that from a tourism perspective, the road needs to be improved, though in such a way as to minimise any of the possible adverse environmental impacts identified in the World Bank study.

In most instances what is still missing are the access connections between the areas that contain attractions and circuits within these areas that facilitate sightseeing. In this context, the World Bank funded Tourism Infrastructure Project (TIP) has identified a series of road infrastructure links that will significantly improve the tourism product over the next five years.

Accommodation Poor Value-for-Money

The majority of the tour operators surveyed found the quality of the accommodation product currently provided in Tanzania to be less favourable than that available in competing East and Southern African destinations. The major complaint was that much of the accommodation available was poor value-for-money, in that the quality of the product was not of a high enough standard to warrant the price levels charged.

Operators identified a shortfall in terms of variety of accommodation provision. They noted that there was limited availability of top class/exclusive accommodation. However, a number of tour operators did recognise a recent improvement in accommodation provision. The recent increase in the number of private sector managed accommodation establishments, such as the Sopa and Serena Lodges, were commended. The opening of the Sheraton Hotel in October 1995 will also enhance the perception of an improving situation.

Customer Service

A large proportion of the survey respondents felt that the service received in accommodation establishments, restaurants, national parks and other tourist services was equal to that received in most other destinations in the Region. However, a significant number felt that, although the staff encountered were friendly and helpful, there was a general lack of training, resulting in a less than professional approach/attitude. Again the comment was made that the service element (as part of the overall product) provided was not to a high enough standard to justify the price being charged.

High National Park Entrance Charges but should be retained

Although the prices charged for National Parks were seen to be high, the opinion of many of the tour operators was that the current high level of pricing should be retained in order to control visitor numbers and maintain desired carrying capacity levels. Some operators expressed the view that high park fees were acceptable as long as there was evidence of reinvestment in the parks in the form of infrastructural improvements, game management, poaching controls etc.

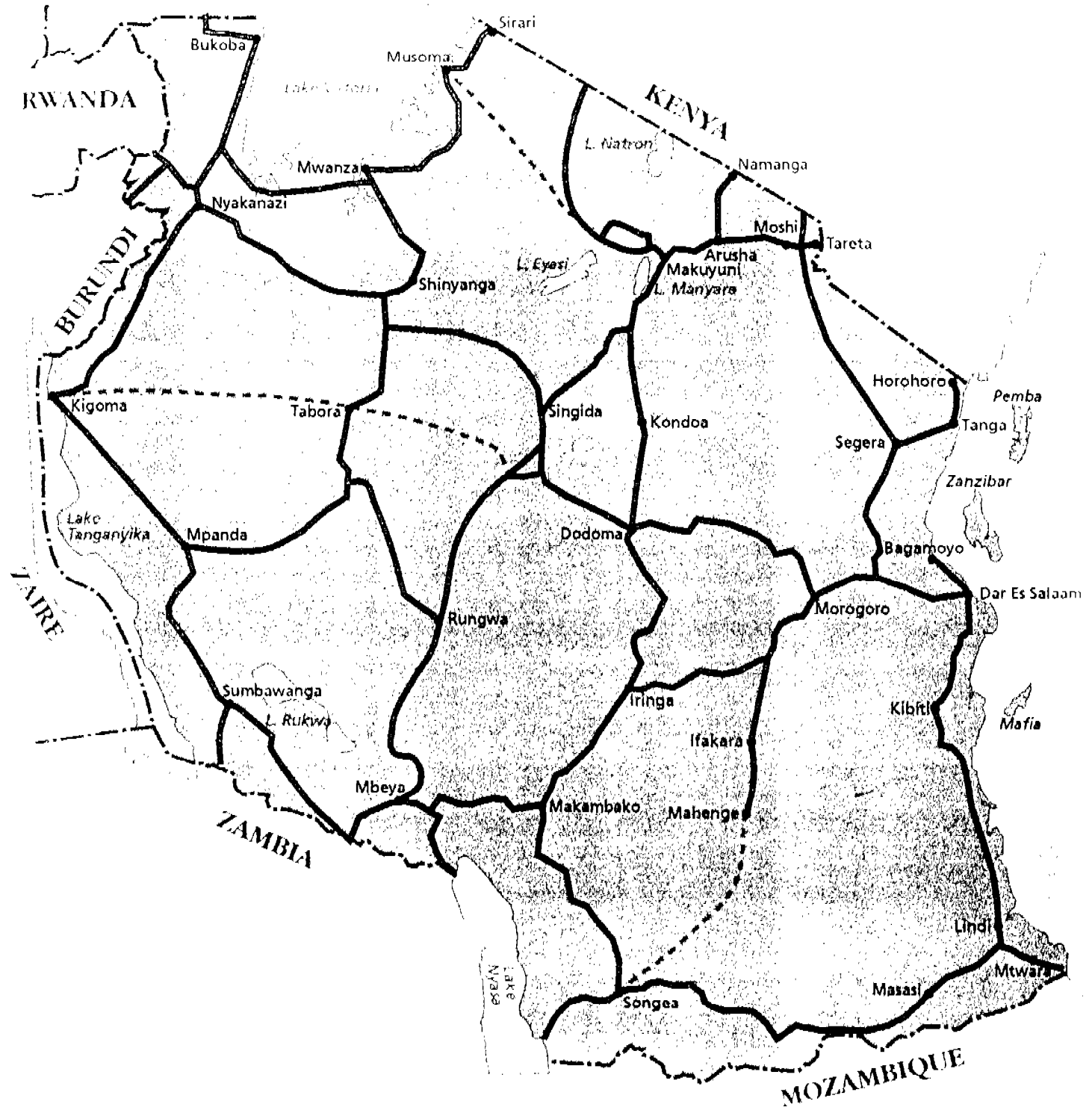
Beach Product Poor

The Tanzanian beach tourism product was not viewed favourably by the tour operators surveyed.

The most outstanding problem with the Tanzanian beach product is the lack of suitable beach resort accommodation. Other problems mentioned were a lack of basic infrastructure, lack of beach activities and equipment, and poor access from both Dar es Salaam and Arusha.

The tour operators simply do not use the Tanzanian beach product in their programs for reasons of client preference for Kenya or Indian Ocean locations.

Main Road Network



- Paved Roads
- Unpaved Roads
- Tracks

The off-shore islands of Zanzibar, Pemba and Mafia all received favourable comments in the survey. A number of tour operators use Zanzibar as a beach add-on to safari programs or as a stand-alone beach holiday destination. Operators recognised that the infrastructure and superstructure on all three island destinations require rehabilitation and refurbishment although the isolation and simplicity of Pemba and Mafia were especially favoured. Nearly all operators commented on accessibility problems to all three islands.

Security becoming an Increasing Problem

Based on our discussions with European and American tour operators, there is an increasing negative perception in the main source markets concerning the security situation for tourists in Tanzania. The two major security issues are:

- the increasing incidence of tourist muggings in Dar es Salaam and in the beach areas, and
- the increasing number of bandit attacks on tourists in the Serengeti National Park.

Bandit attacks have increased at an alarming rate over the last 15 months. In 1994, there was only one reported incident of attack by bandits on tourists in the Serengeti. In the 15 months to March 1996, there have been 15 reported bandit attacks on tourists. In the interest of tourism development and safeguarding the tourists from further negative incidents and media coverage, there is an urgent need for the establishment of a tourism security awareness and improvement program.

Other Problems - Telecommunications and Visas

Other product weaknesses identified by the tour operators included: poor telecommunication links, both between Tanzania and Europe and within Tanzania itself, many operators opting to communicate through their offices in Kenya rather than directly from their European head offices; and the impossibility of getting visas on arrival for visitors from Europe (except UK/Ireland) and United States.

2.6. EMPLOYMENT AND TRAINING NEEDS

2.6.1 Profile of Employment

As part of the fieldwork in Tanzania, we carried out a survey of hotels, lodges, and catering establishments to identify:

- the number of staff currently employed in the industry
- the ratio of staff per available room
- the number of staff working in each function within the establishment
- the age profile of staff in order to estimate how many additional workers will be needed to replace staff retiring or otherwise leaving the work force
- training needs of the tourism sector.

Table 2.6 below summarises total staff numbers together with the total number of rooms:

Table 2.6

Estimated Staff Numbers in Tourism, 1995

Sub-Sector	Rooms	Staff/room	Total staff
Hotels/Lodges	7915	2.1	16620
Tented camps	565	1.0	565
Tourist restaurants (<i>premises</i>)	20		800
Tour guides (<i>incl. mountain guides</i>)			750
Safari / ground tour operators / car hire			2250
Airlines (<i>national & private</i>)			4600
Ministry/Parastatals (TTB, TANAPA)			150*
Total			25735

* apportionment

The industry is characterised by

- poor management at senior level
- poor middle management and supervisory skills
- poor craft skills
- poor customer relations
- poor motivation at all levels

2.6.2 Training Needs

Training is required to

- change the industry's attitude to the tourist - become more customer oriented
- update management skills - become more market and performance oriented
- improve the standard of skills services - become more professional in the provision of services
- improve motivation.

This requires an extensive program to train

- management and staff currently employed in the industry, and
- training of new entrants at all levels.

For those currently employed in the industry, there are seven priority training areas

- (i) training and retraining of existing managers
- (ii) training tomorrow's managers
- (iii) retraining of existing staff to improve attitudes and customer relations
- (iv) development of middle management in supervisory skills development for the culinary arts, restaurant, housekeeping, front office, supervision, etc.
- (v) skills development for line staff - front office, kitchen, waiters, housekeeping, bar, guides, travel trade, etc.
- (vi) increasing efficiency, productivity, profitably (train-the-trainer programmers)
- (vii) tourism management training for Tourism Division and Tanzania Tourist Board officials.

For new entrants, improved training will be effected primarily at institute level through upgrading courses, teaching methods, etc.

2.6.3 Tourism Training Facilities

The main tourism training facilities are the Hotel and Tourism Training Institute (HTTI) in Dar es Salaam and the various private training schools.

Hotel and Tourism Training Institute, Dar es Salaam

This school has existed since 1966. It had a UNDP/ILO involvement from 1988 to 1994. The school is in need of repair, upgrading and improvement. However, the budget has not allowed for re-equipment, redecoration, significant repairs or renewals for a number of years. The result is that the condition and appearance of the Institute do not provide the appropriate example of high standards required of a national training institute.

The course curricula, which are comprehensive, were developed by UNDP/ILO based on 9 month courses leading to an Institute certificate. The Institute is currently seeking to have the present courses recognised by City and Guilds of London. Provision has been made for advanced courses, but these have not been introduced as yet.

Industry's Views on Training Establishments in Tanzania

Management in the tourism sector were asked for their views on the Hotel and Tourism Training Institute as well as the private training establishments. The following comments were made concerning the Hotel and Tourism Training Institute:

- the course content of the Hotel and Tourism Training Institute was generally considered acceptable but the qualification requirement at entry was seen to be too varied. It was also felt that there was an unevenness in the quality of graduates
- It was considered that many staff had little, if any, direct experience of the hotel sector
- that staff had insufficient training
- that students received little practical training
- the condition of the building was poor
- there was a general lack of suitable equipment (particularly to train students in front office and management).

There was trenchant criticism of private training schools which offer skills training in a classroom environment with no practical training or suitable equipment. It was generally considered that this type of school did the industry a disservice.

2.7. INSTITUTIONAL ARRANGEMENTS AND LEGAL FRAMEWORK

2.7.1 Ministry of Natural Resources & Tourism

The main Ministry and parastatal organisations involved in tourism are outlined on the following organigram.

Tourism Division

The Tourism Division within the Ministry is responsible for sectoral policy and planning, manpower training and classification and licensing of hotels and travel agencies. The Division is responsible for the Hotel and Tourism Training Institute (HTTI) and is also responsible for the Tanzania Tourist Board (TTB).

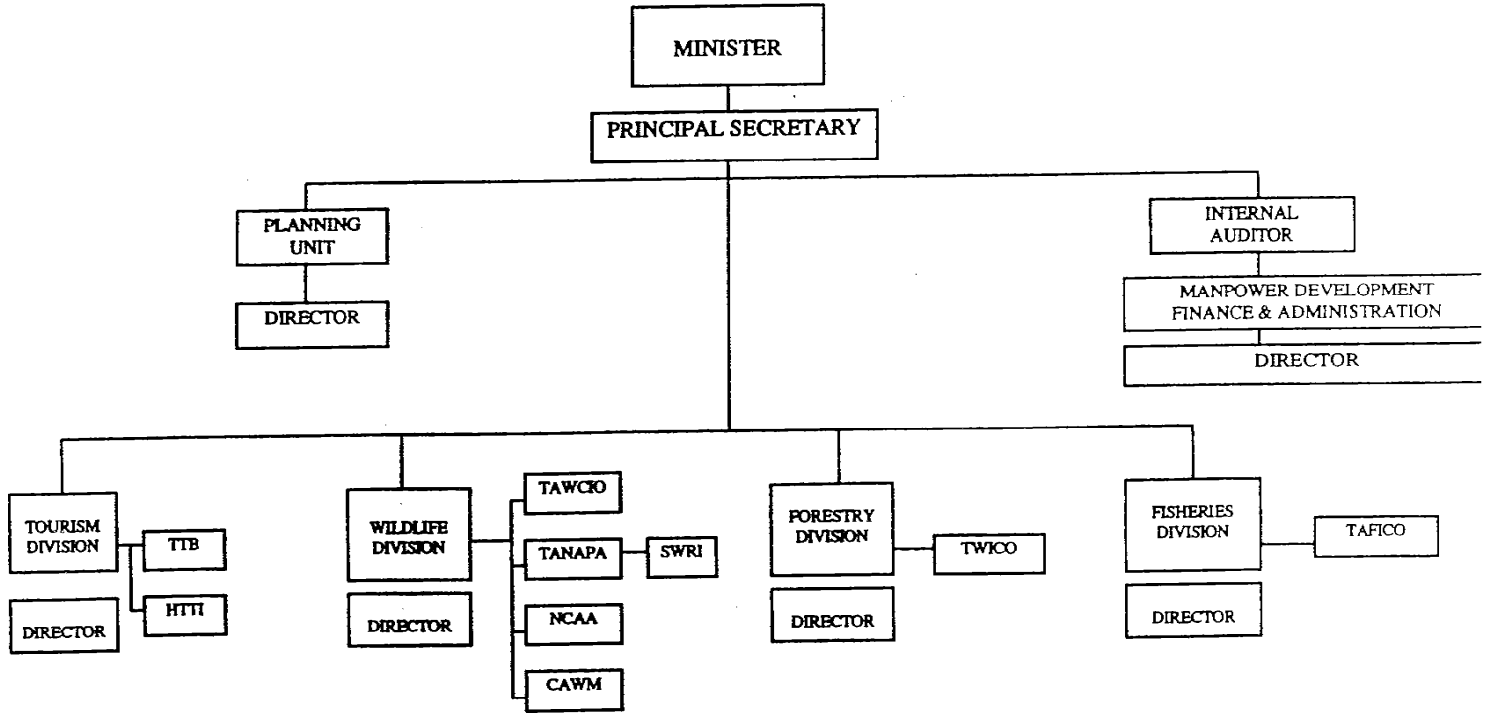
Wildlife Division

Responsibility for wildlife management is split between the Wildlife Division (a Government department) and five parastatals: Tanzania National Parks Authority (TANAPA), the Ngorongoro Conservation Area Authority (NCAA), the College of African Wildlife Management at Mweka, the Serengeti Wildlife Research Institute (responsible for research needs for the entire wildlife sector), and the Tanzania Wildlife Company - TAWICO (responsible for Government cropping of wildlife). The Wildlife Division is responsible for all wildlife management outside the National Parks and the Ngorongoro Conservation Area and issues hunting concessions and licences, including those to TAWICO and Mweka College for wildlife utilisation. These organisations report back to the Ministry individually via the Principal Secretary.

Forestry & Fisheries Divisions

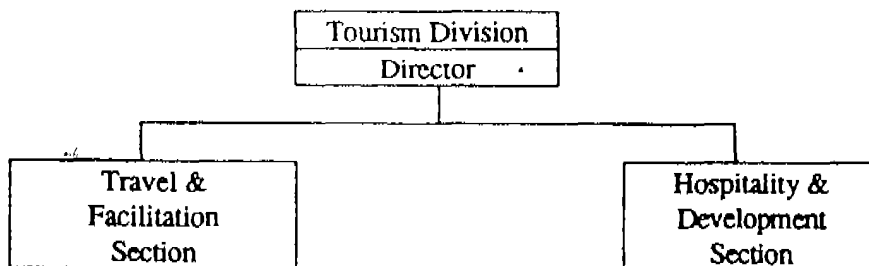
These Divisions are responsible for policy and planning in respect of their respective natural resource sectors. Each division has responsibility for a parastatal which implements policy - TAWICO and TAFICO respectively.

Chart 2.1: Organigram of Ministry of Natural Resources & Tourism



2.7.2 Tourism Division

The organigram for the Tourism Division is as follows:



Two sections, Travel & Facilitation and Hospitality & Development report to the Director of the Tourism Division.

The Travel & Facilitation Section is responsible for:

- industry relations and PR/protocol
- finance and administration
- travel/tourist agency licensing
- policy/planning
- tourism statistics and research
- TALA - Tourist Agency Licensing Authority.

The Hospitality & Development Section is responsible for:

- hotel classification and licensing
- hotel inspection and standards
- Hotels Board.

In the Travel & Facilitation Section, the Finance & Administration unit includes the Manpower Manager position. However, there is no separate manpower training unit with responsibility for manpower training policy and planning in tourism.

The Tourist Agency Licensing Authority consists of three people, all from the Tourism Division. The function of the Authority is to licence and inspect travel agencies and tour operators to ensure that they conform to the regulations. The Ministry collects about Tsh 239 millions in revenue from the licensing of tour operators and travel agencies.

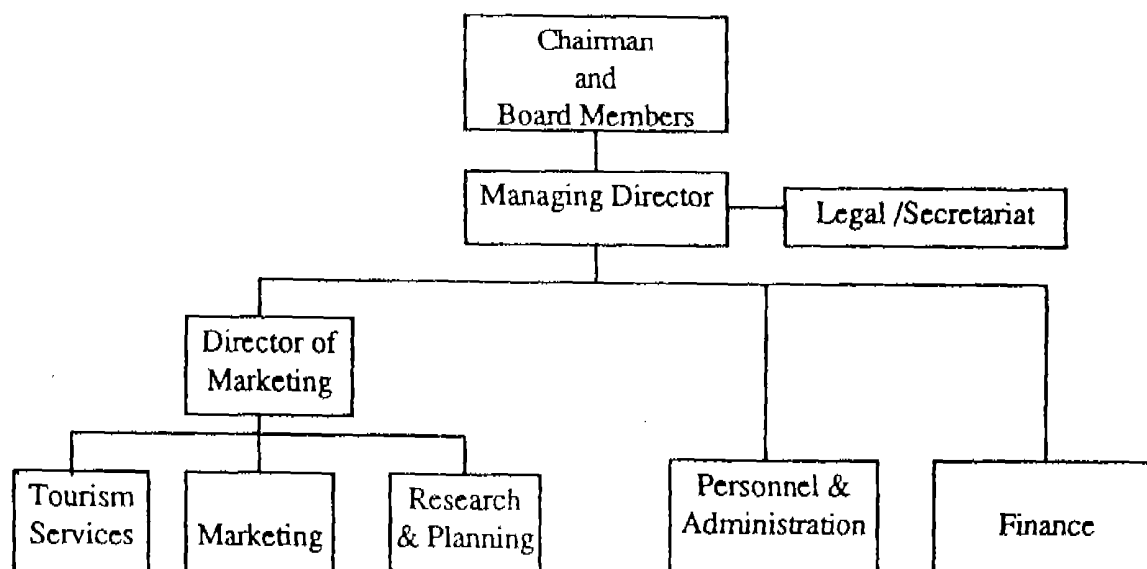
The Hotels Board is responsible for hotel classification and licensing and for hotel inspection and monitoring of standards. No revenue is received by the Ministry from the licensing of hotels. This arises because the Hotels Act (1963) states that the licence should be used free of charge (Article 10). Until such time as the Hotels Act is revised, this anomaly could be rectified through the introduction of a registration fee. This is particularly relevant since the Ministry has inadequate funds.

Including the secretariat, the Tourism Division has a staff complement of 20 people, of which 16 are professionals.

2.7.3 Tanzania Tourist Board

With the disbandment of the Tanzanian Tourist Corporation, the Tanzania Tourist Board was legally established under the Tanzania Tourist Board Act, 1992, which amended the earlier 1962 Act. Under the Act, the function of the Board is *to promote and develop all aspects of the tourist industry.*

The organigram of the TTB is as follows:



The TTB receives its funds directly from Parliament. Currently, the budget for the TTB is approximately US\$1.1 million which has to cover salaries and promotional activities. This level of funding is only adequate to undertake very limited marketing actions. Because of the lack of resources, the TTB does not have overseas representative offices.

From the institutional standpoint, Tanzania has an established national tourist organisation, with the necessary legal framework to undertake the range of functions to promote tourism to and within the country.

2.7.4 Vice-President's Office - Environment

Responsibility for the environment has been moved to the Vice President's Office. The Department of Environment (DoE) continues to be responsible for all aspects of environmental policy and planning, viz.

- policy formulation
- assessment of environmental aspects
- environmental plans and strategies

At the moment, there is no environmental law, but a policy exists. The DoE also has responsibility for the Environment Management Council - NEMC. Currently, the Council's role is advisory. It is intended that the function of the Council should be the implementation of policy and the enforcement of such laws and regulations. The necessary legislation has yet to be enacted to give statutory effect to the Council's proposed functions.

2.7.5 State-Commercial Sector

A number of properties in the formal tourism sector (hotels, lodges) geared towards the international tourism market are still owned by the State. With the break-up of the Tanzanian Tourist Corporation, all of the hotels became limited liability companies and are required to operate commercially under their own boards of directors. These hotels include the Kilimanjaro Hotel, Mikumi Lodge etc.

The parastatal, Tanzanian Hotels Investment Co. Ltd. (TAHI) was formed to hold the state shareholding of the hotels in the Serengeti, Mafia, Mount Meru and is expected to take over the shareholding of the Kunduchi. The company has established joint ventures with international hotel management companies to manage a number of their properties (e.g. with the ACCOR Group).

The divestment of state enterprises in tourism is proceeding, though the process faces a number of problems - procedural, practical and a shortage of risk capital.

2.7.6 Private Sector

The private sector is expanding steadily and is largely geared to the international tourist. The sector consists of a number of significant hotel properties such as the Bahari Beach Hotel, Hotel Agip, White Sands, Rus Kutani and a large number of smaller enterprises - tented camps, ground tour operators, restaurants, car-rental companies etc.

A number of private sector developments are expected to come on-stream over the next 2 years. These include:

- 350 room expansion to the properties managed by the Serena Group at Lake Manyara, Ngorongoro and Serengeti
- luxury tented camp (20 tents) in the Serengeti
- Mashado Game Lodge (40 rooms) at Tanga/Pangani
- Indian Ocean Hotel (by Oyster Bay) - 100 rooms by 1997 and further 100 rooms by 1998
- 200 room hotel south of Dar es Salaam by an Italian Group of investors
- New Africa Hotel - 230 rooms refurbished
- Casanova - Coral Hotel (White Sands Group) - 100 rooms
- 200 room (Beverly Hills Hotel) at Bagamoyo by Italian developers.

2.7.7 Trade Associations

There are a number of active trade associations representing the main sectors of the industry which include:

- Tanzania Tour Operators Association
- African Association of Tour Operators
- Tanzania Travel Agents Association
- Hotel Keepers Association of Tanzania
- Tanzania Professional Hunters Association
- Airlines Association.

2.7.8 Legal Framework

The formation of institutional structures, and the execution of tourism policy and strategy by these structures, requires enabling legislation. The scope of such legislation is dictated by the needs of tourism development as defined by policy objectives and strategy, and the range of executive functions required to implement these.

There are three main areas to be addressed:

- the enabling legislation for the national tourism organisation
- the regulatory framework for the industry, and
- environmental legislation.

Legislation for a National Tourism Organisation

The need to have appropriate enabling legislation for the national tourism organisation is self-evident. The organisation must have a legal basis for its existence and for the powers, rights and obligations which it exercises. The enabling legislation should therefore provide a sound, permanent structure for the organisation.

The relevant act is the Tanzania Tourist Board Act (1992) which amends the 1962 Tanganyika National Tourist Board Act and establishes the functions of the TTB. Under the Act, the function of the Board is *to promote and develop all aspects of the tourist industry, viz:*

- advertise and publicise Tanzania as a tourist destination
- encourage the development of amenities that would enhance the attractiveness of the country
- undertake research
- foster an understanding of the importance and economic benefit of tourism to the country
- collect information.

In the immediate term, the provisions of the Act are adequate. However, because of the anticipated role of the TTB in the future, we recommend that the process of reviewing and updating the act be initiated in the next two years.

Regulations for the Industry

The purpose of regulatory legislation is to:

- provide an environment in which business may be carried out within the framework of law
- provide mechanisms for arbitration in the event of disagreement
- provide consumer protection
- ensure health and safety
- facilitate revenue collection.

To be effective, legislation must be transparent, equitably enforced, relevant and conducive to the development of business.

There are many pieces of legislation which have an impact on tourism but which are not specifically enacted for the benefit of tourism alone. These include laws in such areas as taxation, customs and immigration, transport, public safety, health, environment and planning etc. Legislation in these fields is properly the responsibility of the relevant Ministries and not of the Ministry of Natural Resources & Tourism. However, it is appropriate that the MNR&T and the TTB should have a consultative input into those aspects of legislation in other fields which have an impact on tourism.

It is outside of the scope of this study to review the body of legislation affecting the tourism sector. Undoubtedly some of the laws need to be updated. However, the real issue is the implementation, interpretation and application of the laws and regulations. The major difficulty identified by operators was not so much with the laws and regulations themselves, but the costs and delays involved in having to deal with multiple ministries, who through operational inefficiencies, slow down the process of investment and improvements.

Typically, a hotelier planning to improve his property would have to deal with:

- (i) Ministry of Rural Administration and Local Government about local planning
- (ii) Ministry of Health, about hygiene matters
- (iii) Ministry of Water and Livestock Development about sewage and water supply
- (iv) Planning Commission, about planning issues
- (v) Ministry of Finance, about foreign exchange, banking, taxation, etc.
- (vi) Ministry of Industry and Trade, about support, supplies and equipment.

In addition, several hoteliers commented specifically on the situation regarding reinvestment in hotels where permission had been given regarding duty free importation of goods by the relevant Ministry and the necessary papers issued. However, other Ministries and Departments were slow to recognise the permits and instances of delays of up to six months in clearing supplies were reported.

This highlights the fact that the real problem is not with the regulations themselves which, for the most part, are based on international norms, but with their implementation, which is often slow and at times appears to be deliberately obstructive. This is the problem that must be addressed if investment is to be encouraged and enterprises are to operate more efficiently.

The three principal acts for which the Ministry is responsible are:

- (i) Hotels Act, 1963
- (ii) The Hotel Levy Act, 1972
- (iii) Tourist Agents Licensing Act, 1969.

We have reviewed the above acts as to their appropriateness in giving effect to the recommended changes to tourism policy as outlined in this Integrated Tourism Master Plan. In the immediate term, our opinion is that the acts, as they currently stand, are adequate. However, as the process of changing legislation can take considerable time, we recommend that the revision of these acts should begin in the next two years.

The main body of regulations concerns the hotel sector - the Hotel Regulations, 1982. These regulations set out the minimum standards with which the operations of an hotel must comply, viz: lighting and ventilation; equipment in bathrooms; food storage; fire and first aid etc.

The regulations also set out the procedures in respect of the system for the classification of hotels:

- application for licenses
- tariff rates
- power of inspection

We have reviewed these regulations and while in general terms they are adequate for regulating the hotel sub-sector, they should be up-dated to take account of changed circumstances.

The main problem is that the MNR&T does not have adequate resources to monitor/enforce them.

Environmental Legislation

Most recently and significantly, an Environmental Protection Bill has been proposed to the Government for approval by the National Environment Management Council. The Bill is a comprehensive environmental regulation which brings together all environmentally related regulations across the sectors and hence to be used as a reference regulation regarding the environmental protection of the country. This Bill also fills the necessary gaps which were not covered by other sectoral legislation. With regard to Environmental Impact Assessments (EIAs), the Bill under section 12 makes EIAs mandatory. It gives the steps to be followed and elaborates on how authorisation of a development project could be given in accordance to the law. This Bill also necessitates the amendment of the NEMC Act in order to carry out effectively the obligations of the custodians of this Bill. The amendments to the NEMC Act together with the Environmental Protection Bill have already been submitted to Government for approval.

2.8. DEVELOPMENT POLICY GUIDELINES

In reviewing the future development of its tourism sector, Tanzania is faced with the inevitability of having to select between the alternative courses of action that are open. The decisions that are made in respect of the various possible options will have a profound effect on the shape, nature and extent of tourism in the future and on the impact it will have on the economy and the people.

As part of the process of determining the best direction for the development of the Tanzanian tourist industry, the First MNR&T/CEU Tourism Planning Workshop (22nd June 1995) was held in which senior decision-makers from both the public and private sectors participated. The development policy guidelines that resulted from the workshop can be summarised under three headings:

- the future character of Tanzanian tourism
- potential for product expansion
- product formulation.

2.8.1 Future Character of Tanzanian Tourism

The five key factors that will determine the character of Tanzanian tourism are:

- the type of tourism (product experience) to be developed
- the quality of development
- the scale and design of development

- the rate of growth to be pursued
- the extent to which tourism development is dispersed throughout the country.

With regard to the future character of Tanzanian tourism, the following strategic guidelines emerged from the Workshop discussions:

- the most appropriate type of tourism development is special interest tourism with the product offering drawing strongly on Tanzania's competitive advantage which lies in nature and wildlife
- special interest tourism should be coupled with beach (and, to a lesser extent, mountain and lake) resort tourism
- marine based tourism has potential as an attraction in its own right
- youth tourism should be developed for the domestic market
- conference tourism can be further developed
- the overall approach should be one of high standards of quality in facilities and services to be matched by commensurate prices
- the scale of operations should tend towards smaller rather than larger and evoke an indigenous design style
- the rate at which development is brought on stream should seek an optimal balance between the supply of and demand for the tourism plant.

2.8.2 Potential for Product Expansion

A major issue addressed at the workshop was the extent to which the supply of the Tanzanian tourism product could be expanded. Two aspects are of particular significance. The first relates to the availability of suitable facilities and the second to the capacity of existing and potential attractions to absorb greater numbers of tourists.

Facilities: Currently, one of the main constraints to increasing international tourism demand to Tanzania is the limited supply of tourism facilities. What exists is already highly utilised in the peak periods. In the Northern Wildlife Area, room occupancy rates are 80% to 90% in the high season and in excess of 60% in Dar es Salaam during the same period. However, it should be noted that the peak season is very short - 2 to 3 months, and the average yearly room occupancy rate in the Northern Wildlife Area is 30% to 40%. There are other constraints of course - poor international access, virtually no promotion of the country, poor standards of accommodation and services etc. - which undoubtedly inhibit demand. But the latter constraints only acquire fundamental importance if the capacity for product expansion exists.

Attractions: a crucial finding from our fieldwork was that there is a wealth of attractions spread throughout the country and that this would not constrain development.

Tourism Development Zones: The issue became one of determining which touristically attractive areas or groups of contiguous areas should be designated Tourism Development Zones for planning purposes. In determining these Zones, the following factors were taken into consideration:

- location of the national parks, game reserves, conservation area, etc.
- topography of the area or areas, taking into account natural boundaries etc.
- natural and man-made tourist attractions and their spatial relationships
- range of tourism products that could be developed
- the existing volume and quality of superstructure of hotels, lodges, camps, etc.

- the logic of their geographical grouping or 'clustering', enabling them to be accessed and serviced from a common centre
- access in respect of time, distance and cost from the main 'gateways'
- the existing and planned level of infrastructure, particularly roads and utilities
- the potential to create a composite product for marketing and image building purposes
- security from health hazards, civil disturbances, etc.

These attributes were mapped and through a process of 'map overlaying', the following ten zones were identified as of particular importance.

Northern Wildlife: National Parks of Serengeti, Lake Manyara, and Tarangire, and the Ngorongoro Conservation Area

Kilimanjaro-Arusha: Kilimanjaro and Arusha National Parks and Gateway Service Centres

North East Mountains & Coast: arc through Mkomazi Game Reserve, Usambara Mountains and North Coast to include Tanga and Pangani.

Coastal: Narrow Coastal Band along the 'Coastal Zone Administrative Area' excluding the Dar es Salaam Urban Area:- from Sadaani Game Reserve in the North (including Bagamoyo), and from Ras Kimbiji to the Rufiji Delta in the South.

Dar es Salaam and Environs: Urban Waterfront from Ununio (North) to Ras Kimbiji (South), and Islands of: Mbudya, Bongoyo, Panganvini, Mwaktumbe, Kendwa and Sinda

Southern Coast and Islands: from Southern Coastal Zone Boundary to Mozambique Border including Kilwa, Mtwara and off-shore islands of Mafia and Songo Songo

Southern Wildlife: Mikumi, Udzungwa and Ruaha National Parks, and Selous, Rungwa Game Reserves.

Southern Highlands: Poroto and Livingstone Mountains Ranges of Lake Nyasa

Lake Tanganyika: Gombe, Katavi and Mahale Mountain National Parks.

Lake Victoria Hinterland: Rubondo National Park and Biharamulo-Bunringi, Orungondu and Rumanyika Game Reserves

In addition it was seen as important to link the Northern and Southern Areas by an important corridor that would include Kondoa and Dodoma.

Tourism Zones For Priority Development

The process of selecting which zones should be designated for priority development was not easy given the quality and diversity of Tanzania's attractions. However, as investment funds are not unlimited, it was essential to identify those areas or zones that can most effectively support tourism development within the 10 year planning period of the Tourism Master Plan.

The key to considering the selection of priority zones is the projected pace of infrastructural development, particularly roads and utilities, all other things being equal. Tourists may access a remote area by air transport, but the logistical problems of ensuring continuity of supplies (including

provisions, fuel, etc.) make it nearly impossible operationally and very expensive commercially. The commercial failures of the lodges at Sumbu National Park, which is located on the southern shores of Lake Tanganyika in Zambia illustrate this (Financial Times, 17th May 1995).

The absence of infrastructure and the lack of resources to put the necessary infrastructure in place in the remoter areas of Tanzania led the 1st MNR&T/CEU Tourism Planning Workshop to conclude that over the 10-year period of the plan it was only realistic to focus development primarily in the part of the country that lies east of a line between Mwanza and Mbeya. Within this part of the country the consensus was that tourism should develop in the following way:

- (i) further enhancement and diversification of the proven Northern Wildlife Area.
- (ii) extension of the Northern Wildlife Area eastwards through the Usambara Mountains, Mkomazi and north coast arc of Tanga/Pangani.
- (iii) development of a strong Southern Circuit comprising the wildlife areas of North Selous, Mikumi, Udzungwa and Ruaha.
- (iv) development of the Coastal Zones involving beach resort tourism along the coast and Mafia. This zone encompasses the historical centre at Bagamoyo and the Game Reserve at Sadani.
- (v) enhancement of the Dar es Salaam and environs with emphasis on the urban waterfront and the off-shore islands.
- (vi) long term development of the Link Corridor.

It should be stressed that the Workshop did not envisage the exclusion of tourism development in the other zones. Development will be encouraged but it will, during this planning period be small scale.

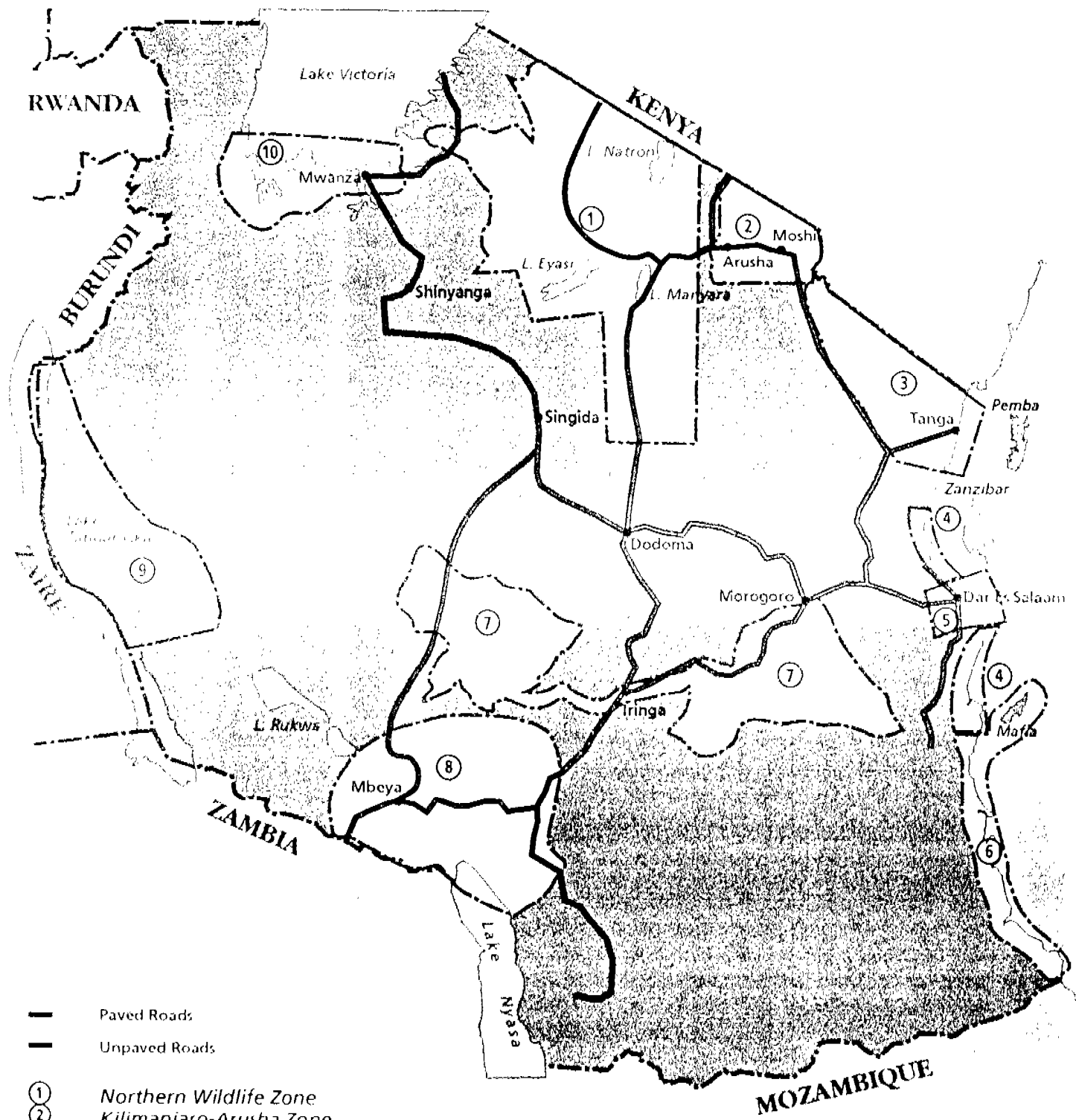
During the course of the survey among European and American tour operators, the possibilities for the development of the priority zones were discussed. The reaction of tour operators was that they were optimistic about the potential for the development of a coastal zone, which would include beach resorts, activities, and history/art/culture interests. The potential for the extension of the Northern Wildlife Area eastwards through the Usambara Mountains, Mkomazi Game Reserve to the coast at Tanza/Pangani, was also seen as good. When asked about the potential for the development of the Southern Circuit including the Selous Game Reserve, Mikumi National Park and the Udzungwa Mountains National Park, the operators specified four fundamental problems to be overcome:

- poor access by air and overland
- underdeveloped infrastructure of roads utilities, telecommunications
- undeveloped superstructure of accommodation and services
- lack of market and travel trade knowledge of the area.

2.8.3 Product Formulation

The recommendation from the 1st Tourism Planning Workshop was that the core of the Master Plan strategy should be to develop an integrated tourism product that is capable of attracting a low volume, high yield segment of the international tourism market to spend their entire holiday in Tanzania. In

Tourism Development Zones



— Paved Roads
 - - - Unpaved Roads

- ① Northern Wildlife Zone
- ② Kilimanjaro-Arusha Zone
- ③ North East Mountains and Coast Zone
- ④ Coastal Zone
- ⑤ Dar es Salaam and Environs Zone
- ⑥ Southern Coast and Mafia Island Zone
- ⑦ Southern Wildlife Zone
- ⑧ Southern Highlands Zone
- ⑨ Lake Tanganyika Zone
- ⑩ Lake Victoria Hinterland Zone

other words Tanzania would be seen as a 'single destination' and tourists would not need to include another country in their holiday plans.

The way to achieve this was seen to be to:

- develop a range of special interest products to a high standard
- develop a resort product
- develop a cultural/historical tourism product

Special Interest Products

The capacity within Tanzania to further develop a range of special interest products around wildlife and nature is exceptional since Tanzania has a unique resource base on which to establish a distinct competitive advantage over other countries. However, it does not stop there because Tanzania has a remarkable range of tourist attractions that provide the basis of many other quality special interest products, which include the coastal and island resources for marine based interest, the mountains for climbing, hiking and walking and a range of possibilities for those seeking to pursue aspects of cultural interest.

Resort Products

To ensure that Tanzania becomes a successful single destination in the high yield segment of the international tourism market will involve the development of a quality resort product. The natural resource attractions exist to achieve this on the coast and on the islands primarily, and in the mountains and by the lakes. Scale is particularly important. Development must be small scale. Large scale development is not only inappropriate in the context of the market that is sought but it also gives rise to development costs and environmental pressures that are unsustainable.

Cultural Products

Tanzania has a varied and interesting culture that can form a central element in the appeal of the country as a tourist destination. It is clear that Tanzania has the capacity to provide a rewarding and satisfying cultural experience for a wide range of tourists but, at present, this potential is not being realised, largely because of a failure in presentation. This has to be rectified through a program of conservation of historical sites/areas; the development of interpretative centres; the promotion of cultural activities.

Combined Special Interest, Resort and Culture

Central to the tourism sector in Tanzania is the capacity to offer a product that will combine the opportunity to pursue a special interest holiday and combine it with a period of relaxation in a small resort offering high standards of service and facilities and the opportunity to experience something of the culture of Tanzania. The additional actions to achieve this involve:

- the enhancement and extension of the product through the development of additional circuits that pre-empt the need for any route back-tracking and bring on-stream a finer mosaic of attractions, thus enhancing what is on offer within each zone through the synergy created by a series of well-planned and co-ordinated area actions.

- the linking-up of contiguous zones to create larger more comprehensive in-country circuits that will extend the visitors length of stay, create more robust, competitive and marketable products, and direct development towards the ultimate realisation of the Tanzania Grand Tour vision of the future.

2.9. MARKET POTENTIAL

The main international source markets for travel to Tanzania will be the Europe, United States, Asia/Pacific and, in the longer term, the Regional Markets.

European Markets

Europe has historically been seen as a major source market for world tourism destinations. We estimate that Europeans took about 250 million trips of 1+ nights outside their own countries in 1994, 23 million of which were to long-haul destinations. In the same year there were nearly 5.5 million European tourist trips to Africa, representing almost one quarter of the total European long haul market.

The main European tourism source markets for travel to East Africa, as indicated by World Tourism Organisation statistics, are Germany, France, United Kingdom, Italy, Scandinavia, Switzerland and the Netherlands.

The typical profile of the European tourist to East and Southern African destinations is:

- 48% aged between 46 and 60 years, with a further 25% aged between 31 and 45;
- the majority (67%) of holidaymakers travel with their spouse or partner
- two weeks is the most common holiday length, with 41% of the European market taking holidays of between 8 and 14 nights;
- most of the programs sold are single destination holidays (i.e. visiting one country in the region only);
- the most popular type of program is the beach and safari combination holiday (35%), with the typical distribution being 6 days beach and 8 days safari;
- next in popularity is the single destination safari only (30%); beach 'only' holidays account for 15% of demand;
- lodges and tented camps are the two most popular accommodation forms used by 65% and 60% of the European operators respectively. The majority (67%) prefer middle to high standard accommodation in terms of service and quality of facilities.

United States and Canada

US arrivals in international tourism destinations amounted to 47.3 million in 1994, making it the second largest market internationally (WTO, 1995).

Africa attracts only marginal numbers of USA/Canadian tourists compared to Europe and the Caribbean. In 1994 it is estimated that Africa received between 0.4 and 0.5 million US and Canadian visitors. Of these, about half go to East, Central and Southern African destinations.

2.10. TOURISM GROWTH PROJECTIONS

During the course of our market survey among major European and American tour operators, operators were asked to indicate how they saw the prospects for tourism demand to Tanzania. The majority (75%) saw demand increasing, provided the product shortcomings were corrected and the product developed.

In 1995, we estimate 280,000 visitor arrivals to Tanzania. Our target projection for the year 2005 is a figure of 575,000 foreign visitors. This target projection reflects not only our own assessment of the Tanzanian tourism product's potential to attract foreign tourists but also the market assessment of the major tour operators with programs to East and Southern Africa.

The targeted number of foreign visitors by purpose of visit and bednight demand for the 'formal' accommodation sector (i.e. hotels, lodges, tented camps etc.) is shown on the following table.

Table 2.7

Target Projections of Visitor Numbers and Bednights 1995 - 2005

Purpose of Visit	1995 (000's)		2005 (000's)	
	Nos.	Bednights	Nos.	Bednights
Vacation/Leisure	70	280	180	1,620
Other Leisure	10	40	25	200
Business	40	200	70	350
Conference	5	25	10	50
VFR	40)		80)	
Other/Not Stated	115)	200	210)	410
Total Visitors	280	745	575	2,630

Projected Bednights and Accommodation

The growth rate in foreign tourist bednights is projected to be higher than the growth in visitor numbers, since the length of stay during the period of the Master Plan is expected to increase from the current figure of 3.6 nights to 5.8 nights. However, this figure includes the VFR (visiting friends and relatives) category which tends to take short-safari trips - typically 2 to 3 nights in formal accommodation - during their stay. Excluding the VFR category, the average length of stay is projected to increase from about 4.5 nights to about 7.5 nights. The significant factor in this increased length of stay is the expansion of the Tanzanian tourism product through new circuits, new attractions and the beach product.

Accommodation Required

Although the stock of hotel, lodge and tented camp accommodation in Tanzania is 8,480 rooms, only a small proportion (35%) of these rooms is predominantly used by international tourists. Including the tented camps, the estimated stock of accommodation used by foreign tourists is about 3,000 rooms. Based on a projected foreign bednight demand of just over 2.6 millions in 2005, the hotel/lodge/tented camp room requirements are for 8,675 rooms of international standard by that year.

The tour operators surveyed perceive that over 70% of their clientele travelling to East or Southern Africa are aged between 31 to 60 years, travel with spouse or partner (68%), are from an upper-middle socio-economic background (81%), and have visited long-haul destinations previously (93%). The most common length of stay for US inclusive tour holidaymakers is between 7 and 14 days (74%), with a further 19% staying for up to three weeks. The most popular time to visit is during the European summer time, when almost 70% choose to visit.

Unlike the European tour operator programs, African beach destinations are rarely featured or demanded in the US package to East and Southern Africa. Single destination safari holidays account for 50% of package sales, while dual destination (involving visits to two different African countries) are also popular (40% of sales). This interest in safari is backed by the principal motivation for visiting the Region - wildlife viewing. Wildlife is viewed as Tanzania's greatest competitive advantage. What the US market is looking for in an African safari is variety, visibility and accessibility of wildlife in its natural habitat and the ambience of being alone with nature.

Asia/Pacific

With the exception of the Japanese market, the majority of visitors from Asia come to visit friends or relatives or are on business trips. Nonetheless, an important number of these visitors also take safari trips, though of significantly shorter duration than the vacation tourists from other markets.

Regional Markets

Within the different regional markets, the Republic of South Africa is the largest and most developed outbound market, generating an estimated 1.3 million outbound trips in 1993, 55% of which were to other regional destinations, mainly Zimbabwe, Botswana, Swaziland, Lesotho, Namibia.

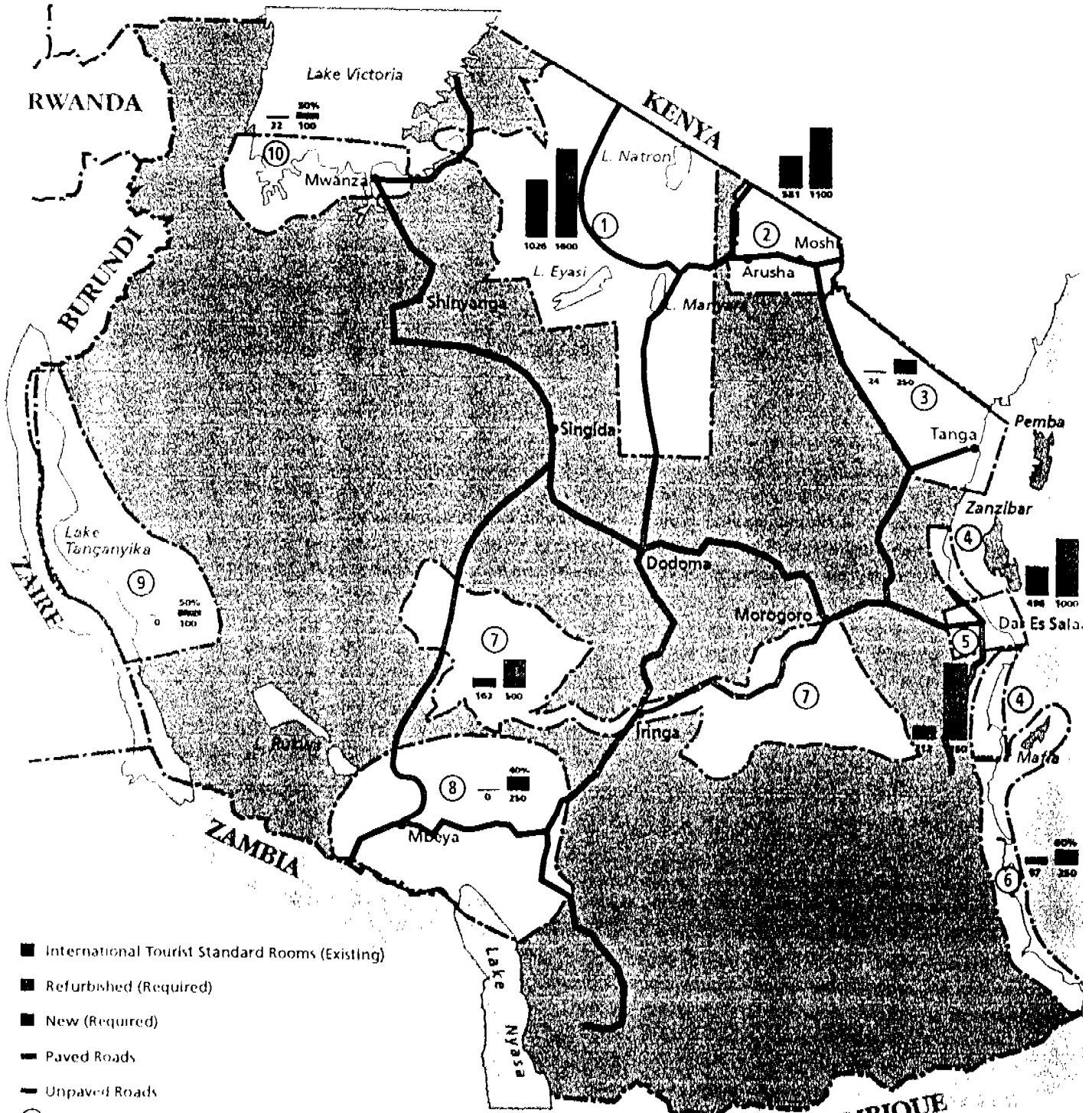
However, on the basis of discussions with tour operators and airlines in South Africa, our conclusion is that there is limited market potential for vacation travel to Tanzania. On the other hand, there is potential for strong growth from a low base in business related travel.

In the outbound holiday market, the more affluent South African travellers are using their new felt freedom to visit destinations that have been restricted up to recently. Specifically, the big growth is to the United States, Australia, Europe and Far East. Less affluent travellers are staying in South Africa or visiting neighbouring countries. Mauritius and the Maldives are also proving popular destinations.

Tanzania is viewed as a country offering the best of safari tours but is considered too expensive relative to what can be obtained within South Africa and neighbouring countries. If Tanzania offered "affordable safaris" there might be some demand but it could only be provided on the basis of large groups and charter flights which could not currently be managed.

There is scope for special interest or specialist type holidays. This would cover diving, fishing, mountaineering, hiking and trekking. However, the consensus view from a number of tour

Projected Accommodation Requirement



- International Tourist Standard Rooms (Existing)
 - Refurbished (Required)
 - New (Required)
 - Paved Roads
 - Unpaved Roads
- ① Northern Wildlife Zone
 - ② Kilimanjaro-Arusha Zone
 - ③ North East Mountains and Coast Zone
 - ④ Coastal Zone
 - ⑤ Dar es Salaam and Environs Zone
 - ⑥ Southern Coast and Mafia Island Zone
 - ⑦ Southern Wildlife Zone
 - ⑧ Southern Highlands Zone
 - ⑨ Lake Tanganyika Zone
 - ⑩ Lake Victoria Hinterland Zone

MOZAMBIQUE



Of the 8,675 rooms required, 3,000 are currently operating to acceptable or near acceptable international standards. The remaining 5,675 rooms that are required will involve the refurbishment of 2,310 rooms from the existing stock of accommodation and the construction of 3,365 new rooms.

2.11. STRATEGIC ASSUMPTIONS

Tanzania is exceptionally well endowed with the type of natural resources that provide the raw material from which tourism attractions and products are fashioned.

It is, of course, not the case that strong tourism attractions on their own will guarantee a successful tourist industry. Many other factors must be in place for tourism to operate. Drawing on the analysis of the main report we summarise those factors that are of such strategic importance that unless they are addressed and overcome it will not be possible for Tanzanian tourism to realise its full potential.

- (i) Tanzania is exceptionally dependent upon Kenyan tourism. About two-thirds of holiday visitors to Tanzania enter from Kenya and do so only to benefit from the wildlife areas. From the perspective of Tanzania this represents a very poor use of the country's major tourism asset. The strategic task is to develop Tanzania as a single holiday destination by building up other product elements, in particular beach resorts and culture/historical attractions.
- (ii) We do not believe that access to Tanzania by air from the main source markets for tourism will prove a constraint since airlines will respond to market demand where it exists. However, access within Tanzania is a problem. It is not realistic to assume that tourism on its own can justify the building of major roads. Consequently, the development of some potentially strong tourism areas will have to wait until economic circumstances can support the level of infrastructure required. In those areas where access is already feasible, or will be in the near future, the constraining factor is frequently the absence of a local network of roads to meet tourist needs. In such cases appropriate investment is essential.
- (iii) The corner-stone of Tanzanian tourism is the quality of the environment which underpins almost every product. If this environmental quality is lost, or degraded beyond a certain point, then Tanzanian tourism will have severe problems. The environment has been subject to degradation from a number of causes and it is critical that it is arrested before further damage is done.
- (iv) For tourism to operate successfully it is essential that there are service centres (normally towns or cities) where tourists can find restaurants, take taxis to go sightseeing, make shopping trips and so on. In doing so they spend money from which the local community benefits. Such centres are limited in Tanzania which reduces the pleasure for the tourist and misses an important income earning opportunity for the local resident. The absence of tourism service centres must be overcome.
- (v) It is recognised that a great deal of progress has been made recently on refurbishing and upgrading accommodation and that more is already in progress. That having been said there is a long way to go. Not only is there a requirement to upgrade existing establishments but provision must be made for the forecast increase in the number of tourists through building new accommodation units.

- (vi) The role of the public sector is to regulate and control tourism and create an economic environment that will encourage private sector investment. Crucial to that environment is a feeling on the part of the private sector that their investment will be secure and that the Government will support entrepreneurship.
- (vii) Currently, Tanzanian tourism is not competitive in that it does not offer value-for-money. This is partly an issue of price and partly an issue of quality. It is noted that the tourism sector is subject to a plethora of taxes and this undoubtedly places an upward pressure on prices. The more important consideration is, however, quality. In the medium to long term it is much more desirable to meet value-for-money criteria by increasing quality rather than reducing standards. Tourists are now well travelled; they make comparisons and no longer accept shoddy "it-will-do" facilities. They demand and expect high standards. Since the reputation of a destination can be made or destroyed on the basis of "word of mouth" publicity it is incumbent on a host country to ensure that standards relate to those of the target market that it seeks to attract.
- (viii) In addition to improving physical standards, the standards of service must be brought up to international expectations. This means a considerable investment in training and the provision of adequate training facilities.
- (ix) It is unrealistic to expect either the MNR&T or the TTB to carry out their statutory functions without the necessary resources. In this context it is clear that the budgets allocated to these agencies must be substantially increased to enable them to implement their respective roles effectively.
- (x) Security is an issue that must be tackled as a matter of urgency. As mentioned earlier, concern has been expressed by tour operators about security problems along the beach areas and in Dar es Salaam. More worrying is the increasing incidence of bandit attacks on tourists in the Serengeti National Park. Measures to improve security, which could include the establishment of a tourist police unit, must be taken immediately.

2.12. MASTER PLAN STRATEGY

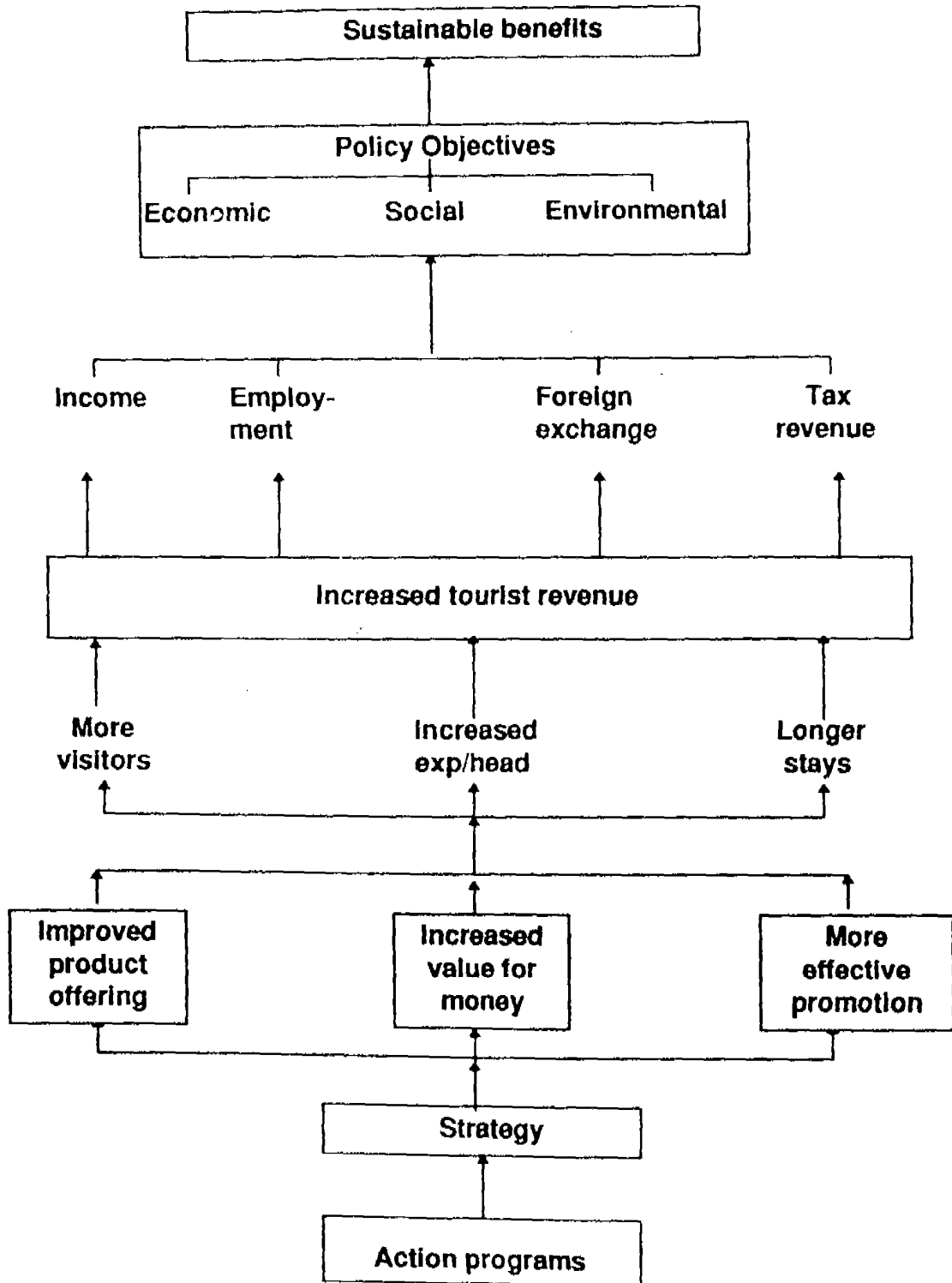
Sustainable Benefits

The primary focus of this plan is to obtain sustainable benefits for the people of Tanzania by generating additional economic activity from available resources. The fundamental mechanism to achieve that objective is by increasing tourism revenue. Without an increase in revenue there can be: no growth in income; no improvement in employment; no addition to foreign exchange earnings or Government tax revenues; and no possibility of improving the regional impact of tourism. Consequently, it is against these areas that the performance of tourism must be assessed and the basic measure for doing so is the level of tourism receipts generated by international tourists.

The process of securing these sustainable benefits from tourism revenue is shown on Chart 2.2 following.

Chart 2.2

The Linkage Between Action and Sustainable Benefits



The process is one whereby the objective of Government policy is to secure sustainable benefits for the economy. These objectives can only be achieved if there is an increase in tourism revenue which impacts on the level of incomes, employment, Government revenue and so on. However, to attain an increase in tourist revenue there has to be crucially:

- **an improved product offering:** Tanzania will have to offer an attractive product supported by all the necessary facilities and services
- **increased value for money (competitiveness):** Tanzania will have to provide value for money that is at least comparable to similar tourism products offered by competitor destinations
- **more effective promotion:** Tanzania will have to establish a readily identifiable image of the product it is offering and create a much greater awareness of that image in the marketplace.

In addition to the above there are three other factors of critical importance:

- an approach which ensures that maximum tourism expenditure that does take place in Tanzania remains in the country, i.e. that imports of goods and services to support tourism are minimised.
- that the quality of manpower available to the tourist industry does not represent a constraint, i.e. that the necessary skills and "know-how" are available.
- that the appropriate structures, controls and regulations are in place to support the development of tourism.

Overall Strategy

The six primary areas that must be addressed by the strategy of the Integrated Master Tourism Plan, are:

- creating a greater awareness of Tanzania in the tourism source markets
- expanding the tourism product
- securing a more competitive position
- maximizing the returns to Tanzania
- providing the necessary service skills
- establishing the necessary structures and controls to underpin tourism development.

Marketing Strategy

There are a number of trends shaping consumer demand for holidays and Tanzania is well-placed to take advantage of these trends. However, to secure the benefits that this opportunity gives rise to, Tanzania will need to be perceived in the marketplace as a single holiday destination.

The marketing strategy is to create an awareness in the main source markets of Tanzania as a single holiday destination.

The primary tasks associated with this strategy are:

- develop an image of Tanzania as the leading wild life destination in conjunction with quality resort tourism and diverse cultural interests
- define and locate the target market
- devise a cost efficient means of communication with and influencing the identified target market segments

- support the promotional activities of the tour operators
- provide pre- and post-vacation services commensurate with the quality image of the destination
- improve data collection and information for decision-making purposes.

Product Strategy

The most ambitious task of the Tourism Master Plan is to formulate a product strategy and prepare a development program that will set Tanzania on a trajectory that will ultimately lead to it becoming a world class quality tourism destination that can meet all the holiday needs of individuals.

The competitive advantage of Tanzania lies, unambiguously, in the quality and range of the wildlife. This clear advantage is, at the moment, being squandered; the main beneficiary is Kenya with Tanzania a poor second. To turn Tanzania into a single holiday destination and reap all the benefits that flow from that it is essential to expand the range of the product offering and upgrade the quality of supportive facilities.

The product strategy is to develop a tourism product that makes Tanzania an attractive destination in which to spend an entire holiday - make Tanzania a 'single holiday destination'. This necessitates adding, to the wildlife experience, beach and cultural products. These attractions have to be supported by facilities and services of the appropriate type and quality to meet the needs of the target market.

The primary tasks associated with this strategy are to:

- develop a strong resort tourism product capable of attracting the high quality, low volume, high yield tourism market
- present the cultural strengths of Tanzania in an authentic and interesting way that can be readily accessed by visitors
- develop Tourism Service Centres that can provide appropriate supporting services to inform, assist and secure the safety of the tourist
- ensure that the necessary infrastructure is in place to meet the requirements of tourism.

Competitive Strategy

The natural and cultural attractions of Tanzania have the potential to provide a high quality tourism experience. As of now the other components of the tourist product, with some specific exceptions, fail to measure up to the quality necessary to meet the needs of international tourism. The result is that Tanzania is perceived as poor value-for-money. An objective of the Government is to develop "high-value, low-volume tourism". The essential and substantial improvement in value-for-money that is required must, therefore, come from an increase in quality rather than a lowering of price.

Within the planning period the strategy is to secure an improvement in the quality of accommodation and the level of service provided by each establishment consistent with the expectations of the target market.

The primary tasks associated with this strategy are:

- improve the level of service consistent with that required by the target market
- upgrade the quality of tourism accommodation and catering
- seek to reduce the cost of tourism packages through realistic tax levies and higher levels of productivity
- obtain an improved level of plant utilisation through careful matching of supply and demand and, extending the tourism season.

Net Value Added Strategy

To maximise the socio-economic benefits of tourism as much as possible the revenues received from international tourism must remain within Tanzania and not leak out of the economy to pay for goods or services to meet the needs of tourists.

The primary tasks associated with this strategy are:

- identify all inputs to tourism and the extent to which these could be supplied by Tanzanian companies
- communicate the opportunities that exist to substitute imported goods consumed by the tourism sector with those produced in Tanzania.
- identify ways in which indigenous products and services that could be sold to tourists can be expanded.

Manpower Strategy

Currently, Tanzania has insufficient trained personnel in its tourism sector and this is acute at supervisory and management levels. Tourism is a service industry and delivering the service is a prerequisite to ensuring that the customer obtains value-for-money. A substantial increase in the competitiveness of Tanzania is essential and, as has already been argued, this must come in the main from an improved overall product experience rather than a decrease in price. This approach requires a major investment in training.

The primary tasks associated with this strategy are:

- developing supervisory staff and management skills
- training a core of individuals who in turn will train others
- training existing staff already operating in the tourism sector
- putting in place the necessary structures and educational facilities to meet all the tourism training needs of the industry from within Tanzania.

Institutional Strengthening Strategy

For Tanzania to develop the tourism sector, a positive climate for enterprise development must exist. This means having an effective institutional framework in place on the one hand, and on the other, having measures/incentives which encourage enterprise development.

The main tasks necessary to implement this strategy are to ensure that:

- the public sector organisations and agencies that contribute to tourism are properly organised
- the appropriate regulations, controls and safeguards are in place
- there is adequate funding for the relevant organisations and agencies.

It is important to note that the strength of the strategies adopted increases in proportion to the degree of synergy that exists between them. What is being sought is a situation where the overall impact of the combined strategies is much greater than the sum of the individual strategies. An important aspect of the plan will be the formulation of action programs that deliver a high level of strategic synergy.

2.13. ACTION PROGRAMS

The successful realisation of the strategies discussed above is dependent upon the implementation of specific action designed to drive each strategy. These actions are summarised below in the form of programs.

2.13.1 Marketing Organisation

The objective of this component of the program is to streamline the present organisational structure of the Tanzania Tourist Board so that it can fully respond to the needs of the industry.

2.13.2 Promotion of Tanzania in the Marketplace

Successful marketing - in tourism just as in any other industry - cannot rely only on a product of the right kind and quality, on a market related pricing policy and on an effective distribution network. Also needed is systematic promotion with potential tourists and with the trade intermediaries (tour operators, travel agents, etc.) bridging the gap between the tourism product supplier (the hotelier, car rental operator, etc.) and the potential visitor.

The actions required are as follows:

- establish comprehensive statistical database
- formulate a coherent marketing strategy, plan and budgets
- create a new brand image for Tanzania
- advertising and public relations campaigns aimed at both consumers and trade
- produce an attractive and high quality set of collaterals
- establish overseas representation
- participate at the major international tourism fairs
- organise media and travel agency familiarisation visits
- open tourist information outlets (TIOs)
- strengthen the ground tour operator sector
- organisation of "Marketplace Tanzania" - a workshop forum to meet overseas tour operators
- effective use of multi-media communications systems in the marketplace to promote and distribute the Tanzanian tourism product.

2.13.3 Environment

The objective of this program is to implement measures to ensure that environmental sustainability is maintained as tourism expands. The actions required are in relation to:

Marine Resources

- establish licensing procedures which require users to take into account environmental impacts in sensitive zones
- undertake Environmental Impact Assessments on all major projects
- promote Integrated Coastal Zone Management.

Wildlife Habitats and Bio-Diversity

- prepare management plans that have a legal basis
- develop a national bio-diversity profile
- re-examine the protected area network to assess the boundaries needed for long term ecological sustainability
- enact environmental protection bill.

Management of Capacity

(i) Designated areas:

- prepare land use plans for the various zones
- all development must comply with the general management and zoning plans of TANAPA
- preparation of integrated strategic resource management plans.

(ii) Non-Designated Areas

- coastal area plans
- tourism waterfront plan for Dar es Salaam
- tourism development plan for islands.

2.13.4 Community

The purpose is to balance and reconcile conservation values and development with the needs of local communities. The actions required are:

- empowerment of local community through involvement in tourism projects
- provide facilities only on the periphery of resource areas
- draw up local area action plans for locations identified as tourism service centres
- establish community development organisations or companies

2.13.5 Culture

The purpose of this program is to develop the cultural component of the tourism product. The main action required is:

- establishment of interpretative/exhibition centres for a number of themes - early man, rock art, village life.

2.13.6 Other Product Development

The purpose of this program is to encourage the provision of tourist services - information, toilet facilities and medical stations at particular strategic locations.

Also necessary is the establishment of a security awareness program, to improve security particularly at the coastal/Dar es Salaam zones.

2.13.7 Tourist Facilities and Services

The objective of this program is to:

- upgrade standards in the accommodation sector
- increase capacity in line with projected demand
- improve the administration of Certificates of Approval.

2.13.8 Access Transport

The aim is to improve international and domestic air services.

International

- encourage more carriers to serve Tanzania
- facilitate charter flights under certain conditions
- proceed with privatisation of Air Tanzania
- Air Alliance and Air Tanzania to synchronise schedules, enter into prorate agreements.

Domestic

- encourage more carriers
- improve economics of domestic air services
 - eliminating resident fares on a gradual basis
 - allow Air Tanzania to drop uneconomic routes
 - introduce more appropriate size aircraft.

Aircraft

- encourage modernisation of fleet
 - incentives required.

Airports

- ensure that funds generated by airports by way of landing charges and commercial activities are used for airport development
- commercialise main airports but retain control and appoint third parties to manage of the facilities on a fee basis plus profit incentives
- establish priorities for investment in airports giving top priority to resurfacing of the runway at Kilimanjaro Airport
- facilitate fuel availability at airports where Air Tanzania flights are load restricted

- plan investment in the terminal buildings at Dar es Salaam and Kilimanjaro Airports to improve standards for passengers.

Roads

The aim is to reduce backtracking by improving access and traffic management.

The infrastructural requirements have been identified by the World Bank Tourist Infrastructure Project and are indicated in the proposed zonal plans.

2.13.9 Infrastructure, Utilities and Public Services

This program provides a mechanism for informing those authorities responsible for the provision of road, rail, boat, power and water infrastructure, the requirements of the tourism sector.

2.13.10 Quality Improvement

An improvement in the value-for-money of the Tanzanian tourist product is an essential step in generating a greater level of demand. With regard to tourism in Tanzania the most important component of value for money is quality. It is, therefore, paramount that action is taken to improve the standard of facilities and services significantly.

2.13.11 Price/Cost Improvement

The other major component of value-for-money is price. Frequently, the price charged for what is offered is excessive and places Tanzania at a competitive disadvantage. This program addresses that issue.

2.13.12 Import Substitution

The extent of the economic benefits that arise from international tourism are closely related to the proportion of tourism expenditure that remains in the country and is not lost through import leakages. Action is required to ensure that, insofar as possible, Tanzanian products and services are available to tourists instead of imported ones.

2.13.13 Training

There is a major requirement for training if the quality of the staff in the tourism sector is to be brought to an acceptable level. Existing training establishments do not have the capacity, staff and/or facilities to undertake what is required.

The actions required are to:

- formulate a manpower training plan and policy
- establish a National Curriculum and Certification Board
- upgrade the Hotel and Tourism Training Institute
- provide a management training facility
- establish a vocational training unit to train trainers and improve craft skills
- strengthen links with European Union training institutions

- establish customer orientation/customer care training programs
- improve technical skills within the Tourism Division and the Tanzania Tourist Board.

2.13.14 Institutional Strengthening and Regulation

The aim of the institutional strengthening program is to expand the technical capacity of the Tourism Division to fulfil its function of creating/promoting an enabling environment for enterprise development.

The actions required are to:

- provide additional funding and manpower resources for the Tourism Division, without which it cannot fulfil its functions
- reorganise activities of the Tourism Division to ensure resources are allocated to the priority areas
- improve operational efficiency of Tourism Division
- provide technical advice on tourism policy issues/institutional development
- management training, study tours, for Tourism Division personnel
- establish of a National Tourism Council
- promote of new investment and privatisation
- review and update legislation and regulations.

2.14. ZONAL DEVELOPMENT PROPOSALS

The study outlines development proposals for the different zones, covering infrastructure, accommodation, visitor centres and other tourist facilities and amenities. The infrastructure development proposals include the recommendations of the World Bank Tourism Infrastructure Project study findings.

The cost of the proposals to both the public and private sectors within each zone are set out below.

Table 2.8

Summary of Zonal Development Costs, US\$ (000s)

	Phase I - 1996-7		Phase II - 1998-9		Phase III - 2000-5	
	Public	Private	Public	Private	Public	Private
Northern Wildlife	1141	25950	5587	10650	500	1450
Kilimanjaro-Arusha	883	6300	2822	12800	*	17825
North East Mountains & Coast	100	3500	75	4900	*	6500
Coastal	200	10100	7970	29250	150	26000
Dar es Salaam and Environs	1704	16600	1175	16800	*	13000
Southern Coast & Mafia	-	4150	700	7400	*	-
Southern Wildlife	570	1800	750	7480	*	7700
Southern Highlands	-	900	675	1850	*	3900
Lake Tanganyika	-	-	550	1000	*	2250
Lake Victoria & Hinterland	-	-	250	900	*	3250

* zonal breakdown not available

2.15. DEVELOPMENT OF TOURIST CIRCUITS

Identification of Tourist Circuits

The international market generally requires a tourism product with several different tourism experiences. Products of this kind are invariably of a multi-destination nature and different modes of travel often feature as a component of the consolidated holiday product. In strategic development terms, such products may best be described as "circuits".

When the product strengths of Tanzania, within the Tourism Zones, are aligned with the target market it is evident that the greatest benefit to Tanzania lies in developing and promoting a product that combines wildlife, nature, culture and relaxation. The implications of this are that a number of tourist attractions must be drawn together and supported by appropriate facilities and services in order to produce a composite product.

A major part of this plan has been devoted to reviewing the tourism strengths and weaknesses of Tanzania and this has provided the basis for selecting specific areas of particular importance for tourism development within the planning period. These areas are shown on the following map.

What is immediately evident from the map is that two major geographic areas emerge within which are located the tourism attractions that can be utilised within the planning period. There is a group of attractions located in the north that is made up of three separate zones or groups of tourism assets and there is another in the south which relates to four zones or groups of tourism assets.

Within the context of putting together a number of interesting experiences that in combination will produce a marketable product, each of the two major geographic areas has sufficient tourism attractions to produce a product that will meet market expectations. The two areas provide the basis for a Northern Circuit and a Southern Circuit, each with its own distinctive attractions. In due course a Western Circuit will be developed when existing access constraints are overcome.

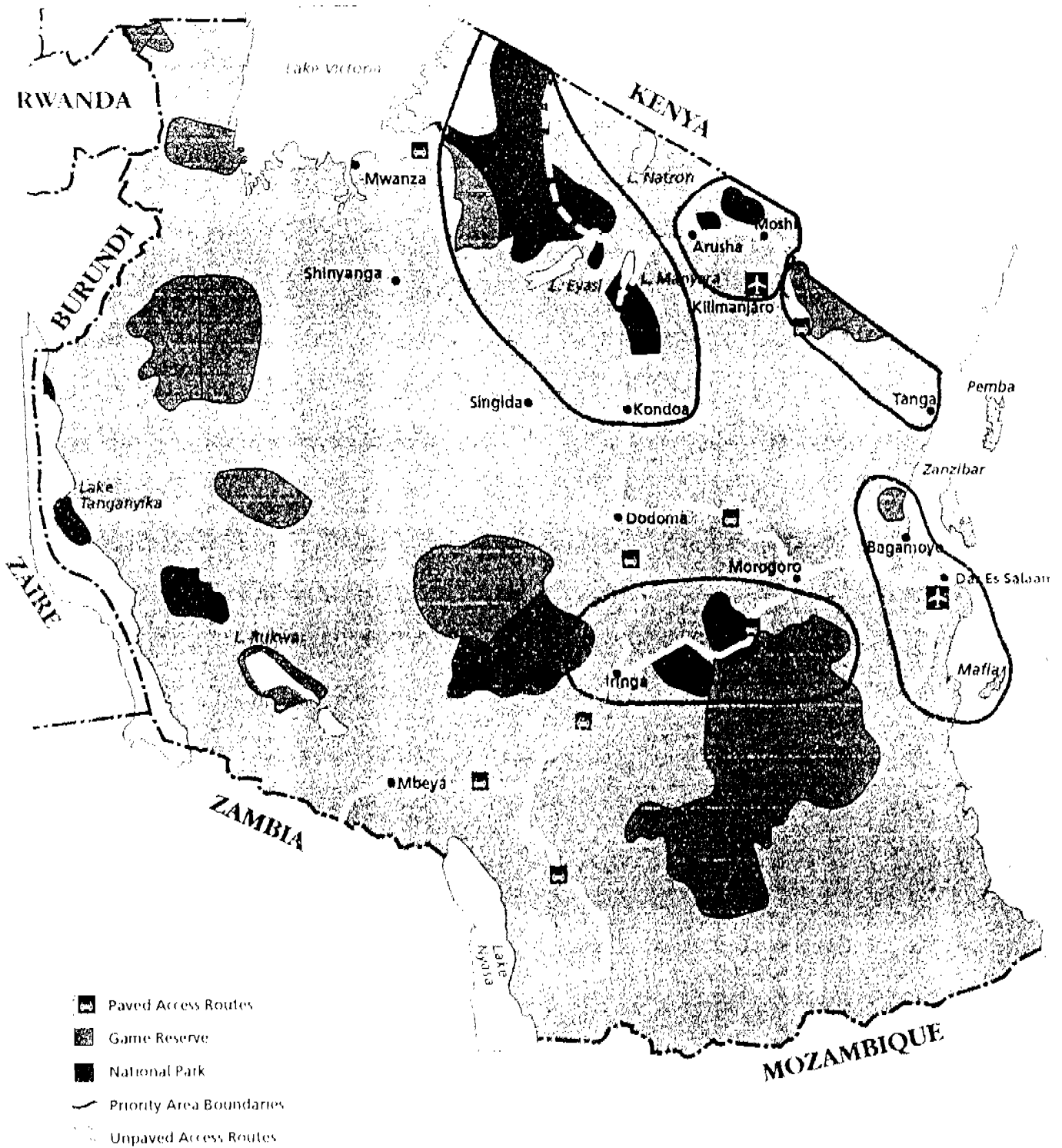
Northern Circuit

The Northern Circuit comprises three discrete groups of attractions. The circuit, which is shown on the map stretches from Lake Victoria in the west across to Tanga on the coast in the east.

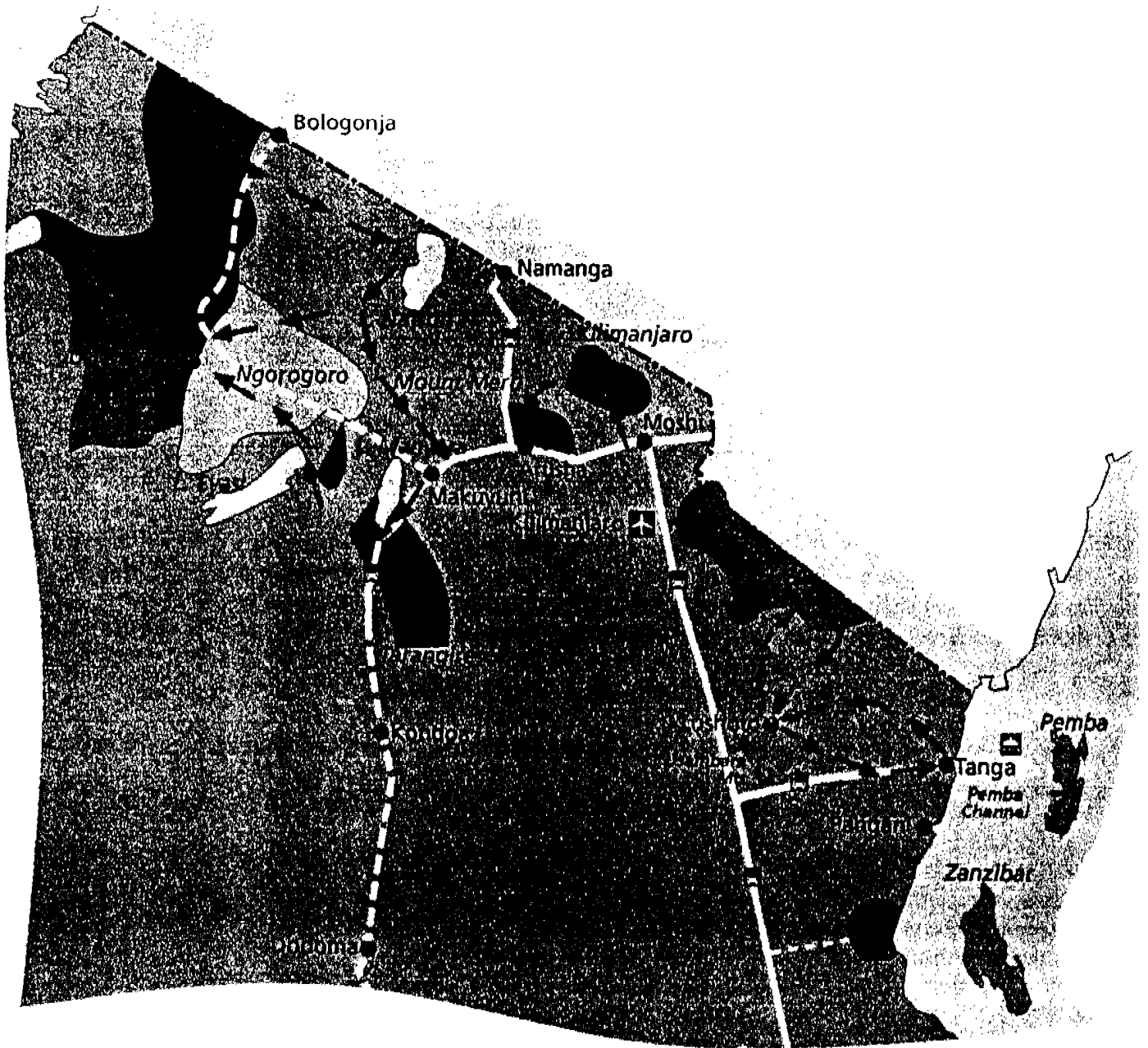
The first group of attractions is the already well established wildlife areas of the Serengeti, Lake Manyara and Tarangire National Parks and the Ngorongoro Conservation Area. Within the Ngorongoro Conservation Area is Olduvai Gorge, an archaeological site of great importance which, in spite of its potential as a tourism attraction, is very poorly presented. This group of attractions has been the backbone of Tanzanian tourism over many years.

While these wildlife areas are almost certainly the best known in the world their value as a resource is greatly under-utilised. The primary reason for this is the restricted road system that is in place. In effect there is only one road through this vast wildlife area, the road from Makuyuni to Lobo. The road is a cul de sac which leaves the visitor with no option other than to backtrack along the same route. A more extensive road system that provides at least one large circuit and a number of smaller circuits off it is the key to using these assets more efficiently and productively without placing greater pressure on the environment. A further possibility is to open the crossing at Bologonja, but for a number of reasons, this is impractical in the foreseeable future.

Priority Tourism Development Areas-1996-2005



Northern Circuit



- Paved Access Routes
- Unpaved Access Routes
- Game Reserve
- National Park
- Conservation Area
- Railway
- Ferry
- Circuit Routes
- Tracks

The second group of attractions comprise Kilimanjaro National Park and Arusha National Park. While the former is very well known internationally the latter has not received the attention it deserves. Arusha town is the location of the National Conference Centre. These two parks are particularly suited to satisfy those tourists who have a special interest in climbing. Kilimanjaro has of course become a well known climbing centre but it has much more to offer besides. The park covers a large area and is home to a wide range of animals. In addition, the variations in altitude has produced an amazing diversity in flora. Although not as well known as Kilimanjaro, Mount Meru offers challenging climbs.

The third group of attractions consists of the Usambara Mountains, Mkomazi Game Reserve, the Amboni Caves, and the coastal area including the Pemba Channel. The Usambara Mountains rise up from the hot Kitwei Plain, providing an amazing change in climate in the relatively short distance from Korogwe to Lushoto. The change in climate is accompanied by a transformation in vegetation, the sparseness of the plain is replaced by the lushness of the mountains and the exotic and abundant flora is populated by many varieties of birds and butterflies.

To the north and west is Mkomazi Game Reserve. This once great area of wildlife has been through a period that has seen much of what it had to offer decimated. However, steps have now been taken that should reverse the process and the area is set to be, once again, an important home for wildlife.

The largest town in the region is Tanga. Tanga still retains many fine buildings and, together with its attractive location overlooking a magnificent bay, could become a tourism centre of some importance. Close to Tanga are the Amboni Caves which are an added attraction. The deep channel between Tanga and Pemba Island offers some of the best sport fishing in the world.

The type of terrain in many parts of the Northern Circuit lends itself to mountain climbing and hill walking. There is a very clear opportunity to establish this activity as a major tourism product. Kilimanjaro, Meru and the Usambara Mountains provide a wide range of climbs and walks at different levels of difficulty. The Usambaras represent an ideal area to develop small mountain resorts which would be used as the base for those seeking relaxation, quiet walks and observing nature.

It is recognised that the Pemba Channel offers a very high quality of sport fishing, but in reality, there has been little development. Tanga should become a base for marine related tourism activities. Apart from fishing the area around Tanga provides excellent waters for sailing at different skill levels.

The presentation of the wealth of Rock Art that is centred on Kondoa must await access road improvements. Towards the end of the planning period it is anticipated that the road between Arusha, Dodoma and Iringa will be improved. This would provide a very important linking corridor between the Northern and Southern Circuits and would, at the same time, facilitate access to Kondoa. When that happens this interesting aspect of Tanzanian culture can be incorporated into the tourism circuit.

Southern Circuit

The tourism components of the Southern Circuit are exceptionally strong. Their location is shown on the following map.

There are three primary beach resources within the Southern Circuit. Bagamoyo is particularly important within the context of this plan because not only does it have an excellent beach but in addition, important historical and cultural tourism resources. Mafia Island has, by any standard, beautiful beaches and the ambience of a tropical island paradise. South of Dar es Salaam there are some excellent beaches that are undeveloped as yet.

The wildlife resources of the Southern Circuit are immense. The northern part of the Selous runs from the Rufiji delta to Kidatu and offers vehicle safaris, walking safaris and boat safaris. The Selous now abuts Mikumi National Park in the north and Udzungwa National Park in the west thus forming one major wildlife area. Mikumi, the third largest of the national parks, is long established and offers vehicle and walking safaris. Udzungwa on the other hand is the newest addition to the parks. It offers spectacular scenery with unique flora and a very different wildlife experience. Much further to the west are the wildlife areas of Ruaha National Park and Rungwa Game Reserve. The Ruaha offers an entirely different wildlife experience.

The cultural resources of the Southern Circuit are very substantial and are in evidence at many places along the coast. Most important are Bagamoyo which played a central role in the slave trade and Kilwa which was a great trading centre. Mafia Island is also steeped in history, being one of the earliest Swahili settlements.

International access to the Southern Circuit is through Dar es Salaam Airport. At some time in the future a further point of access will be by road directly from the Northern Circuit on a route that passes through Kondoa, the centre of the rock painting area and Dodoma. The importance of access cannot be overstated. If potential tourists find it difficult or too expensive to travel to a country they will simply go elsewhere. It is equally true that once they arrive in a country they want to be able to reach the product without undue difficulty. Indeed, it is highly desirable to make travel from one area on the circuit to another part of the overall product experience.

In this context there are opportunities in the Southern Circuit to make travel between the various attractions a special experience. The existing Tazara rail route provides the means to operate special trains from Dar es Salaam to Fuga or Kisaki in the Selous and then to Ifakara. The journey would be by special train and carriages and would combine a high level of service with views of wildlife.










A visit to the Circuit should start with an excellent interpretation of what the tourist can expect to see. To this end it is proposed to build an interpretative centre that will describe the area, its wildlife and the habitat in an interesting, exciting and instructive way. Currently, there is no route that links the Selous with Mikumi and Udzungwa. Such a route is considered an essential element in the formation of a circuit since it would open up the prospect of a major wildlife experience. The concept is that having spent some time in the Selous, the visitor would travel by vehicle to Mikumi, spend some time there before travelling on the A7 road to enter Udzungwa near Kidayi. A north-south route through Udzungwa would link back to the railway at Ifakara and a relaxed journey back to Dar es Salaam.

The Southern Circuit has the capacity, like the Northern Circuit, to offer spectacular wildlife viewing. It is, however, important that the Southern Circuit offers a different type of wildlife experience, i.e. that it is seen as a different product. This can be achieved by developing and promoting the Southern Circuit as the ultimate wildlife experience ... the area to visit if one wishes to get close to nature; the area to go to if one has already developed a taste for safaris and like them. Tourists would be encouraged to move around on foot or in small boats (motors only to be used in emergency). The emphasis would be on seeing and learning with the help of a knowledgeable and trained game scout. Accommodation would be primarily be in tents and bandas but with all the necessary modern conveniences built-in. The product would command a premium price but the experience and the facilities would warrant it.

For those who wish to extend their wildlife holiday further, the option to include the Ruaha National Park exists, although at the moment this involves either an arduous journey by road or an expensive charter flight by small aircraft.

Southern Circuit



-  Paved Access Routes
-  Unpaved Access Routes
-  Game Reserve
-  National Park
-  Railway
-  Ferry
-  Circuit Routes
-  Flight Path
-  Track

The market analysis has shown that the single most important competitive advantage for Tanzania lies in the wildlife resource and that, with some exceptions, most people want to link their holiday to a period of relaxation at a beach or other resort. Within the Southern Circuit three areas need to be developed to meet this requirement. Each offers a different product experience and, therefore, options for the tourist.

Bagamoyo is very well located in that it is in easy reach of Dar es Salaam and the airport. Its historical and cultural importance as has been outlined earlier. North of Dar es Salaam, Bagamoyo has arguably the best beach on this stretch of coast. It is close to Sadani Game Reserve and only a short trip by boat from Zanzibar. It is proposed that the craft enterprises currently located in Dar es Salaam are given a permanent home in the form of a craft village in Bagamoyo. A major interpretative centre is recommended to be built that will present the great age of missionaries and explorers in which Bagamoyo played such a pivotal part. The combination of all these assets would then provide the basis to develop Bagamoyo as a major tourism centre. It would involve a complete refurbishment of the historical buildings and reconstituting the town as it was. It would then become the focus for investment on the part of the private sector in accommodation and other facilities, all of which would be part of a single plan.

Mafia is a very beautiful island, but with a fragile environment. Development of the island and the smaller islands that are a part of the Circuit must be undertaken with the greatest sensitivity. That having been said, Mafia Island will be a strong option on the Southern Circuit and should be developed with a view to catering to those who want a very relaxed, quiet holiday and are content with this part of their holiday depending on the beach, activities related to the marine environment and good facilities and service.

The other beach option is on the coastal strip south of Dar es Salaam. In view of the location and the absence of other attractions in the immediate vicinity the focus would be primarily beach orientated. This would place a higher emphasis on the proposed operation being a self-contained resort.

Once again there is an opportunity to turn the travel element into part of the product experience. Movement from one location to another along the coast would be more enjoyable and more comfortable if it were undertaken by boat rather than on land. The opportunity to run excursions from Bagamoyo to Sadani with its unique coastal frontage is one. Other obvious boat excursions are between Bagamoyo and Zanzibar and Bagamoyo and Dar es Salaam. Likewise the proposed beach resort area could be linked to Dar es Salaam by boat. A further interesting possibility is to link Mafia Island to the Rufiji Delta and provide a memorable journey along the Rufiji river into the Selous.

Dar es Salaam, as the gateway to the Southern Circuit is, or should be, an important centre for tourism. In this plan proposals are made to develop and improve the waterfront. Part of this development should include an interpretative centre that will present the history of Swahili trading through the ages and its relevance to Tanzania and Africa. In the context of providing interesting things-to-do-and-see, the existing museum should be rehabilitated as there is no shortage of interesting exhibits.

An additional attraction of cultural importance is Kilwa Kisiwani. Because access is difficult this historical town will remain a somewhat peripheral attraction but in due course it will become more closely integrated into the Circuit.

2.16. POLICY ISSUES

There are a number of policy issues which the Government of Tanzania must address as they underpin the successful implementation of the Tourism Master Plan. These policy issues concern:

- role of the public sector
- funding and respective roles of the Tourism Division and the TTB
- encouraging investment and enterprise development
- pricing with regard to use of natural resources
- empowerment of local communities
- air transport and developing Kilimanjaro as an international gateway.

2.16.1 Role of the Public Sector

The role of public sector in tourism varies throughout the world. At one extreme tourism is controlled by private companies with the public sector having a minimum involvement. Such a situation exists in a large number of Caribbean island destinations and in the United States. At the other extreme, the public sector maximises its involvement by operating the entire industry itself to the exclusion of all private companies. This position was closely achieved in countries of the former Soviet Union such as Romania and Bulgaria. Now all of these countries are busily privatising their tourism and other industries.

The vast majority of countries in the world today have a mix of public and private sector involvement in tourism. This is due to a number of reasons - political philosophy, historical developments, etc. However, it is also due to the nature of the tourist industry itself. The industry is highly fragmented and is closely connected to a large number of other industries and sectors. Also, by its nature, tourism is highly personal and must cater for the individual. This implies that the industry should be very flexible. Experience suggests that this is best effected by avoiding extremes of total public, or total private control of the industry. The result is usually a mixed involvement with the public sector having regulatory, planning, promotional and training roles.

In Tanzania, we recommend that the role of the public sector in tourism should encompass:

- infrastructural investment
- inspection and registration
- development planning
- manpower planning and training
- national promotion
- enterprise development

2.16.2 Funding and Respective Roles of the Tourism Division and the Tanzania Tourist Board

The major issues are:

(i) **Inadequate resources for the Tourism Division**

The Tourism Division receives very limited funds from Government. The result is that the Division cannot undertake its role effectively.

- the human resource development function is understaffed. Because of the importance of manpower training a separate training unit should be established within the Tourism Division with responsibility for policy and planning in respect of human resource development.
- office equipment is required in terms of computers, printers, photocopiers, air-conditioners, report binders etc. These 'tools' are obviously essential to the efficient functioning of an office. Indeed it is a tribute to the dedication of the staff in the Tourism Division that so much is achieved without this essential equipment.
- the planning function is under resourced as are the statistics and research functions. Other than collecting information, the Division does not have the resources for undertaking research, extensive analysis of data etc.
- lack of resources has impeded the implementation of a hotel grading system.

(ii) Inadequate resources for the Tanzania Tourist Board

As mentioned earlier, the TTB receives about US\$1.1 million annually to undertake its function of national tourism promotion. As this budget has to cover personnel costs, administration, etc. very little remains to undertake a national marketing campaign in one source market, let alone 5 or 6 major source markets.

(iii) Industry Co-ordination/Communication

At present no forum exists at national level at which all the parties involved in tourism can meet to agree a common vision, set the priorities, achieve a consensus on how resources should be allocated and resolve issues that can arise between the different partners in the industry.

This issue was discussed at the 1st MNR&T/CEU Tourism Planning Workshop (22nd June 1995), where it was proposed that a Tourism Confederation or Tourism Council, composed of all the associations of the industry, be established. This would be the representative body of the industry. It would provide the mechanism by which the tourism industry could be represented and participate at regional forums, such as at RETOSA. It would also mean that the industry would speak with "one voice" in its discussions with the Ministry.

(iv) Definition of Roles/Responsibilities

In the medium to long term, an important issue to be decided concerns the division of responsibilities between the Ministry and the implementing agencies, such as the Tourist Board. Generally speaking:

- policy formulation is seen to be responsibility of the Government Ministry or Division responsible for tourism
- policy implementation is seen to be primarily the responsibility of separate organisations or agencies usually established by a statutory act, and reporting to the Minister/Ministry responsible for tourism.

The function of a Tourism Ministry is to formulate policy, co-ordinate actions of other ministries affecting tourism, advise on resource allocation, long term planning, monitor the performance of the industry and, in particular, parastatals and other agencies reporting to the Ministry. This would involve the setting of targets and the establishment of criteria against which their performance would be evaluated.

The main parastatal bodies in tourism - usually a national tourism organisation (NTO) and a tourism training organisation - would be responsible for the implementation of policy which could involve a wide range of activities from national promotion, market research, to training, registration, grading and inspection of properties.

However, this division of roles/responsibilities between a Ministry and the NTO is not uniform throughout the world. In fact, the allocation of roles/responsibilities depends on a number of factors for any particular country, the two more important being the stage of development of the tourism sector and the status and stage of development of the national tourism organisation.

Our experience and research into other ministries and NTOs and their respective roles showed that the best practice varied with the stage of development of the industry.

Chart 2.3

Best Practice Institutional Frameworks

	Emerging Destinations	Developing Destinations		Mature Destinations	
Definition	Emerging Destinations with nearly untapped tourist potential	Still growing market with medium size tourist potential		Long established market approaching fully exploited tourist potential	
Examples	Bulgaria Vietnam Malaysia	New Zealand Portugal TANZANIA Cyprus		Spain Austria Ireland	
Division of Responsibilities	Ministry <ul style="list-style-type: none"> • coordination • policy making • research • marketing • product development • training • licensing • hotel grading/ classification 	Ministry <ul style="list-style-type: none"> • policy • planning • licensing 	NTO <ul style="list-style-type: none"> • marketing • research • training • grading/ inspection • guide development 	Ministry <ul style="list-style-type: none"> • policy • planning • licensing 	NTO <ul style="list-style-type: none"> • marketing • research

As indicated on the above chart, the best practice for an emerging destination is to have all the functions concentrated in the Ministry. At this stage of development, the concentration of responsibilities is the most efficient approach because the industry is small size, the cadre of personnel trained and experienced in tourism is small, and organisation structures are simple. As the industry develops, the functions are usually devolved to a national tourist organisation, while the ministry retains the function of policy formulation, planning and licensing. Further on, as the industry matures, the functions of the NTO become more focused (usually concentrating on marketing and market research), with the other functions devolved to other bodies, e.g. a national training institute.

Currently, Tanzania is at a transition stage from being an emerging destination to a developing destination. A national tourist organisation (the TTB) has been re-established and is responsible for national marketing and market research. The Ministry (through the Tourism Division) has retained the responsibility for training, licensing, grading, inspection, etc. We recommend that this division of responsibilities should continue in the medium term for three reasons, viz:

- the TTB has not fully established its marketing role. As outlined earlier, there is no effective national marketing campaign. It is realised that this is because of inadequate funding. This being the situation, there is no efficiency gain in transferring functions to an organisation which does not have the resources to effectively implement its 'core' function.
- assuming the TTB is adequately funded in the short term, the organisation will need time to fully establish its operations - setting up overseas representative offices, developing a new 'brand' image, implementing a coherent promotional campaign etc. - before being able to consider taking on other functions. The TTB will need time to build up its institutional capacity to absorb other functions.
- the Ministry is in a better position to develop the other functions, particularly training, hotel grading and inspection, to a stage where they can be transferred as operational units to the TTB or other parastatal organisations. However, the Ministry needs institutional strengthening in this regard.

2.16.3 Encouraging Investment and Enterprise Development

A crucial role of Government is the **Encouragement of Enterprise Development**. This involves the establishment of a positive climate for investment and the encouragement of entrepreneurship.

The creation of such an enabling environment necessitates policy measures at both the macro and micro levels which facilitate the setting up of enterprises and promote their growth. These measures relate to all aspects of business from regulations governing the establishment of companies to the ease with which profits can be repatriated.

Assuming the fundamentals of operating commercially are in-place - commercial laws upheld, freedom to repatriate monies, efficient banking system, etc. - four of the more important factors in creating a positive climate for enterprise development are:

- availability of investment incentives
- a favourable fiscal regime
- absence of price control
- a 'culture' which encourages entrepreneurship.

Investment Incentives

Tanzania has investment incentives, though they are not significantly different from those available in neighbouring countries.

Fiscal Regime

In the tourism sector, the fiscal regime is onerous and, indeed, the higher prices in Tanzania compared with competing destinations are significantly affected by the level of taxes imposed. In all, there are some 20 to 25 specific taxes, levies, licence fees and charges of one form or another relating to tourism enterprises. It appears that there has been little coordination between the various authorities in the way taxes have been levied with a result that taxes and statutory charges can account for as much as 44% of hotelier costs. As the fiscal regime is a "sales" rather than "value-added-tax" system, the impact gives rise to a situation of "double" taxation. This is a heavy cost burden in an internationally traded sector of the economy and effectively amounts to a significant tax on exports.

Price Control

Tanzania has a three-tiered pricing structure for tourism services which includes the accommodation sector. The most expensive level, which is a US dollar price, is levied on non-residents. The least expensive is available to residents only and is generally between 35 and 50 per cent of the non-resident price. The tier in between is to facilitate ex-patriate temporary residents. Accommodation charges have to be paid in foreign currency, but meals and other services in the hotel or lodge can be paid in Tanzanian shillings.

In the accommodation sector, the tiered price structure has the effect of "pushing up" prices for the foreign non-resident tourist. The system also adversely affects the economics of an hotel operation by attracting low revenue yield guests who would not use the other hotel facilities/ services on the one hand and, on the other, 'crowding out' the higher revenue yield non-resident guest, particularly during peak months.

In the domestic airline sector, the tiering of prices has prevented the privately run airlines from providing services on particular routes which are uneconomic at "resident" tariff rates.

We recommend that

- the tiered price system be phased out over time for both accommodation and air services, and
- introduce different tariffs related to seasons, time of week etc.

Encouraging Entrepreneurship

A "culture" which encourages entrepreneurship has to be developed. This involves a change in attitudes towards business and enterprise development on the one hand and, on the other, a pro-active campaign to encourage people to start-up in business. Changing attitudes is perhaps the more critical. At present there is not a general acceptance of the "profit motive". People in business are viewed with a certain suspicion and risk-taking is not rewarded.

For enterprises to start up and flourish, and for existing small and medium sized enterprises to expand, attitudes will have to change. Firstly, risk-taking and entrepreneurship will have to be rewarded. The most effective way of doing this is to establish a favourable tax regime. Secondly, to encourage business start-ups and expansions, the regulatory framework must be made less bureaucratic. Thirdly, as in countries which have vibrant business communities, there should be training courses for those wishing to start-up in business.

2.16.4 Pricing in Respect of Use of Natural Resources

TANAPA's mission, as a service organisation, is not to make money but to ensure a proper balance is established between preservation of natural resources and human use. In this respect TANAPA regards all of its parks as being of equal importance regardless of their income generating capacity.

Overall, TANAPA's accounts for 1993/94 show a US\$3.0 millions revenue figure. Of this US\$2.5 millions goes on headquarters operational and overhead running costs, leaving very little for capital reinvestment. The four most important contributors to TANAPA's total park revenues are, as might be expected: Kilimanjaro (37%); Serengeti (32%); Lake Manyara (15%) and Tarangire (8%). The contribution from the other eight parks is only eight per cent.

The fact that the parks have strikingly different potential to attract visitors gives rise to the possibility of differentiating entry charges on a park by park basis, or on a seasonal basis related to special migratory events for example. A flat rate of US\$20 for foreign visitors does not reflect the sales potential of the various TANAPA products. Furthermore, a differential pricing policy could encourage more foreigners and locals alike to visit the lesser known parks and help to get them established in the tourism market place.

A major concern of TANAPA is the level of income derived from lodges within the Parks. Lodge concession fee rates were to be based on 10 per cent of published commercial rates for bed and breakfast. Apparently, prevailing practice is to pay on the basis of the full-board contractual rates agreed with tour operators, less midday and evening meal charges, less taxes and service charges. Thus a US\$65-70 full-board tour operator rate can yield as little as US\$1.00 in concession fees, or one tenth of what was originally intended. In comparison, public camps and special camps return US\$20 and US\$40 per person per night concession fees to TANAPA.

These policies should be reviewed and our recommendation is for the introduction of differential pricing between parks, the purpose of which is to assist managing visitor numbers in respect of the more popular parks and help develop the lesser known parks. We further recommend a differential pricing policy within certain parks depending on the time of the year. For example, during the peak migration season of the year, entry fees to the Serengeti should be at least doubled.

2.16.5 Empowerment of Local Communities

Wildlife Areas

In Tanzania, tourism has principally drawn upon the spectacular wildlife areas of the country and, in consequence, there has been an impact on those communities with whom these resources have to be shared. Recently new approaches have been formulated which are more sensitive to community needs and their implementation augers well for the harmonious development of Tanzania's tourism product .

In both National Parks (NPs) and Game Reserves (GRs) no permanent human settlements are allowed. Furthermore, in NPs no consumptive use of resources is permitted whereas in GRs various forms of sustainable wildlife utilisation are allowed. However, the remoteness and hostile environment of Game Reserves means that the most important form of wildlife use for the foreseeable future will be hunting tourism. In Game Controlled Areas (GCAs) and Open Areas where good wildlife populations can be found, tourism hunting has been allocated in ways that compete with resident commercial hunting, live capture and problem animal control. It is in these areas where the situation is out of balance and conflicts of resource utilisation are most acute.

In response to this situation the Government intends to establish Wildlife Management Areas (WMA) in place of the former GCAs and Open Areas. These Wildlife Management Areas will have community-based conservation programs as their core activity.

Coastal Areas

Increasingly, tourism will seek resources in coastal areas for the development of complementary attractions to the classic wildlife product. This will lead to pressure on resources in coastal and island locations and conflict with traditional patterns of land use, for example:

- most of the traditional fishing activities are carried out in shallow coastal waters where recreation and tourism uses tend to occur
- dynamite fishing kills all living organisms in the areas where it is carried out including coral and fish life that are potentially an important component of tourism's marine product
- in urban areas, particularly in Dar es Salaam, localised waters are highly contaminated with land based sources of pollution and these pose a direct threat to the establishment of tourism activities.

The Integrated Coastal Management Program, in seeking solutions, is holding workshops in localities that exemplify coastal problems. The aim of the workshops is to mobilise and co-ordinate the various community, public and private sector stakeholder resources whose future relies upon the installation of effective coastal management. Currently, tourism does not feature in this initiative. It would be advisable for the MNR&T to become party to these forums and be one of the actors involved in the implementation of proposals.

Empowering Local Communities

The two key factors to the successful devolution of the management of these areas to the local community are:

- the formulation of Management Plans for the areas, which will take into account land use, involvement of local residents in planned projects, benefits to the local community from fees, employment and technical training, and
- the establishment of an Area Development Organisation or Community Development Company, by the local community to interface between the tourist enterprises operating in the area and the local community. These companies would be local initiatives and financed from local funds. The companies would coordinate the implementation of the Management Plans at a local level.

A number of proposals have been identified in various studies which have been undertaken with a view to improving the support of local communities. These include:

- involvement in the tourism activities in the area - through direct employment by the tourist enterprises, provision of services to the tourist enterprises, etc.
- proportion of licencing fees, concession fees, etc. paid by the tourist enterprises and proportion of entrance charges paid by visitors

- assistance in dealing with 'nuisance' animals from protected areas destroying crops, etc.

2.16.6 Air Transport and Developing Kilimanjaro as an International Gateway

The situation with regard to air access transport to Tanzania, and particularly Kilimanjaro, has got worse in recent years. There is a need to consider afresh Government policy on air access and the role of Kilimanjaro as an international gateway.

2.17. TOURISM PLAN IMPLEMENTATION

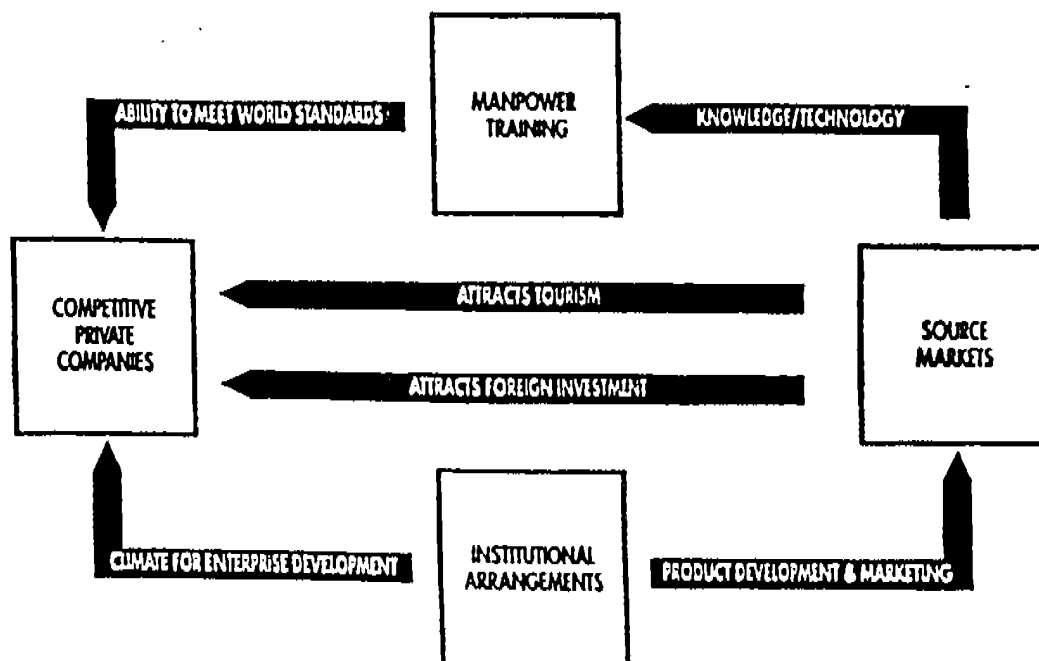
2.17.1 Tourism Plan Schedule

An issue of concern to tourism planners is how to sequence the recommended action programs. Should the tourism product be expanded and standards improved prior to the establishment of a marketing campaign? Should institutional development and the creation of an environment conducive to enterprise development precede both? The greatest consensus appears to be to do all at once. This is not as simplistic as it appears at first sight. Because all the action programs are so interlinked, trying to identify the best sequence is not a realistic goal. No single measure can bring much benefit without at least some progress in respect of the other actions.

Based on our experience we consider it more instructive to view the development of the tourism sector as a process rather than as a sequence of activities as shown on the following chart.

Chart 2.4

The Process for Tourism Development in Tanzania



Establishing the appropriate institutional arrangements (policies, laws, incentives, etc.) will create the climate for enterprise development within Tanzania on the one hand, and on the other, ensure the promotion of the country as a holiday destination in the different source markets. Manpower training, involving the transfer of knowledge and technology will ensure that the tourism industry can meet international standards of service and customer care. The combination of a trained workforce and the appropriate institutional arrangements will result in a competitive private tourism sector, attracting foreign investment and be attractive to holidaymakers.

Within this context, the planning framework for the implementation of the action programs is outlined in Charts 2.5 and 2.6 showing the target groups, objectives, activities and inputs during the three phases of the plan period.

Phase I: 1996-1997

During the first phase, 1996-97, the focus would be on *organising for growth*, the immediate priority actions being :

- Government approval of the Integrated Tourism Master Plan
- publication of Plan
- consensus and support for strategy and actions
- institutional arrangements for plan implementation
- finalise and publish the national tourism policy
- restructure the Tourism Division
- establish a reliable statistical data base
- streamline TTB organisational structure
- institutional strengthening and increased funding for the Tourism Division and TTB
- formulate development plans for Southern Circuit and North-East Mountains & Coast Zone
- establish the institutional structures for human resource development
- review legal and regulatory framework
- improve visitor facilitation
- undertake a market demand, strategy and action plan
- create marketing concepts and establish multi-media distribution system
- identification and conservation/restoration of selected historical/cultural sites
- establish a security awareness program.

The planning framework for the implementation of the action programs during this phase is shown in Chart 2.5 indicating the target groups, objectives, activities, inputs required, indicators of achievement and assumptions.

(i) Government Approval of the Integrated Tourism Master Plan

The first step must be Government approval of the Integrated Tourism Master Plan to establish its authoritative status. It is not necessary that the Government approves every detail of the Plan. This would be impossible because of changing circumstances. Rather, the overall strategy and approach should receive approval.

Chart 2.5: Tourism Plan Schedule - Phase I, 1996 - 1997

Program Structure	Indicators of Achievement	Assessment of Indicators	Assumptions/Conditions
Target Groups (Beneficiaries) Tourism employers Tourism employees Community	Number of operators Number employed Tourism contribution to GDP	Tourism data base Census or impact study Tourism revenue as % of GDP	That Government implements policy that is supportive of tourism development
Objectives Increase economic activity Generate foreign exchange Create additional employment Generate tax revenue Improve environment Increase domestic tourism	GDP at market prices International tourism revenue Bureau of statistics Economic impact study Monitoring critical areas Supply of suitable opportunities	National accounts of Tanzania MNR&T research Bench mark studies Tourism data base	Favourable economic conditions in source markets That effective measures of tourism performance are put in place
Outputs Expanded product offering Internationally accepted tourism facilities Trained workforce to meet needs of tourism sector Appropriate regulatory mechanism to support tourism	Tourism data base monitoring and programs offered by tour operators Phase I refurbishment program completed Phase I training proposals implemented Phase I institutional support proposals implemented	Tourism data base to be developed Brochures of tour operators As set out in Integrated Master Plan As set out in Integrated Master Plan As set out in Integrated Master Plan	
Activities National Tourism Policy Put in place effective marketing organisation Formulate marketing strategy Put in place controls to safeguard the environment Improve quality of facilities Increase air access Improve airport safety/ standards Improve visitor facilitation Provide for infrastructural needs of tourism Establish comprehensive data base Establish institutional structures for training Strengthen Tourism Division & TTB Improved legislation Multi-media distribution systems Conservation/restoration of historic sites Security awareness program	Approval and publication by Government Reorganisation of TTB Visitor arrivals in Tanzania (Demand) Environmental Protection Bill Number of rooms refurbished Number of carriers/services operating Reinvestment program implemented Visas at airport, TTD, better systems Identified tourism infrastructure constraints are overcome Immigration statistics, exit survey, inventory Curriculum Board, Training Plan, rehabilitate HTTI Adequate budget allocation to carry out tasks Revision of laws/regulations Systems established Study & implementation Tourist Police Unit, security program	Reflected in TTB organigram Immigration statistics Monitoring report to be prepared annually As specified in Master Plan Tourism data base Ministry with responsibility for air services Actions undertaken Immigration statistics Reference to Tourism Master Plan Survey/ reports Data provided by training institutions Level of budget allocation New legislation enacted Private sector response Site surveys Lower crime rates	Government will maintain the necessary level of support for tourism including promotional support in the market areas and investment in infrastructure required to make tourism operational That there is co-operation between the public and private sector on promotion
Inputs Technical advisors (long-term) Technical advisors (short-term) Government support measures Public sector investment Private sector investment	Donor support programs Government funding	Feedback from tourism industry	That the private sector is confident in security of its investment

(ii) Publication of the Plan

The Plan should be published, at least in summary form. Copies of the summary should be made available to the Tourism Associations (Hotel-keepers Association, Travel Agents Association, etc.) as well as to the major organisations (TAHI, TANAPA, etc) and relevant Ministries. Copies of the full report should be available for inspection at the Tourism Division.

(iii) Consensus and Support for Strategy and Priority Actions

As part of the consensus building, two Tourism Planning Workshops were organised which involved participants from the public and private sector holding key positions in the industry. The purpose of the Workshops was to promote dialogue between the various groups and in the process identify and achieve a consensus on strategy and priority actions.

What is required at this stage is the promulgation of the Plan to a wider audience by means of a national conference or forum at which the overall strategy would be outlined and the list of priority actions indicated. As this forum would include all donor agencies, support would be sought for the financing/implementation of the various priority actions.

(iv) Institutional Arrangements for Plan Implementation

The institutional arrangements necessary for Plan implementation are:

- a) Establishment of a separate Program Coordination Section within the Tourism Division. The formation of this Section is to coordinate the technical assistance programs which are likely to be established by various support agencies to assist the Tourism Division in the implementation of the Tourism Master Plan.
- b) Expansion of the role of the Tourism Facilitation Committee which is under the chairmanship of the Permanent Secretary of the MNR&T to have a coordinative role with the other ministries and agencies who are involved or affected by the implementation of the Plan's actions.
- c) Establishment of a National Tourism Council, which would represent the "voice" of the tourist industry at national level and at private sector level, oversee the coordination of tourism developments at both community and regional levels.

(v) Finalise and Publish a National Tourism Policy

At the 2nd MNR&T/CEU Tourism Planning Workshop (Dec. 1995), the Ministry published a draft Tourism Policy Statement. To give authoritative support to the program actions of the Integrated Tourism Master Plan, it is necessary that the Policy Statement, which supports the planned actions, is approved by Government and published.

(vi) Restructure the Tourism Division

To facilitate the effective implementation of the Tourism Division's responsibilities, including the implementation of the Plan, the organisational structure needs to be revamped. Five sections are recommended:

- program coordination
- tourism policy and facilitation
- manpower planning/training
- registrar/licensing and inspectorate
- investment promotion/privatisation.

We further recommend that the responsibility for antiquities and handicrafts (currently with the Ministry for Education) be transferred to the Tourism Division and would constitute an additional section.

(vii) Establish a Reliable Statistical Data Base on Tourism

Earlier we referred to the lack of reliable data on the characteristics of tourism demand to Tanzania. Basically, there is no reliable published information on expenditure by tourists, length of stay, etc. Without this fundamental information it is impossible to formulate detailed plans for marketing, product development, etc. To overcome this deficiency we recommend the following:

- revision of the entry/departure cards so that more relevant information is collected from visitors. This will necessitate technical assistance to the Department of Immigration to devise new E/D cards, collation and processing of information.
- improve the quality of the accommodation survey to collect information on nationality of residents, length of stay, occupancy rates, etc. in the various hotels, lodges and tented camps. This will necessitate technical assistance to the Tourism Division and the Bureau of Statistics.
- international passenger exit survey which would collect information on the characteristics of tourists, expenditure, accommodation used, activities undertaken etc. This will necessitate technical assistance to the Tourism Division/TTB.
- inventory of resources involving a data bank on the various enterprises, attractions etc. comprising the tourism sector.

(viii) Streamline Tanzania Tourist Board Organisational Structure

We recommend the reorganisation of the TTB. We recognise that to date there was not much point in having a highly structured organisation when there was little money to undertake any activities.

However, in anticipation of support funding for a more comprehensive marketing campaign in the source markets, we recommend the streamlining of the present organisational structure of the TTB so that it can fully respond to the needs of the industry. This will involve the establishment of three main departments, viz:

- market development - overseas representation, regional and domestic markets
- marketing services - advertising/PR, transport promotion and tourist information
- central services - research and planning, finance and administration.

(ix) Institutional Strengthening and Increased Funding for the Tourism Division and the Tanzania Tourist Board

To increase the capacity of both the Tourism Division and the Tanzania Tourist Board to fulfil their respective functions, institutional strengthening is required in terms of technical expertise, "know how" transfer, basic office equipment (PCs, photocopiers, fax, etc) and vehicles (particularly for product inspection trips).

Moreover, the Government of Tanzania must provide additional funds for both organisations to pay for the extra staff and activities necessary to implement the various action programs of the Tourism Plan.

(x) Formulate Development Plans for the Southern Circuit and North East Mountains & Coast Zone

A tourism master plan, by definition, can only be indicative in respect of recommendations for the development of particular circuits, zones or areas. What is now required is the preparation of development plans for the zones (i.e. North East Mountains & Coastal Area and Southern Wildlife Area) crucial to the development of the two major circuits to be developed in the lifetime of the Master Plan - the Northern Circuit and the Southern Circuit.

(xi) Establish the Institutional Structures for Human Resource Development

As the Tanzanian tourism sector is rightly pursuing a policy of low volume/high revenue yield tourism, the achievement of this policy objective is dependent on the improvement of the quality of the tourism product, the physical facilities and the standards of service.

Improving service standards will necessitate considerable investment in manpower training involving:

- setting up of a manpower planning/training section within the Tourism Division
- formulation of a manpower training policy and plan
- establishing a Curriculum and Certification Board under the aegis of the Tourism Division
- rehabilitating/upgrading the Hotel and Tourism Training Institute involving provision of equipment/trainers etc.
- assessing feasibility of establishing an Hotel Management Training Facility.

(xii) Review Legal and Regulatory Framework

Though adequate for the immediate future, the set of laws and regulations which govern the tourism sector are now somewhat dated. The acts which need to be revised and updated are the Tanzania Tourist Board Act, 1992 (which is an amendment to the 1962 Tanganyika Tourist Board Act); the Hotels Act, 1963; the Hotel Levy Act, 1972; and the Tourist Agents Licensing Act, 1969. The regulations that also need to be revised and updated include the Hotel Regulations, 1982.

Environmental legislation should be enacted. An Environment Protection Bill has been proposed to the Government for approval by NEMC. The Bill is a comprehensive environmental regulation which brings together all environmentally related regulations across the sectors and hence to be used as a reference regulation regarding the environmental protection of the country. This Bill also fills the necessary gaps which were not covered by other sectoral legislation.

In view of the recommendation to develop 'beach tourism', we recommend the introduction of legislation specifically relating to coastal areas. Currently, the only reference to coastal areas is contained in the National Land Policy (1995) which advocates environmental impact assessments in respect of any proposed developments. Legislation should be introduced to regulate the use of coastal areas in respect of hotel developments, recreational activities and residential buildings.

With regard to other tourism facilities, legislation needs to be introduced to regulate casinos. Regulations need to be framed to reflect the type of gambling operations that are considered appropriate and could include restrictions on who is allowed to gamble, maximum house-odds, etc.

(xiii) Improve Visitor Facilitation

Although much has been done in recent years to facilitate international visitors, the mechanisms for the issuing of visas on arrival have not been implemented. This is an issue about which there has been a general consensus for the last two decades - i.e. that visitors to Tanzania should, as in the case of most countries, be able to get visas on arrival. However, to date the mechanisms have not been implemented. We recommend that the necessary technical assistance be provided to introduce automatic issuing of visas for visitors on arrival.

In time a network of Tourist Information Offices (TIOs) should be established throughout the country. However, to start with, TIOs should be opened at Dar es Salaam and Kilimanjaro airports and in the city centre.

Other recommended improvements to visitor facilitation are:

- upgrading and better management of the airport passenger terminals
- elimination of health checks
- more customer friendly security checks for departing visitors.

(xiv) Undertake a Market Demand, Strategy and Action Plan

Currently, the TTB does not have a formalised marketing strategy and plan. This is understandable in the light of inadequate budgets and lack of market information. In anticipation of increased funding, what is required is the following:

- market demand study of the major source markets to give information on potential tourists' perceptions, attitudes, holiday requirements structure of markets, etc.
- formulation of a marketing action plan detailing the promotional activities to be undertaken and associated resource requirements.

(xv) Create Marketing Concepts and Establish Multi-Media Distribution System

Following the formulation of the marketing strategy and plan, it will be necessary to create the marketing concepts and establish an effective multi-media distribution system prior to undertaking intensified promotional campaigns in the various source markets. Basically the groundwork must be established to enable the potential tourists and travel trade intermediaries to communicate effectively and efficiently with the tourism product suppliers (hoteliers, ground transport operators, etc) and vice versa.

Firstly, what is required is the creation of a new 'brand' image for Tanzania - new logo, slogan etc. which must be reflected in all collaterals, notepapers, etc.

Secondly, a network of "dedicated" travel agents for Tanzania should be set-up in the different source markets. Although this would not involve exclusive arrangements, the network would facilitate more effective promotion and distribution of the tourism product.

Thirdly, link Tanzania into the multi-media distribution systems involving the Internet, satellite communication systems, which provide cost effective gateways to communicate with the markets. The process of upgrading Tanzania's telecommunications system is to begin shortly and will facilitate this.

(xvi) Identification and Conservation /Restoration of Selected Historical/Cultural Sites

As a first step towards the development of Tanzania's cultural product, we recommend that a study be carried out of the more important historical/cultural sites in the priority Tourism Development Zones to identify restoration/conservation needs. For selected sites, restoration/conservation measures should be undertaken. Within the context of this project, a restoration/conservation study should be undertaken of the old city of Bagamoyo giving clear recommendations as to what measures and actions should be undertaken to preserve and enhance its cultural value and how it should fit in with the proposed development of this Coastal Zone. This project would be carried out with the Department of Antiquities.

Additionally, a study of existing museums should be undertaken to establish their needs for improved layout, presentation and interpretation. Two museums should be selected for upgrading in these respects during this first phase.

(xvii) Establish a Security Awareness Program

There is an immediate need to undertake actions to deal with the security problems, distinguishing between measures which are the responsibility of the public authorities and measures which the private/commercial sector can take to improve the situation.

The establishment of a fully equipped tourist police unit (including vehicles, light aircraft, helicopters, etc.) would be an ideal solution. However, recognising that severe budgetary constraints in the Ministry of Home Affairs makes this concept unrealisable in the immediate/short term, the following practical recommendations are made:

- relocate and increase the number of ranger and police posts
- use the anti-poaching units to improve security
- provide vehicles and light aircraft to these forces
- police to train security guards guides/couriers of hotels/lodges in defence/protection methods
- police to train TANAPA rangers in defence/protection methods for tourists.

A program to make tourist operators aware of these measures should be organised with the Hotel-Keepers Association (and other Associations, if requested) leading to eventual publication of advisory material. Appropriate technical assistance should be provided which could include materials for distribution, preparation of guidelines, etc.

Phase II: 1998-1999

The actions to be undertaken in the second phase 1998-1999, will of course depend on the extent to which the actions scheduled for the first phase have been successfully implemented. Moreover, the actions initiated in Phase I would not come to a halt in Phase II; they would be strengthened and extended as appropriate. With this in mind, the focus during Phase II would be on *improving the enabling environment*, the priority actions being to:

- facilitate tourism enterprise start-ups and development
- establish tourism zones and introduce necessary legislation
- undertake a zonal plan for the northern part of the Coastal Zone
- strengthen the training institutions
- improve modalities for community/local involvement
- introduce differential pricing of natural resources to aid management
- implement a properly funded marketing campaign
- improve air access to and within the country
- promote Kilimanjaro as gateway to Northern Circuit
- improve presentation of Tanzanian culture/handicrafts.

The planning framework for the implementation of the action programs during this phase is shown on Chart 2.6 indicating the target groups, objectives, activities, inputs required, indicators of achievement and assumptions.

(i) Facilitate Tourism Enterprise Start-ups and Development

A fundamental role of the public sector in tourism is to create a positive climate for investment and the encouragement of entrepreneurship, particularly for small and medium sized enterprises. This covers a broad range of issues (such as rates of interest, taxes on capital imports, etc) at the macro and micro levels, and apply equally to other sectors of the economy.

For the tourism sector, the following actions are necessary:

- streamline the application and issuing procedures in respect of the many regulations to be complied with in the setting up and expansion of businesses
- reduce the burden of taxation on the tourism sector. Currently, for hotels and lodges, tax, levies, licence fees and other charges can represent between 40% and 50% of sales revenue
- eliminate the price tiering system for resident and non-residents in respect of tourism services, including air fares. It should be done gradually, in parallel with the introduction of a pricing policy related to times of year/week (i.e. related to occupancy or utilisation rates)
- establish, through the World Bank, a financing facility for start-up and existing small and medium enterprises to include loans at preferential interest rates, loan guarantees, matching grants, etc.

Chart 2.6 Tourism Plan Schedule - Phase II 1998 - 1999

Program Structure	Indicators of Achievement	Assessment of Indicators	Assumptions/Conditions
Target Groups (Beneficiaries) Tourism employers Tourism employees Community	Number of operators Number employed Tourism contribution to GDP	Tourism data base Census or impact study Tourism revenue as % of GDP	That Government policy is supportive of tourism development
Objectives Increase economic activity Generate foreign exchange Create additional employment Generate tax revenue Improve environment Increase domestic tourism	GDP at market prices International tourism revenue Bureau of statistics Economic impact study Monitoring critical areas Supply of suitable opportunities	National accounts of Tanzania MNR&T research Bench mark studies Tourism data base	Favourable economic conditions in source markets That effective measures of tourism performance are put in place
Outputs Expanded product offering Internationally accepted tourism facilities Trained workforce to meet needs of tourism sector	Tourism data base monitoring and programs offered by tour operators Phase II refurbishment program completed Phase II training proposals implemented	Tourism data base to be developed Brochures of tour operators As set out in Integrated Master Plan As set out in Integrated Master Plan	That the private sector is confident in security of investment
Activities Promote Tanzania overseas Put in place controls to safeguard the environment Provide authentic presentation of Tanzanian culture Improve quality of facilities Increase air access Promote Kilimanjaro as "Gateway to North" Provide for infrastructural needs of tourism Improve modalities for community involvement Strengthen training institutions Facilitate enterprise development	Visitor arrivals in Tanzania (Demand) Establish zones Differential pricing EIA undertaken for relevant tourism projects Develop interpretative centres Number of rooms refurbished and new built Number of carriers/services operating Number of international passengers passing through airport Identified tourism infrastructure constraints are overcome Management plans, community dev. organ. Strengthen training institutions, training programs Streamline regulations, lower tax burden, eliminate tiered pricing	Immigration statistics Monitoring report to be prepared annually As specified in Master Plan Tourism data base Ministry with responsibility for air services Immigration statistics Reference to Tourism Master Plan Establishment of plans, organisation Number of courses, staff trained New investment, new enterprises	Government will maintain the necessary level of support for tourism including promotional support in the market areas and investment in infrastructure required to make tourism operational
Inputs Technical advisors (long-term) Technical advisors (short-term) Government support measures Public sector investment Private sector investment	Donor agency programs and increased Government funding	Feedback from tourism industry	

(ii) Establish Tourism Zones and Introduce Necessary Legislation

Because of the exceptionally environmentally sensitive nature of Tanzania's tourism product we recommend the statutory establishment of tourism zones within which developments could be regulated on the one hand and on the other, ensure that such developments have a community involvement and benefit.

The statutory establishment of the zones would facilitate:

- incentives to be applicable to particular zones (such as the Southern Wildlife Area) to encourage investment to locate there
- resolving the issue of leases and land speculation which has constrained the development of coastal properties
- land-use planning to resolve potential conflicts between competing demands
- empowerment of local communities to ensure their involvement in tourism developments and that they benefit from such developments.

(iii) Undertake a Zonal Plan for Northern Part of Coastal Zone

By the end of the first phase, the upgrading of the road from Dar es Salaam to Bagamoyo will have been completed. This will open up possibilities for the touristic development of the area which includes the town of Bagamoyo itself, the beach areas and Sadani Game Reserve. To ensure that development takes place in an orderly and environmentally sound way, a Zonal Plan for the area should be undertaken.

(iv) Strengthen the Training Institutions

The actions implemented under Phase I will have established the institutional structures for human resource development at all levels. In Phase II, what will be required is the following:

- develop a training program for the industry involving train-the-trainer programs, customer care programs
- establish/strengthen a mobile training unit for in-house training of existing staff in hotels, lodges, etc.
- consider the feasibility of establishing an hotel management school
- implement training programs for Tourism Division and TTB staff at all levels.

(v) Improve Modalities for Community/Local Involvement

The framework for empowering local communities has been put in place through the designation of Wildlife Management Areas, which will have community based conservation programs as their core activity. Two key factors to the successful implementation of this initiative are:

- preparation of Area Management Plans, and
- establishment of an Area Development Organisation or Community Development Company with responsibility to co-ordinate development in the area.

We recommend choosing one Area on a "pilot" basis and the provision of the necessary technical assistance to formulate the Management Plan and establish the Community Development Company. This could then be replicated in the other Wildlife Management Areas in Phase III.

(vi) Introduce Differential Prices of Natural Resources to Aid Management

We recommend the introduction of differential pricing between parks, the purpose of which is to:

- optimise the economic return from the use of a "scarce" resource
- balance demand with the capacity of the resource, and
- help promote the lesser known parks.

We further recommend a differential pricing policy within certain parks depending on the time of the year.

(vii) Implement a Properly Funded Marketing Campaign

An adequately funded comprehensive marketing campaign should be established during this phase, though certain components of the campaign, particularly the preparatory elements, could be initiated in Phase I. The main components of such a campaign have been indicated earlier and include:

- production of collaterals - consumer brochures, trade manuals, videos
- library of transparencies for use by journalists, tour operators, etc.
- production of press kits
- establishment of overseas representation in the "key" markets
- implementation of a sustained advertising and public relations campaign
- participation at tourism fairs
- organisation of media and travel agency visits
- improved trade distribution of the tourism products through effective use of multi-media communications systems in the markets
- organisation of "Marketplace Tanzania" and other selling forums.

(viii) Improve Air Access To and Within the Country

The air access situation to Tanzania is now worse than it was some years ago. Unless direct air access capacity is improved, Tanzania will become increasingly promoted as an add-on destination to Kenya. As part of the initiatives to improve air access we recommend:

- formulate an air access transport policy
- establishment of an air access transport promotions section within the TTB
- encourage more international carriers to operate services
- allow 'charters' under certain circumstances - e.g. combination of Northern Wildlife Area with Coastal Zone/Zanzibar
- privatisation of Air Tanzania

- encourage Air Tanzania and Air Alliance to work more closely together - block space agreements on shared routes, interline and special prorate agreements etc.

Domestic air access also needs to be improved. The three main initiatives required are:

- deregulation of air tariffs on domestic routes
- tax incentives to local air (private) passenger transport companies to re-invest in the fleet - for modernisation and safety reasons
- improve the regional/local airports/airstrips.

(ix) Promote Kilimanjaro as Gateway to Northern Circuit

To make Kilimanjaro the preferred choice as airport destination will take considerable time and will involve :

- competitive pricing of landing charges
- investment in runway, terminal buildings, etc
- investment in tourist facilities - hotels, restaurants, etc
- promotional campaign to the airlines and travel trade.

(x) Improve Presentation of Tanzanian Culture/Handicrafts

The initiatives to be undertaken to improve the presentation of Tanzanian culture and handicrafts, include:

- continuation of conservation/restoration of historical/cultural sites program initiated under Phase I
- additional technical assistance to improve existing museums in terms of layout, facilities for visitors, interpretation
- establishment of six centres reflecting various aspects of Tanzanian culture and history.

Feasibility studies/implementation in respect of two of the proposed centres should be undertaken in this phase.

Phase III: 2000-2005

During the final phase, the focus would be on *infrastructure and facilities development*, the priority actions being to develop:

- roads, utilities
- upgrade and expand accommodation facilities
- service centres, interpretative centres
- transport facilities - aircraft, boats, vehicles
- airport infrastructure.

2.17.2 Responsibility For Tourism Plan Implementation

Tourism is a highly diverse industry and its wide ranging and fragmented structure leads to problems of co-ordination at four levels. First, it is difficult to ensure that tourism policy and the policy of other sectors of the economy will be in accord. Second, it is difficult to ensure that the policies of public sector agencies, whose activities impinge on tourism, can be harmonised in such a way that the objectives of tourism policy are achieved. Third, it is difficult to ensure that public sector agencies which have a contribution to make to tourism will make the necessary commitment to support tourism development. Fourth, the objectives of the private sector are focused on profit maximisation and as such may not fit with those of the Government.

Because of these difficulties very special emphasis has to be placed on effective co-ordination. There is a need to ensure that a balance is achieved between the output of the various organisations that in one way or another contribute to tourism. There is also a need to ensure that all agencies which have a contribution to make are aware of the commitment that is expected of them.

Responsibility for overseeing the implementation of the Plan rests with the Ministry of Natural Resources & Tourism. However, as has been pointed out the Ministry has only direct control over those agencies that come within its ambit. For this reason a significant part of the task of implementation depends on MNR&T co-ordinating with other Government Ministries and Departments.

The existing situation within MNR&T, where operations are divided between Tourism and Natural Resources provides an adequate structure to implement the Plan. However, given the fundamental importance of the environment to Tanzania's tourism product we recommend that the Department of the Environment be re-established within the Ministry of Natural Resources and Tourism as soon as is practicably possible. An important aspect of the Plan lies in the marketing programs. In this context the existing institutional arrangements which have placed responsibility for national destination promotion in a separate agency, the Tanzanian Tourist Board, is ideal. It is clear, nevertheless, that MNR&T will need additional training and external assistance to oversee the implementation of the Plan.

Technical Assistance

The Plan and its component Programs will have to be continually managed and monitored if implementation is to be successful. For this reason it is envisaged that a separate unit would be established within the Tourism Division of the MNR&T. Attached to the unit should be an expert in tourism management and administration to assist the Ministry in the implementation of the Plan. The primary task of this expert would be to advise the Ministry on the co-ordination of the activities of the various sections of MNR&T so that they focus on implementing the Plan Programs.

2.17.3 Plan Costs and Financing

The estimated public sector cost of implementing the Tourism Plan is just under US\$110 millions over the 10 year period of the Plan. Of this, an estimated US\$85 millions is in respect of infrastructural investments - airports, road facilities. The breakdown of these costs is shown on the following table.

Table 2.9

Total Public Sector Investment* - US\$000s

Program	Phase I	Phase II	Phase III
Organising for marketing	210	120	330
Promotional program	1950	3050	8980
Product development - Environment	1750	1800	40
Product development - Community	1060	1060	660
Product development - Culture	1580	5200	500
Product development - Other	600	625	400
Tourist facilities and services	70	50	150
Access transport	1015	12430	15000
Infrastructure, facilities and public services	1550	13750	25000
Import substitution	5	10	20
Training	2560	1600	4570
Institutional strengthening	725	535	445
Legislation/regulations	50	50	0
TOTAL	13125	40280	56095

* includes costs associated with the Tourism Infrastructure Project.

In addition, the private sector is expected to invest between US\$250 and \$300 millions in accommodation, excluding investments in other facilities such as car rental, boats, vehicles and other facilities.

The sources of finance for the implementation of the Tourism Plan are:

- multilateral aid programs - European Union, World Bank
- bilateral aid programs
- public funds in Tanzania
- private funds in Tanzania
- private foreign investment.

The extent to which support will be forthcoming from bilateral and multi-lateral sources will necessitate discussions at Government level.

2.18. ECONOMIC IMPACT OF TOURISM DEVELOPMENT

2.18.1 Beneficiaries of Tourism Development

The nature of international tourism is that it generates an additional flow of money into the economy, money that would not otherwise be in circulation and consequently, the impact of tourism is not concentrated on specific target groups but is generally disbursed throughout the community. The process is straightforward: tourists exchange their dollars, pounds, francs or whatever for goods and services and the demand for those goods and services generate wages and employment to the providers.

Broadly speaking, the direct beneficiaries can be categorised into three main groupings:

- i. the community as a whole
- ii. those directly employed in tourism, and
- iii. the investors in the tourist companies and enterprises.

2.18.2 Economic Return To The Community

The most significant sustainable benefits that arise from tourism occur because expenditure by tourists raises the level of economic activity, generates income, provides employment, contributes to foreign exchange earnings, raises additional tax revenue and can bring about a better distribution of income and employment opportunities within the country. It can also be said that tourism helps to support a level of infrastructure that might not otherwise be available. There are six specific areas of economic impact and these can be summarised as:

- impact on Gross Domestic Product (GDP)
- contribution to the Balance of Payments
- impact on employment
- contribution to Government revenues
- effect on the regional distribution of income
- impact on investment.

Impact on Gross Domestic Product

In 1993 Tanzanian Gross Domestic Product (GDP) was Tsh 961.8bn and international tourism revenue Tsh 72.9bn. The direct contribution to GDP was, therefore 7.6 per cent, a very significant proportion. During the planning period it is anticipated that tourism revenue will increase by nearly two and a half times. If the effect of the multiplier is taken into account the total contribution that tourism makes to GDP is of the order of 11.4 per cent.

Contribution to the Balance of Payments

The value of total exports in 1993 was Tsh 301.3bn. In the same year, international tourism revenue amounted to Tsh 72.9bn, indicating that tourism represented 24% or nearly one quarter of export earnings. Given that Tanzania has a large deficit on the Balance of Payments, the contribution from tourism is particularly important. The target increase in tourism revenue will, during the planning period, make an important contribution to foreign exchange earnings and the Balance of Payments.

Impact on Employment

Of those employed in the formal (non-agriculture) economy, it is estimated that some 70,000 job equivalents in Tanzania are dependent, directly and indirectly, upon international tourism. During the planning period it is envisaged that the number of job equivalents will increase broadly in line with the growth in international tourism.

Contribution to Government Revenues

An estimate of the indirect tax yield indicates that international tourism generated Tsh 12.2 billions and direct taxation a further Tsh 5 billions. The total contribution, therefore, to Government revenue in 1993 was Tsh 17.3 billions. During the planning period the total tax yield will increase to approximately Tsh 42 billions if the same tax structure and rates of taxation are in place.

Impact on the Regional Distribution of Incomes

While no data was available to evaluate the regional impact of international tourism, it is evident that tourism activity is spread throughout the Northern Circuit, Dar es Salaam and to a lesser extent a number of smaller pockets in various locations. Tourism, therefore, is impacting over quite a wide area. Tourism will have an increasing impact on economic activity at a regional level in line with the expansion of the sector throughout the country.

Return on Investment

Pivotal to the rationale of this Integrated Tourism Master Plan is the question of whether the scale of development expenditures proposed are acceptable. The central issue is essentially one of whether the costs of tourism development that must be borne by the public sector are justified.

In reality it is not possible to ascertain the return to the Community with any degree of certainty owing to the familiar problems of defining what tourism encompasses and data deficiencies. Even if it were feasible to aggregate the cost of the various projects that contribute in one way or another to tourism, it would be extremely difficult to allocate or distribute costs between the different users making it impossible to know who gains and by how much. Most tourism projects will be used by tourists and nationals: what proportion can be said to be the "tourism benefit" is difficult to determine.

That having been said we estimate that the cost to the public sector of implementing the Plan over a ten year period is about US\$110 millions. It has also been estimated that in that ten year period gross tourism receipts will be US\$3,755 millions. It is estimated that during the period of the Plan tourism will generate a revenue for the Government through taxation of nearly US\$330 millions. Since this is of the order of three times the level of expenditure that will be required on the part of the public sector it indicates that the proposed investment in the tourism sector can be justified.

2.18.3 Economic Return to Labour

There are about 25,700 people directly employed in the tourism sector. Assuming that job opportunities increase in line with the projected expansion of the sector, we expect some 40,000 to be directly employed in tourism enterprises over the period of the Tourism Master Plan.

Those employed will benefit in a number of ways. Wages and salaries are the more obvious. But there are other benefits to be gained. Improvement of existing skills and the acquisition of new technical skills through training programs is particularly important. In this context, the development of entrepreneurial skills is very pertinent as it is central to the development of indigenous small and medium sized enterprises.

Whether or not those employed consider that they are adequately compensated for their labour is subject matter outside of the scope of this study. However, in an economy with high unemployment and

under-employment, the "opportunity" cost of labour must be close to zero, except for a few highly specialist skills.

2.18.4 Economic Return to Capital

Generally speaking investors seek a return on capital employed which is at least as good as what can be achieved on (risk free) Government bonds and comparable with rates of return in other sectors of the economy. Taking into account international interest rates, returns (long term) on equity investment, current rates of inflation and a minimal "risk" factor, an international investor would be seeking an average minimum rate of return of 15% yearly over the long term.

Are rates of return of 15% or more a capital investment achievable in the tourism sector in Tanzania? As the preparation of economic feasibility studies for all types of tourism enterprises is outside the scope of this study, we have estimated indicative rates of return on capital investment in selected accommodation facilities. As examples, we examined the financial feasibility of investing in a 'superior' standard tented camp and a 3 to 4 star international standard lodge. All figures were expressed in US dollar terms and based on 1995 prices. The analysis indicated that, under various scenarios, the Internal Rates of Return (IRRs) exceed this benchmark figure of 15%, in some cases quite substantially.