

TOURISM AND ECONOMIC DEVELOPMENT IN TANZANIA

Master of Arts in Law and Diplomacy Thesis

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ABSTRACT

Tanzania is richly endowed in natural beauty, but most of its inhabitants are poor. Tourism presents an opportunity to capitalize on the world-class concentrations of wildlife in the Northern Safari Circuit and the beautiful beaches of Zanzibar by generating income while sustaining the natural resources. This paper examines the ways in which the tourism industry contributes to economic development among Tanzanians. A value chain mapping approach to the two regions' tourism industries illustrates how much of the value is controlled by "primary companies" – hotels and, in the Northern Circuit, safari companies. Nine channels are identified through which tourism provides economic benefits to the poor, along with the channels' current limitations and the author's recommendations for enhancing their "pro-poor" outcomes. To consider the overall net benefits of tourism, the benefits are balanced by the negative social, environmental and economic impacts tourism has on Tanzanians. Key recommendations for enhancing the industry's overall economic development contributions are addressed to key players – primary businesses, the Tanzanian and Zanzibari governments, and international agencies – while recognizing the likely barriers to the policies' implementation.

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I. INTRODUCTION

In the summer of 2008, the African Wildlife Foundation displayed a fundraising poster in Kilimanjaro Airport with a picture of a lion and the question, “If Hollywood can make a fortune on African wildlife, why can’t Africa?” This question reflects a puzzle that is easily observable: the African continent contains natural capital, such as wildlife, that is renowned throughout the world, but the majority of people remain poor. Tanzania is home to some of the most famous game viewing locations in the world, and the island of Zanzibar boasts a unique cultural history and breathtaking tropical beaches. Yet in 2008, with a Gross National Income of \$350¹ (World Bank 2008), Tanzania remained one of the poorest countries in the world.

Tourism offers the potential to earn substantial income from these resources. While developing countries like Tanzania may lack industrial and technological capital that other countries have used to develop their economies, its natural capital can be used as a comparative advantage. The Tanzanian government recognizes the potential the country holds; the Ministry of Natural Resources and Tourism has stated, “Tanzania is exceptionally well endowed with the type of natural resources that provide the raw material from which tourism attractions and products are fashioned” (Ministry of Natural Resources and Tourism 2002). The global tourism industry’s size alone makes it impossible for any country to ignore as a possible income generating activity; claims differ, but tourism is generally agreed to be in the top five or six sectors in terms of overall value worldwide.

The Tanzanian and Zanzibari governments have long recognized the value of tourism as an income-generating sector and have promoted its growth for decades. Tanzania’s first president after independence in the 1960s, Julius Nyerere recognized the economic potential of

¹ Applies to mainland Tanzania only.

tourism, and the government began investing in tourism through the Tanzania Tourist Corporation (TTC), with a socialist approach of government-owned tourist facilities. The transition to economic liberalization in the 1980s led to privatizations and the 1993 creation of the Tanzania Tourist Board (TTB), whose mission remains to promote tourism and tourism investment (Honey 2008). In Zanzibar, a part of Tanzania whose semi-autonomous government retains control over tourism policy, tourism was identified as an opportunity to lessen the foreign exchange impact of falling prices of cloves, the island's top export (Gössling 2003).

Growth in tourism since the 1980s has been substantial. With the industry at the late 1980s consisting of what Honey describes as “almost nothing,” industry growth rates around the turn of the millennium are estimated from 5.5% to 6.7% (MIGA 2006, WTO 2001 in Vice President's Office 2005). After mining, tourism is the second fastest growing sector in the country (MIGA 2006). Now ranked as the fifth top tourism revenue earner in Africa (WTO 2001 in Vice President's Office 2005), Tanzania now relies on tourism as a critical sector to its economy. In 2004, tourism comprised 16% of GDP (Skof 2008), second only to agriculture (Honey 2008). At 25% of total export earnings (Skof 2008), tourism generates more than any other single sector.

While Tanzania's economy has seen strong growth recently, in tourism and other sectors, there is a sense among the Tanzanian public that the growth is not benefitting the majority of the people (Economist Intelligence Unit 2009). The Tanzanian and Zanzibari governments have publicly recognized the potential of tourism to alleviate poverty. When the promotion of tourism began, Zanzibar's government promised that tourism revenues would benefit local communities (Gössling 2003). In 2002, then-President of Tanzania Benjamin Mkapa called for “a heightened onslaught on poverty, using the weapon of tourism” (Honey 2008). This paper explores the

extent to which Tanzania's tourism does promote economic development of the country's majority through "pro-poor" linkages.

Tourism holds a potential advantage as a more environmentally friendly source of income than some alternatives. Tourism around natural sites is not an extractive industry, as are other large industries of mining or logging; instead, its success depends on the attraction – natural areas – remaining healthy and intact. While success varies by location, tourism theoretically offers an opportunity for local people to earn sustained economic benefits from their natural capital, with incentives to keep the environment healthy, thus rendering it a possible strategy for "sustainable development." Defined by the Brundtland Commission as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Convention on Environment and Development 1987), sustainable development of tourism means that the industry may be able to continue generating incomes indefinitely if it avoids destroying the natural capital on which it is based.² Tourism revenue has created economic incentives for conservation in both the Tanzanian mainland and in Zanzibar, including the creation and enforcement of protected areas for wildlife (Honey 2008, Gössling 2003). However, tourism is not always developed in the most environmentally sustainable manner, and often creates substantial negative impact. Moreover, for tourism to contribute to sustainable *development*, it must provide real benefits for local residents, many of whom currently live at very low incomes. While the key objective of this paper is to determine the extent to which tourism contributes to the "development" aspect of sustainable development, we must remember that the permanence of any economic benefits tourism may bring is completely reliant on a sustainable industry.

²Factors like changing markets and the Destination Lifecycle phenomenon likely mean that tourism numbers will shift somewhat over time, even in the absence of environmental deterioration.

This paper focuses on two important geographic areas of Tanzania's tourism industry: The Northern Safari Circuit and Zanzibar. Northern Tanzania contains the major sites for which Tanzania is known: Ngorongoro Crater, the Serengeti Plains, and Mount Kilimanjaro. Because of these world-renowned sites, Martha Honey calls northern Tanzania "the bread-and-butter of the country's competitive advantage in the international ecotourism market" (Honey 2008). Due to the author's areas of familiarity, this paper does not analyze the tourism industry around Mount Kilimanjaro, but rather just the photographic safari industry.³ Based out of the city of Arusha, safaris are built around the Northern Circuit cornerstones of Ngorongoro Crater and Serengeti National Park, but they often also include Lake Manyara and Tarangire National Parks, and occasionally, smaller sites like Olduvai Gorge – an archaeological site made famous by the Leakeys – and Arusha National Park.

Centered around beach resort tourism, the island of Zanzibar (Swahili name, *Unguja*) is dramatically different from the Northern Circuit, but is a popular destination often booked in combination with safaris and Kilimanjaro climbs to comprise two-week vacations. The nature of Zanzibar's tourism industry offers a useful contrast to the Northern Circuit as, while many tourists go to all-inclusive hotels, independent travel is also much easier than in the Northern Circuit. Without the necessity of a safari operator, the map of the industry is quite different. The city of Stone Town serves as a base for tourists to go to different parts of the island, generally for the enjoyment of beaches and water activities, but also for other activities such as touring spice plantations in the interior.

This paper explores the benefits that tourism provides to Tanzanians through a close examination of these two important, but in many ways different, destinations in the country. To

³ Hunting safaris are also an important aspect of Northern Tanzania tourism, but are not given much attention in this paper.

understand the actors and relationships between them, we explore the value chain maps that characterize the flow of money within the industry in the Northern Circuit and Zanzibar, and acknowledge the role of actors who affect the industry operate outside the value chain – governments, international agencies and non-governmental organizations (NGOs). We then explore nine different channels through which the tourism industry can provide economic benefits to the poor in Tanzania, analyzing their significance, the barriers to reaching them, the limitations to their benefits, the types of primary companies that enhance their impact, and how the benefits they provide could be increased. To thoroughly assess the *net* impact of tourism on the poor, the following section considers the costs tourism poses to residents, in terms of social, environmental and economic damage. A final section summarizes recommendations for how parties interested in improving the lives of Tanzanians through tourism could do so more effectively, including some tourism businesses, the Tanzanian and Zanzibari governments and international agencies. While tourism currently provides some benefits to the poor, there are multiple ways in which the industry’s net contribution to Tanzania’s economic development could be substantially increased.

Research Methodology

Three surveys were employed in this research. The first surveyed international tourists soon after the conclusion of their safari. The remaining two were geared toward “primary businesses” – hotels and safari operators.

Tourist Survey

The “Tourist Survey” (Annex G) sought to identify trends in the choices and spending behavior of international tourists who went on safari in the Northern Circuit. The survey was

administered at Kilimanjaro International Airport and on a hotel shuttle to the airport in July 2008. Kilimanjaro International Airport is a common arrival and departure point for Northern Circuit safaris, with flights to Amsterdam, Nairobi, Dar es Salaam and Zanzibar, and a few other cities in the region. The main group of tourists excluded through this method is overland travelers, who travel to multiple countries in the region via road. As these travelers tend to be on a tighter budget and limit their luggage, their exclusion would likely bias the souvenir purchases downward and away from more institutionalized, expensive shops. The direction of a possible bias the exclusion of this group could have on cultural tour awareness and participation is unclear.

The author approached people whom, based on their appearance or language, were deemed reasonably likely to be returning from a safari. This excluded individuals appearing to be traveling on business with a briefcase and travelers wearing local clothes or speaking Swahili. The author attempted to approach all parties whom she judged at least “somewhat likely” to have been on safari and excluded through the first question – whether the respondent had been on a safari in the last two weeks – other groups like volunteers and filmmakers. Out of 18 eligible respondents approached, only one declined to participate in the survey.

Only one respondent was permitted per travel group. The author left respondents to fill in the questionnaire themselves, to allow a non-rushed atmosphere in which the respondents could consult with other members of their party on details like souvenir purchases and a greater sense of privacy on filling in monetary expenditures. However, the author remained nearby to clarify any uncertainty about the questions, especially for those for non-native English speakers.

The final sample size of 17 limits the robustness of the data, and should be interpreted accordingly. Nonetheless, some particularly strong results of the survey can illustrate important trends to consider in this analysis.

Primary Companies

The other two surveys were administered to “primary companies” – hotels and safari operators – and were similar in their methodology. About half of the surveys were conducted by in-person interview at the business. The author selected businesses by emailing a stratified random sample, stratified to include variation in size, rates and ownership nationality, and scheduled interviews with those that replied. Given a low email response rate, the author also made follow-up visits to some and was often granted a meeting with the owner or managing director. Efforts were made to target types of businesses that were so far underrepresented in the sample, including small, locally hotels with owners who might not be comfortable English speakers – these were visited with a Swahili-English translator – as well as hotels in the northern circuit area. Due to high travel expenses, interview visits were limited to hotels in the Tarangire region. In addition, around half of the final respondents completed the survey online. From the United States, the author emailed the remainder of the hotels and safari companies for which email addresses were found, compiled through guidebooks and various online directories of hotels and safari companies, with a link to an online questionnaire. Responses were collected from July 2008 through February 2009.

Anonymity is a strong concern around sharing business operation details. The author approached every potential respondent with a guarantee that all responses would be kept anonymous (see Appendices B and C). However, given low level of trust that existed between

interviewer and respondent, as the respondents had no prior experience with the author, some businesses declined to answer specific questions. Moreover, a few potential respondents who were approached declined to participate. These tended to be local companies who suspected that the author was from a competing firm.

Potential biases in the results could occur for several reasons. First, the self-selecting nature of much of the sample means that company owners or managing directors who are interested in issues of development were more likely to respond, and therefore comprise a larger percentage of the sample than they do of the population. The author attempted to address this bias by requesting an interview in-person at the business, though some still declined or answered only a few of the survey questions.

The responses may also be biased away from companies whose owners or managers are not comfortable with understanding and completing an English questionnaire. The author attempted to address this bias by visiting lower-end, locally owned hotels in Arusha with a Swahili translator. Because the author's list of hotels and safari companies was compiled from guidebooks and online directories, the results may be biased if many companies exist that are not on these lists, such as very small, basic hotels or informal safari providers. As a result, these types of businesses are not represented in the sample.

Hotels without published email addresses are also underrepresented. There are two major reasons why hotels do not have listed email addresses in guidebooks and online directories. First, they may not have the technical equipment or knowledge to set up and check an email account. Alternatively, hotels may decide not to post email addresses because they prefer clients to use online reservation forms, or because they receive all their clients from tour operators and are not

interested in individual bookings. The implications of this bias differ between these types of businesses, though again the author attempted to address this bias by making in-person visits.

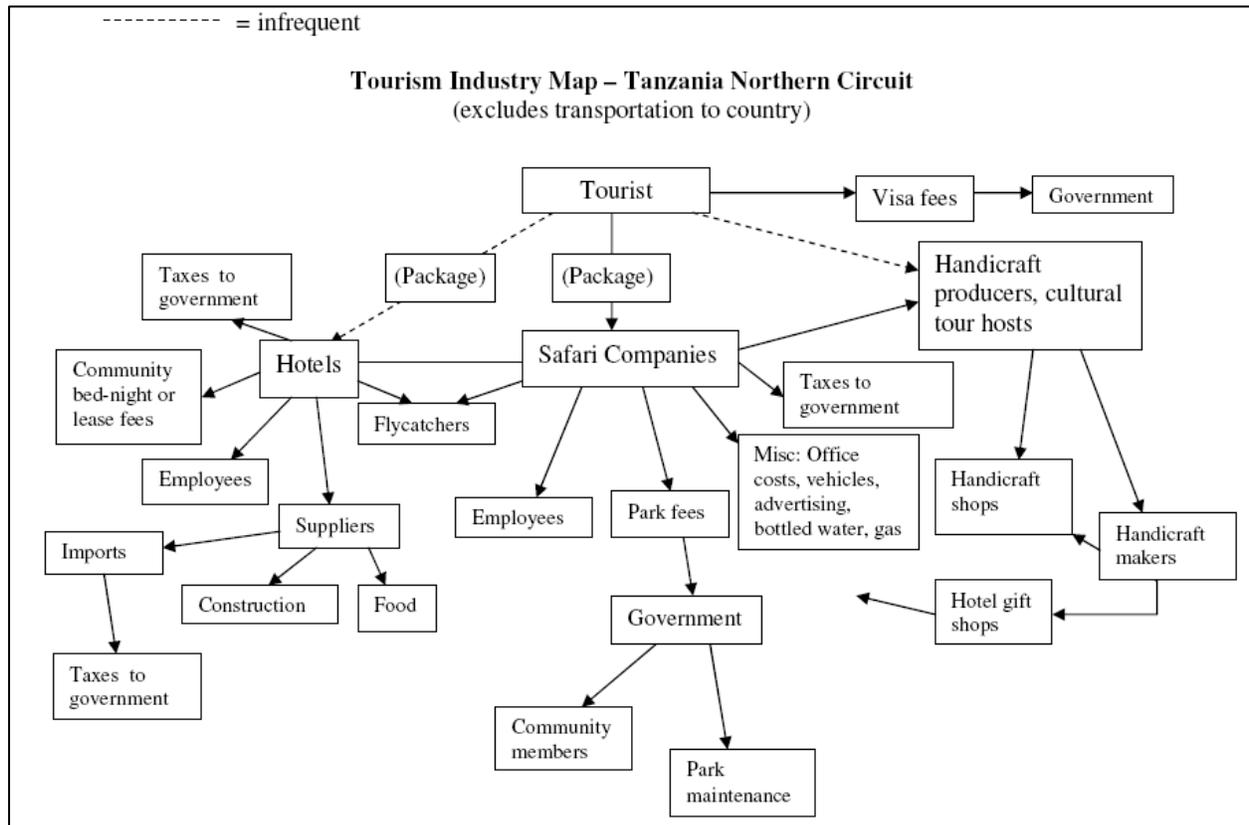
In the survey, a person (i.e. business owner) was considered Tanzanian if he/she is an official resident of Tanzania. This includes people of historical Tanzanian descent, but also a large population of people of Indian ancestry. Many people the author has spoken with consider these two groups quite distinct in terms of socio-economic characteristics (with those of Indian descent tending to have higher incomes) and business practices. Thus, the categories created in the research may obscure other possible groupings of people that would be meaningful for understanding patterns within the tourism industry.

II. INDUSTRY OVERVIEW

An estimated 613,000 international tourists visited Tanzania in 2005 (Tanzanian government data in Skof 2008). The Multilateral Investment Guarantee Agency (MIGA) estimated that average daily expenditures for Tanzania package tourists in 2004 was \$188 (MIGA 2006). This number has likely increased since then, due in part to rising park entrance fees. To determine the extent to which these in-country expenditures reach Tanzanians, it is critical to understand how money moves within the industry.

Value Chain Maps

Northern Circuit



The Northern Circuit tourist industry map shows two nexuses from which most of the economic activities stem. These are the two “primary” service providers of the region’s tourism sector – hotels and safari companies, which clients often book through a travel agent in their

home country. Though exceptions exist, the vast majority of trips to the northern safari circuit are reliant on these two services, making a highly vertically integrated industry (Rozga 2006). Hotels provide accommodation for all but the few tourists who decide to camp, and most provide full board, meaning guests do not look elsewhere for meals. Though their most obvious role is driving and guiding tourists through the national parks and other game areas, safari companies undertake numerous functions, including picking clients up at the airport, procuring national park entry passes and booking accommodation. Safari operators generally leave little scope for the clients to be involved in logistics once they have cleared immigration. Some companies provide both accommodation and the general safari services, making the vacation completely all-inclusive within a single business.

With safari operators taking care of virtually all of the tourists' needs, contact with other businesses for tourists is limited and generally occurs at the discretion of the primary service providers. Thus, we call other businesses that aim to provide goods and service to tourists "peripheral" or "secondary" enterprises, distinguished from primary enterprises in two key ways: 1. their goods and services are non-essential to tourists (as opposed to hotels and safari operators, without which most tourists could not realize their desired trip), and 2. they have no control over tourists' movements and generally rely on other (primary) businesses to bring tourists to them. Peripheral enterprises take advantage of tourist demand for "supplemental" experiences to their standard safari, primarily cultural tours and souvenirs. The supplemental nature of secondary products means that tourist expenditures tend to be far less on them compared to primary tourist services.

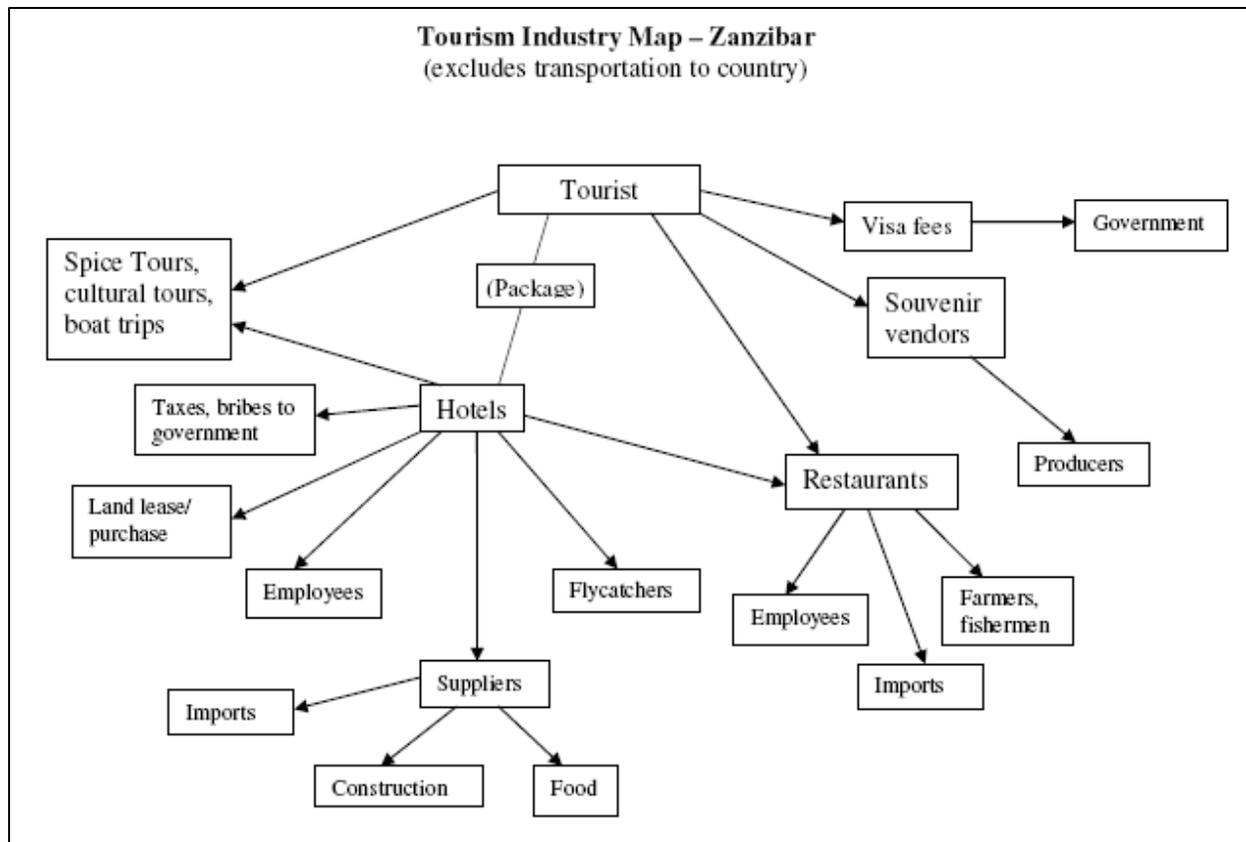
The safari company and guides largely control the options of their guests for enhancing their experience beyond wildlife viewing. (Only a small number of independent travelers access

cultural tours and handicraft markets on their own, indicated by the dotted line.) If guests request to visit a village cultural tour, the driver often recommends which place is best, or if done ahead of time, the safari company builds it into the itinerary at the village it prefers. Visitors strongly rely on their safari company and driver as reliable sources of information and may even leave unaware that cultural tours exist should they not be presented with the option. Similarly, drivers determine where to take their clients for souvenir shopping, whether they have requested it or not. Naturally, the safari drivers have their own motives influencing where they take their clients' business, and while many may have altruistic desires to help local residents, commissions probably play the largest role. This analysis does not claim that safari drivers regularly, deliberately mislead their clients, but rather acknowledges that they are in a powerful position as information providers and guides to tourists in an unfamiliar place, and therefore have substantial discretion over where supplemental tourist incomes are spent.

As the main providers of tourism services, hotels and safari companies control much of the value chain for the industry, including inputs like employment and food. The benefits accruing to the poor in tourism areas depend on the decisions made by primary service providers. Therefore, in evaluating different linkages between tourism and the poor, it will be important to consider if certain types of primary businesses tend to create more benefits to the poor than others.

Zanzibar

The nature of the tourism industry and value chain takes a different form in Zanzibar. First, many tourists book all-inclusive beach vacations at resorts along the coast, which collect them at the airport and take care of all their needs throughout their stay. The level of all-inclusiveness (and therefore, exclusivity) is extremely high at many Zanzibar hotels, visually



apparent by the walls surrounding their property, which are often all that can be seen from the road. Some even have private beach access or, in some cases, rope off a part of the beach for guests that keeps beach vendors out.

On the other hand, there is greater ease for visitors to take a trip independent of tour operators that allows for greater, unmediated linkages between tourists and other tourism enterprises. Visitors can book their own accommodation, while it is nearly impossible to book at many Northern Circuit outside of Arusha. Northern Circuit dining options are confined to hotels or camps, and guidebooks list a limited selection of outside restaurant options in Arusha; in contrast, a plethora of dining options are recommended for Stone Town, including an open-air fish market. Given historical and cultural sites of interest and a safe environment in Stone Town – both of which Arusha lacks – many tourists walk around on their own, encountering numerous vendors on the street and in small shops. Because tourists spend most of their time out of

Zanzibar in one place (a beach), there is less need to have ready transportation like a private jeep, and tourists can take buses or taxis to their hotel. Half-day or full-day excursions are offered by many individual providers. Thus, a larger part of the Zanzibari tourist market is less vertically integrated, which would seem to offer greater scope for small enterprise entry. In fact, the Bradt's guidebook's recommendation for the best Spice Tour provider is a single local man named Mr. Mitu (Briggs 2006).

Other Players

While the industry maps are useful for understanding the flow of money and relationships between businesses in the tourism industries of the Northern Circuit and Zanzibar, they do not illustrate the impacts of policy-making institutions, particularly the respective governments and international agencies. These parties actively make decisions that can have great impact on the extent of benefits to the poor from tourism. Therefore, their interests, positions and policies to date merit examination.

Tanzanian and Zanzibar Governments

Zanzibar's 1964 union with mainland Tanganyika, which created the United Republic of Tanzania, left it semi-autonomous with its own president and some other branches of government. Zanzibar retained control over all development issues, including tourism (Gössling 2003). However, while tourism policies are pursued independently between the Northern Circuit and Zanzibar, many similarities exist, and the two governments' approaches to tourism can largely be analyzed together. Henceforth, "Tanzanian governments" is used to refer both to the overarching Tanzanian government as well as the government of Zanzibar.

First, it is critical to consider the underlying interests of policymakers, as both public officials and private individuals, with regard to the tourism industry. A key consideration is the

benefits tourism provides as a source of revenue. With tourism as the foremost source of foreign exchange earnings for Tanzania as a whole and the second largest source for Zanzibar, maximizing foreign investment and tourist expenditures could be important in maintaining a healthy balance of payments. This may be of current concern, as Tanzania's 2006 imports exceeded exports, creating a negative current account balance (World Bank 2008). Moreover, park entrance fees and taxes on tourism businesses provide the governments with substantial revenue, as shown in the industry maps. Government policies toward tourism may therefore be largely motivated by a desire to keep Tanzania's economy strong and government well-resourced, a goal that may well provide indirect benefits for the poor through state social welfare services.

However, policymakers may also be guided by more immediate, personal considerations. As consequences of unsustainable policies may be strongly felt only decades later, politicians may not have to face the results during their term in office. Moreover, corruption often plays a substantial role in guiding the decisions of policymakers, as the large quantities of money at stake in the industry encourage deal-making in a government where corruption is commonplace. As a major barrier to the implementation of rational policies, corruption and examples of its occurrence in Tanzania's tourism industry will be discussed further below.

Tanzanian governments have recognized the potential for tourism to contribute to poverty alleviation. The 2005 National Strategy for Growth and Reduction of Poverty concludes that tourism has not yet been successful in reducing poverty and calls for policies that increase direct access for communities to the benefits (Vice President's Office 2005). Many public officials have made statements on the poverty alleviation potential of tourism.

Tanzania's Tourism Master Plan was last updated in 2002. Recognizing the importance of tourism to the economy, the Plan's stated focus is "to make Tanzania a more competitive destination," and much of its content revolves around developing more tourism and attracting investments that build tourism facilities of higher quality standards (Tanzania Ministry of Natural Resources and Tourism 2002). To reach government goals, the Plan finds that rates of tourism investment must increase. The Plan defines the government's role: "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" (Tanzania Ministry of Natural Resources and Tourism 2002).

Between its overtures for making tourism more pro-poor and its desire to see more higher-end investment, it is unclear if and how the government sees these as compatible ventures. However, governments are not monolithic institutions and, between different parties and levels of government, substantial disagreement may characterize how to manage and develop the tourism industry. Members of the CUF opposition party in Zanzibar have publicly denounced tourism, capitalizing on local sentiment that tourism has not brought Zanzibaris more benefits but has exposed them to many negative consequences (Honey 2008). Moreover, some officials in the government advocate for different policies but their opinion can be overruled by those in the upper government echelons.

International Agencies and NGOs

A variety of international agencies operate in Tanzania for the purpose of reducing poverty, promoting environmental conservation, or both. With regard to tourism, there are three

key ways in which international organizations are involved: investing in primary businesses, supporting secondary enterprises, and lobbying governments on legislation.

The International Finance Corporation (IFC) aims to promote private sector development in developing countries by providing investment funding and advisory services (IFC 2009). The IFC has supported multiple hotels and tour companies in Tanzania – both on the mainland and in Zanzibar. The IFC supports some projects that have benefit-sharing mechanisms with local residents,⁴ requires recipients to conduct environmental assessments and “adhere to socially and environmentally beneficial regulations” (Honey 2008). IFC investments are characterized by large scale, high value and foreign ownership (Honey 1999), the types of “high value” investments the Tanzanian government encourages in its strategy.

Many cultural tour and handicraft projects are supported by an NGO or other outside agency. The African Wildlife Foundation has supported the development and growth of several women’s handicraft and cultural tourism projects in the Northern Circuit region, hoping tourism will provide an alternative livelihood to farming, which alters the wild landscape and habitat. The Netherlands Development Agency, SNV, helped design and continues to support Tanzania’s Cultural Tourism Programme across 24 villages. Especially of the more ambitious community projects, Honey writes, “a competent and sensitive NGO is usually vital to help maneuver through the government bureaucracy and assist with financing and marketing” (Honey 1999 p. 252).

CARE played an impressive role in Zanzibar in convincing the government to reduce the tourism revenue it took from a destination, allowing more of the income to remain local. After helping to establish a local NGO around a protected area, CARE successfully lobbied the government to increase the revenue share to the NGO, which manages the area, from 30% to

⁴ The innovative Boundary Hill Lodge near Tarangire National Park is 50% owned by a nearby Maasai community.

80% (Honey 2008). International agencies have also lobbied the government on environmental legislation (Gössling 2003).

III. 9 WAYS IN WHICH TOURISM CAN BENEFIT THE POOR IN TANZANIA

At this point, it is useful to identify concrete ways in which tourism benefits the poor in Tanzania. The World Tourism Organization (WTO) outlines seven primary paths through which tourism can provide benefits to the poor, which form a useful basis for analyzing the extent to which the poor benefit from tourism. The modified list contains nine methods that describe the Tanzanian context. The following analyses of each method describe the extent to which these benefits help the poor, their limitations, and recommendations for enhancing their pro-poor outcomes.

How tourism can benefit the poor	
World Tourism Organization:	Modified for Tanzania:
<ol style="list-style-type: none"> 1. Employment of the poor in tourism enterprises 2. Supply of goods and services to tourism enterprises by the poor or by enterprises employing the poor 3. Direct sales of goods and services to visitors by the poor (informal economy) 4. Establishment and running of tourism enterprises by the poor (formal economy) 5. Tax or levy on tourism income or profits with proceeds benefitting the poor 6. Voluntary giving/support by tourism enterprises and tourists with proceeds benefitting the poor 7. Investment in infrastructure stimulated by tourism also benefiting the poor in the locality <p>(World Tourism Organization 2004)</p>	<ol style="list-style-type: none"> 1. Establishment of primary tourism enterprises by the poor 2. Direct sales of goods and services to visitors / establishment of secondary enterprises by the poor 3. Employment of the poor in tourism enterprises 4. Supply of goods and services to tourism enterprises by the poor or by enterprises employing the poor 5. Taxes or levies on tourism income or profits with proceeds benefitting the poor 6. Voluntary giving/support by tourism enterprises with proceeds benefitting the poor 7. Voluntary giving/support by tourists with proceeds benefitting the poor 8. Investment in infrastructure stimulated by tourism also benefiting the poor in the locality 9. Rental or sale of property to tourism enterprises by the poor

1. Establishment of primary tourism enterprises by the poor

Perhaps the most direct way for the poor to economically benefit from tourism is to own companies that provide the key services on which tourists rely – accommodation and, in the

Northern Circuit, safari companies, which we have labeled “primary” businesses. Unfortunately, no data is available on the exact proportion of primary businesses that are owned by Tanzanians versus foreigners, which would be essential to quantifying the pro-poor benefits. We could expect a greater proportion of the profits earned by Tanzanian-owned businesses to stay in the country, either benefiting the poor directly if the owners or their extended family are poor, and indirectly by more spending in the economy. In contrast, we would expect profits of foreign-owned businesses to be at least in part repatriated to their country of origin or, in the case of a multinational company, invested in new projects elsewhere.⁵

Hotels

The Northern Circuit, including Arusha, contains well over 100 hotels and Zanzibar appears to contain around 200. The 30 respondent hotels from both regions ranged in size from 6 to 160 rooms, with a mean of 31 rooms. Room costs, measured as the price of a one-night stay in a standard double room in the high season, ranged from \$12 to \$500, with a mean nightly cost of \$125.

A large amount of the hotel supply is held by just a few outside companies. In the Northern Circuit, chains like Serena, Sopa and CCAfrica have hotel properties inside or nearby multiple major sites. Gössling writes of Zanzibar, “virtually all large hotels in coastal areas are run by the international tourist industry, and by Italian and South African companies in particular” (Gössling 2003). Many other chain companies and individual hotels are also foreign-owned (defined here as less than 100% Tanzanian owned). However, there are also hotels in both regions that are locally owned. Unfortunately, the lack of data on the proportion of locally-

⁵ Increased availability of data on the paths of foreign-owned tourism company profits would be useful for a more precise understanding of this trend.

owned to foreign-owned hotels makes it difficult to assess what amount of hotel profits are enjoyed by Tanzanians.

Comparison of Hotels

	# in sample	Price of room	# of rooms	High/low season occupancy	# of staff	Mg. Dir. Tanzanian	% Mgmt Tanzanian
100% Tz. Owned	18	\$75	30	68% / 37%	41	89%	85%
<100% Tz. owned	10	\$242	32	76% / 44%	59	20%	38%

However, comparing some of the characteristics of locally and foreign-owned hotels can give some idea of Tanzanians' relative benefit. Among the surveyed hotels, those that were 100% Tanzanian owned averaged \$75 per night, while those at least partially foreign owned averaged \$242, indicating a major difference in price. Although the author was unable to collect data on hotel margins, we can reasonably assume that the absolute margins taken on more expensive rooms are higher and therefore, holding all other factors constant, that foreign-owned hotels enjoy larger margins, on average. No substantial difference existed between locally and foreign owned hotels in their number of rooms. A key indicator of the industry competitiveness and viability of hotels is occupancy rate; low occupancy indicates fixed capital (rooms) that is going unused. The collected data shows somewhat higher average occupancy in foreign-owned hotels throughout the year. This observation further supports the conjecture that, on average, higher margins may tend to be enjoyed by non-Tanzanian owned hotels.

Safari companies

Over 200 safari companies likely operate in the Northern Circuit.⁶ Like the hotel sector, the safari operator business is largely concentrated among large operators; Mitchell et al. find that 10% of the Northern Circuit safari market is held by two companies (Mitchell et al. 2009),

⁶ These estimates are based on lists compiled from guidebooks and directories of tourism businesses. The actual number may be greater depending on the quantity of informal hotels and safari operators that are not registered or well-advertised.

while the 2002 Tourism Plan finds that “well over half of the business” is done by just a handful of operators (Ministry of Natural Resources and Tourism 2002). However, in the case of safari companies, at least one of the major operators – Leopard Tours – is Tanzanian owned.

Comparison of Safari Companies

	# in sample	# of vehicles	# N. circuit trips/year	% Mgmt Tanzanian
100% Tz. Owned	17	26	73	100%
<100% Tz. owned	5	51	167	44%

Mitchell et al. estimate that the average profit margin for safari operators is 14% (Mitchell et al. 2009). Again, it is difficult to accurately assess the extent to which these benefits go to Tanzanian firm owners without knowing what proportion of firms are Tanzanian-owned. However, examining a few characteristics of surveyed firms can lead to some conjectures. On average, foreign-owned companies tended to have larger safari operations, owning more vehicles and providing more trips per year. If we were willing to assume that larger companies enjoy economies of scale that allow them to keep greater profit margins per trip, then we could conclude that, on average, non-Tanzanian companies tend to yield larger benefits to their owners. Like the case of hotels, however, even if we were to assume this trend on average, there are certainly some locally-owned businesses that earn higher margins than their foreign-owned counterparts.

We can therefore conclude only that some amount of primary business profits directly contribute to the development of Tanzania’s poor. Lack of data on the composition of primary business ownership makes it difficult to develop any precise estimates about the extent of the pro-poor benefits. However, if we are willing to make some assumptions about what factors are good indicators of business profitability, we can predict that foreign-owned hotels and safari companies will, on average, tend to be more profitable than their Tanzanian-owned counterparts.

Understanding the full pro-poor implications of this conclusion requires an examination of which Tanzanians establish primary businesses, and if the poor, in whom we are most interested, are able to participate. Unfortunately, the complexity and likely sensitivity around trying to determine the previous economic status of company owners kept it out of the survey. However, exploring the challenges of establishing and maintaining a primary tourism business will help us understand what types of Tanzanians may be able to participate.

In addition, given the prominent role of primary businesses in the tourism value chain, we will also be interested to see how they differ in other pro-poor impacts. This is examined in further sections below.

Barriers to entry and ongoing challenges

This section examines the barriers that may prevent potential primary business owners from entering or remaining in the industry. We have special interest in barriers that would block small, poor Tanzanian-owned businesses from the market, but examining potential barriers for all businesses is also important, as other segments of business ownership bring may be leaders in sustainability and promotion of the destination.

i. Minimum investments and taxes

The 2004 “Guidelines on How to Obtain Tourism Licenses” from the Ministry of Natural Resources and Tourism detail the requirements for registering tourism companies in Tanzania, including the registration fee structure. Licenses for hotels range from \$200 - \$2500, depending on their type, with the highest fees for “exclusive clubs” (Ministry of Natural Resources and Tourism 2004). This fee structure minimizes the financial barrier concern by imposing a lesser fee on those with small investments.

The safari operator license requirements are divided not by size but by ownership, with minimum requirements differing between locally and foreign owned enterprises. If a safari company is at least 50% Tanzanian owned, they must pay a \$2000 fee and are required to have a minimum of 5 vehicles. Safari operators with less than 50% Tanzanian ownership must pay \$5000 to get their license and must have a fleet of at least 10 vehicles (Ministry of Natural Resources and Tourism). Offering a lesser fee to Tanzanian companies could be considered a pro-poor policy, and the smaller vehicle requirement may also help enterprises without large financial resources enter the industry. However, any minimum requirement on vehicles could be a barrier to entry for Tanzanians who are only able to afford one, for instance. However, the lack of stringent enforcement around these regulations, as officials remain open to bribes, means that enterprises may be able to register without the required number of vehicles. Thus, the barrier may be smaller than it originally appears, though the costs of corruption can also add up to a large amount, a topic discussed further below.

Another financial challenge frequently mentioned among survey respondents is the high level of taxes charged by the Tanzanian government. The 2002 Tourism Plan acknowledges that tourism businesses are faced by “an extraordinary array” of taxes, “which together can account for over 40 percent of a hotelier’s costs. In all, there are some 20 to 25 specific taxes, levies, license fees and charges of one form or another relating to tourism enterprises” (Ministry of Natural Resources and Tourism 2002).⁷ Among survey respondents, complaints about taxes were particularly high among hotels in Zanzibar, which pay higher rates than those on the mainland.

ii. Lack of financial support for lower-end investors

⁷ The document also finds that the high tax levels are partially offset by inefficiencies in collecting the taxes.

Some primary businesses are backed by shareholders or the owner's personal savings. For local entrepreneurs with fewer resources, however, lines of credit are necessary to allow them to make the investments needed to launch or grow their small business. One safari operator respondent cited a lack of financing available to those lacking large collateral, accompanied by high interest rates. Tanzania's 2002 Tourism Plan cites a Sustainable Tourism Development workshop that identified the following problems: "banks generally do not offer long-term financing for tourism projects, bank charges are high, [and there is] no mechanism to support local entrepreneurs" (Ministry of Natural Resources and Tourism 2002). Similarly, Honey laments the absence of any Zanzibari agency to provide loans or technical assistance to locals for tourism projects (Honey 2008).⁸

iii. Competition and economies of scale

The high level of vertical integration in the tourism industry has already been discussed, but it is important to understand the relationship between the two primary businesses types in the Northern Circuit – safari operators and hotels – to consider how individual enterprises can enter and stay in the market. Some companies actually operate both types of services – they offer safaris and own their own hotel accommodations, where their clients stay for some or all of their safari. In the Northern Circuit, only a small percentage of clients are involved in selecting their accommodation themselves.⁹ Of the 17 tourists surveyed after their safari, only 2 had been involved in choosing their safari lodges.¹⁰ Instead, safari companies book accommodation for their guests. Hotels may even respond to independent traveler inquiries by saying they are booked, while gladly booking for the same dates through a safari company, preserving the

⁹ A dotted line connects tourists and hotels on the value chain because a few tourists may book directly with a limited number of all-inclusive hotels that offer safari services themselves.

¹⁰ Some hotels do target themselves to independent tourists more than others. Also, booking rates were higher at transit sites like Arusha, where 4 of the 17 had booked their own accommodation.

unspoken agreement to channel all business through safari operators, without whom the hotels would be challenged to stay afloat.

The relationship between safari operators and hotels may pose a barrier to smaller, newer safari operators. According to one survey participant, safari operators who bring large numbers of clients to other hotels are able to reserve blocks of rooms and receive lower rates. As a result, companies with smaller numbers of clients have to pay hotels higher nightly rates, meaning they must charge clients higher prices for the same service. This compounds the normal disadvantages posed to small businesses by economies of scale. In light of the advantages held by large primary businesses, one survey respondent remarked, “Monopoly and cartels in the business will destroy the new comers.”

Beyond the operator–hotel relationship, multiple primary businesses surveyed simply cited competition as a main challenge. Several explained that standards and tourist expectations are rising, and worry they will not be able to meet them satisfactorily. Moreover, competition exists not only among tourist companies in Tanzania, but also with other similar destinations, like nearby Kenya. In this regard, larger, established enterprises may help local enterprises, as the foreign companies in particular often have superior knowledge of the global tourism industry and marketing strategies. The high-class marketing of these companies may draw more visitors to Tanzania, benefitting all tourism enterprises.

iv. Access to tour agents in home markets

Many Tanzania tourists book their trips through tour operators in their home country. While some safari companies rely exclusively on independent bookings (i.e. through online correspondence), others receive a large portion of their clients from travel agents. Among respondent safari companies, nearly half receive at least 60% of their clientele from travel

agents. Starting a new business in an already very competitive market could make it difficult for emerging safari enterprises to find contracts with outside agencies, especially if they are unfamiliar with the larger, global tourism market.

v. Lack of local familiarity and connections

While small, Tanzanian-owned enterprises with minimal financial backing in many ways face more barriers than outside investors, foreign business owners also encounter some obstacles that affect them more than locals. A lack of familiarity with the nature of local business dealings may make it difficult for foreign owners or managers to operate their business smoothly, at least initially. One foreign safari owner felt frustration during the start-up phase with local suppliers refusing to meet deadlines and the discovery of a staff member stealing from the company. Locally owned businesses are likely to avoid some of these mistakes as they already possess familiarity with local business practices and knowledge of local staff recruitment.

Corruption is a reality that faces all businesses in Tanzania. However, some foreign company owners feel they are disproportionately affected. One owner of a safari company felt that government officials demanded much more when dealing with a foreigner, and consequently had to send African staff to deal with official matters. There is also a sentiment that officials give local companies better overall treatment, while “accidentally” overlooking obligations to foreign companies.

If policymakers wanted to increase the benefits to poor Tanzanians through primary business ownership, there are several options they could consider for reducing the barriers to their participation in the market. First, while the graduated license fee structure is appropriate in requiring less payment and minimum investment from small and Tanzanian investments, the

government could encourage local entrepreneurship by further decreasing the fees and abolishing the minimum investment requirements on safari operators. Along the same lines, low-interest loans that do not require major collateral – subsidized by the government or NGOs – could strongly improve the ability of local entrepreneurs to fund a new business. Regarding the price advantages offered to larger safari operators for hotel rooms, the government could legislate a requirement that hotels offer the same room rates to all safari operators. However, such a move seems very unlikely, as it would probably be seen as contradicting the government's main approach of tourism promotion, especially among high-end businesses. Another approach could be a more gradual shift toward a tourism industry more welcoming of independent travelers, with more of the booking power in the hands of tourists themselves, as suggested by Rozga (2006), though it is difficult to determine what actors could bring about such a change. In addition, the governments or international agencies could establish programs that assist new tourism businesses in making linkages with travel agents in tourist home markets, helping them become more competitive.

Naturally, the costs of these policies – both in direct monetary terms as well as losses felt by other parts of the industry – would need to be carefully weighted against the benefits they provide. Without these policies, there are success stories of poor Tanzanians in the primary tourism industry, such as the owner of the Impala Hotel and several other hotels in Arusha, who also owns a safari company. Growing up in a poor household, he gradually built up larger businesses, eventually establishing a bus company, which turned into his safari company. He built the Impala and has grown it over time, and is currently building a new hotel. Also, joint ventures offer a market solution for integrating Tanzanians with the necessary expertise but not the capital into partial business ownership.

2. Direct sales of goods and services to visitors by the poor / secondary enterprises

Peripheral, or secondary, enterprises also engage directly in transactions with tourists but, unlike primary businesses, provide tourists with supplemental, rather than critical, needs for their trip. These enterprises rely on some tourists demanding supplemental experiences to their safari or beach vacation, such as purchasing handicrafts or souvenirs and participating in cultural tours. The supplemental nature means that tourist expenditures tend to be far less than they are on primary services. However, secondary enterprises of the sort discussed here can offer Tanzanians the opportunity to run a tourism business without the larger amounts of investment and expertise needed for most primary ventures, while capitalizing on their own skills or cultural capital, or simply finding a market niche. Most secondary enterprises are owned by Tanzanians, though some of the larger, upscale souvenir shops are at least partially foreign-owned.

Souvenirs

The survey of tourists at Kilimanjaro Airport yielded an average reported expenditure of \$186 per party on souvenirs. Souvenirs can be purchased from a variety of locations, including gift shops in hotels and national parks, large souvenir stores, small shops and stalls, and from mobile vendors on the street or beach. Average expenditures were the highest from the type of seller that made the largest investment – the large, established stores, many of which contain aisle after aisle of souvenirs for sale, and who can ship purchases home for the buyers. However, small shops or stalls received the highest number of purchases among respondents. Located in souvenir markets in the main towns, in cultural tour villages, on beaches, and on the sides of the road, these enterprises allow market entry to Tanzanians with limited financial resources.

Souvenir Purchases in the Northern Circuit

	Hotel gift shops	Gift shops in National Parks/ Ngorongoro	Large, established souvenir shops ¹¹	Small, informal souvenir shops/stalls	Vendors on the street	Other	Total (out of 17)
Number of respondents	6	4	4	10	5	1	15
Average expenditure	\$63	\$57	\$345	\$75	\$70	n/a	\$186 ¹²

Some handicraft vendors sell their own wares, which they might make as they man their shop, while many others buy from producers or middlemen and sell to tourists at higher prices. When luxury hotels sell handicrafts to tourists at twice the price they paid to their producers, it may seem like a negative outcome for the poor, the producers. However, the producers may not have the resources or business acumen to market their goods, and therefore their time may be used most efficiently – and create the most value – spent in production. Moreover, a division of production and tourist marketing allows opportunities for Tanzanians who are not trained in handicraft production to participate in the souvenir market, either as sellers or as middlemen.

However, excessive separation from the producers may have a negative effect. Many shops carry nearly identical products throughout the Northern Circuit and Zanzibar, as the same type of souvenirs are sold to sellers throughout the country. Some also come from neighboring countries; according to the owner of Zanzibar hotel Emerson & Green, the island has become a “giant craft market with souvenirs from Kenya” (Skeen in Honey 2008). While more research would be needed before making a strong conclusion, it is likely that some tourists spend more on souvenirs that carry some element of place and uniqueness, rather than those seen in stall after stall throughout the region.

¹¹ Defined for respondents as containing multiple aisles.

¹² Average across all respondents, including those who did not purchase souvenirs.

Cultural Tours

Cultural tours have evolved in the Northern Circuit as a way for tourists interested in local people and culture to visit a community. Advertisements for Maasai cultural tours dot the northern safari circuit, offering a chance to experience more of the brightly dressed pastoralists who are frequently seen herding goats or sheep across the landscape. With tours typically lasting around an hour, tourists generally watch a singing and dancing performance, receive a tour of the *boma* (collection of huts) and are then encouraged to buy locally-produced jewelry. Generally, the community group receives \$20 for the visit, plus additional income from handicraft sales.

While these cultural tours do provide a source of income for rural communities and a chance for tourists to experience aspects of local culture, their nature deters otherwise likely supporters of the communities who would like to learn more about the culture and lifestyle. Some travelers dislike simply standing, watching and taking pictures of the Maasai singing and dancing, comparing the experience to gawking at and photographing animals out on safari. The tendency of such tourism products to simplify and commodify cultures is undeniable; however, the loss of these tourists' patronage detracts from the goal of the community groups to increase their income. On the other hand, some tourists are simply uninterested in contact with local people.

More involved cultural products have also developed, where visitors spend at least a few hours learning about a culture and place. The Tanzania Cultural Tourism Programme (CTP) is comprised of 24 of these communities throughout the country. Trained guides at these sites tend to have better English than those at the small *bomas*, and the towns are larger with more sites for visitors to see. The Programme is coordinated by the Tanzania Tourist Board and supported by the Netherlands Development Agency, SNV. The sites differ in size, formality and number of

visitors, but on the whole offer a more in-depth, learning experience. The Program's 2007 brochure reported annual visitation of 30,000 visitors (Tanzania Cultural Tourism Programme 2007). However, some of the villages receive only a few parties a month, meaning the economic benefits vary greatly between member communities.

As described in the value chain analysis, all cultural tour sites remain largely reliant on safari companies to bring them clients. Awareness of the cultural tours among visitors is low; out of 17 international tourists surveyed at Kilimanjaro airport, 4 were unaware that cultural tours even existed. Of the 9 that did have a cultural tour in their trip, only 3 made the request themselves – others were offered the option by their safari company or simply had it included as part of their tour. The result that over half of the respondents had participated in a cultural tour is a positive signal for the economic potential of cultural tours in the Northern Circuit, though the results underscore the importance of safari operator. More research could be conducted on whether certain types of operators support cultural tours more than others.

Safari operators can also create resentment among the villages, for charging the visitors extra money as a commission to themselves. Visitors on safari are often told by their driver that the visit costs \$50, though he passes only \$20 on to the village per their established fee. Visitors' actual contributions to the community – which they may consider, at least in part, philanthropic – are therefore less than they believe. We may still consider such expenditures “pro-poor,” as they go to local guides, but community beneficiaries likely tend to be substantially poorer. However, these involuntary commissions create driver incentives for stopping at the village sites, without which community income would be even lower.

An additional, possible limitation on the poverty alleviation potential of secondary enterprises is the likelihood that the market is reaching a saturation point. Several surveyed

tourists responded that they did not participate in cultural tours because they did not find them of interest. If increasing numbers of cultural tour sites and souvenir stands increase without a substantial increase in tourist demand, an equal demand would be spread around existing suppliers, causing either price reductions or simply fewer clients per enterprise.

A few cultural tour sites have been established in Zanzibar. The more independent nature of travel around Zanzibar may affect the number of clients the sites receive, requiring even more initiative on the part of the traveler to learn of the site's existence and how to get there. On the other hand, opportunities to attract clients independent of tour companies may also lead to some benefits.

Peripheral enterprises offer an opportunity for individuals or communities without the capital or knowledge to start a primary business to benefit from the tourism industry. As a result, starting and supporting peripheral enterprises is a popular activity for NGOs. However, only some have the necessary entrepreneurial knowledge and mindset to run a successful business. As often said, not everyone is an entrepreneur, and others lack any prior exposure to basic business skills and logic. As a result, some groups supported by NGOs are unsure what amount of profit they receive from handicraft sales, and may sell a piece for less than the cost of making it, as that expense is forgotten, or absorbed by the NGO. Thus, it remains to be seen whether some of these businesses can be permanent contributors to economic development, for which they must demonstrate sustainable profit generation.

A few other types of goods or service sales to tourists merit recognition. Called "flycatchers," these individuals receive commissions from some hotels and tour companies for bringing clients. The money flycatchers receive could undoubtedly be considered pro-poor. From the survey of primary businesses, flycatchers appear to play a larger role in bringing businesses

to locally rather than foreign owned hotels and safari operators. However, the net impact of flycatchers on the industry may be negative. Some hotels responded that they do not use flycatchers because they irritate their guests. Hotels also complain that flycatchers cost them business. As flycatchers are paid commissions only when they bring clients who do not already have a reservation, they have been known to tell travelers that their hotel or tour operator closed, and take them elsewhere. This is a particular problem among hotels in the meandering alleyways of Zanzibar, where everyone is likely to get lost at least once and no taxis are around to help. Here, the word *papasi*, which means “tick,” is also used for flycatchers. As a result, hotels lose efficiency through lost reservations. Thus, the net benefits of flycatchers to economic development is unclear.

Lastly, some Tanzanians earn money by posing for tourist photographs. Because taking pictures without the subject’s permission is illegal in Tanzania, locals will often agree for a fee, usually \$1.¹³ The Maasai who wear “traditional” dress¹⁴ are popular subjects, given their striking appearance. Some groups of Maasai purposefully target this opportunity – such as groups that also sell trinkets to tourists at the entrance of the Ngorongoro Crater. Others in more happenstance encounters often also agree to pose for a fee. While tourist concerns about gawking and cultural commodification apply to these activities, Maasai in traditional garb near tourist areas (or cultural tour participants) do have the option of using their appearance as a source of supplemental income, and can voluntarily choose whether to participate.

Secondary enterprises offer a way for entrepreneurial Tanzanians to earn livelihoods from the tourism industry, without the level of financing required for most primary businesses, and the majority are Tanzanian-owned. However, improved market integration could expand

¹³ Unlimited photograph taking is included in the fee for cultural tour guests.

¹⁴ Maasai clothing patterns have shifted, as they are now required by law to wear more clothing than what pre-colonial customs generally dictated.

business for secondary enterprises. When NGOs develop cultural tours as development interventions, creating linkages with safari companies will be critical to ensure the site receives visitation. It would also be beneficial if cultural tours were marketed to tourists on a broader scale, so more tourists who would potentially be interested know about their existence and proactively seek them out.

Moreover, the content of small *boma* visits could be improved to offer a deeper cultural experience, similar to the level of dialogue that takes place in CTP communities. Many tourists may enjoy the experience more if they are able to engage their guide in conversation and learn more about local ways of life. Therefore, organizations that support *boma* cultural tours should consider providing training in English and other common tourist languages.

3. Employment of the poor in tourism enterprises

Employment is nearly always a key economic benefit attributed to tourism and therefore merits in-depth attention, especially given Tanzania's high rate of unemployment.¹⁵ The World Bank's Multilateral Investment Guarantee Agency (MIGA) estimated total 2004 employment in Tanzania's tourism sector at 200,000¹⁶ (MIGA 2006), a small fraction of the total workforce, estimated at 19.3 million (World Bank 2008). At hotels, safari companies and other tourism enterprises, jobs include positions like reception workers, cooks, managers, drivers, guides, maintenance staff and sales clerks.

On the nature of tourism jobs, MIGA writes, "As an industry, [tourism] creates life-long jobs, often requiring superior people skills, including specialized positions at the managerial or supervisory levels and careers open to women" (MIGA 2006). Skills needed for employment

¹⁵ Estimates vary from source to source, though it appears no thorough study has been conducted since 2000.

¹⁶ Skof estimates the 2004 number at 160,750, up from 96,000 in 1995 (Skof 2008).

vary across types of businesses. Some have no real requirements for basic staff, while others require at least a secondary education and English speaking ability for all staff. Language was the most commonly listed eligibility requirement among surveyed businesses, often described as “English or any other international language.” Many safari drivers are able to communicate in multiple languages (English, French and Spanish are common), while high numbers of Italian guests in Northeast Zanzibar make Italian language abilities a necessity in that region. Businesses weigh formal education and professional experience differently, with some specifying minimal educational requirements for positions as others place greater emphasis on experience.

The following sections examine employment in the two primary tourism businesses, hotels and safari companies. Within these two sectors, we compare the relative pro-poor employment advantages that are offered between foreign and Tanzanian owned businesses.

Employment in hotels

A new minimum wage law took effect in Tanzania in January 2008, which covered 8 employment sectors. The lowest minimum wage, 65,000 TSh per month, was assigned to hotel workers (U.S. State Dept. 2008).¹⁷ In 64% of surveyed hotels, net monthly salaries for standard employees (exclusive of managers and supervisors) were less than 80,000 Tsh. (See Annex A.) These hotel workers therefore have salaries of less than 960,000 Tsh per year, or approximately \$800,¹⁸ which is substantially more than Tanzania’s 2006 per capita GNI of \$350 (World Bank 2008), indicating an above-average – and pro-poor, if received by someone who would otherwise be poor – wage. This salary translates into a daily income of less than 2,630 TSh, or \$2.20. In

¹⁷ The highest minimum wage covers workers in the mineral sector, at 350,000 TSh per month (U.S. State Dept. 2008).

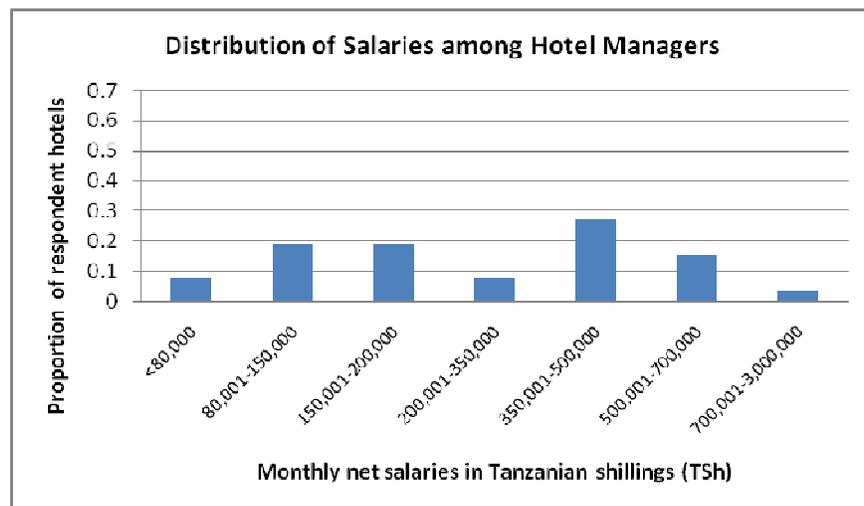
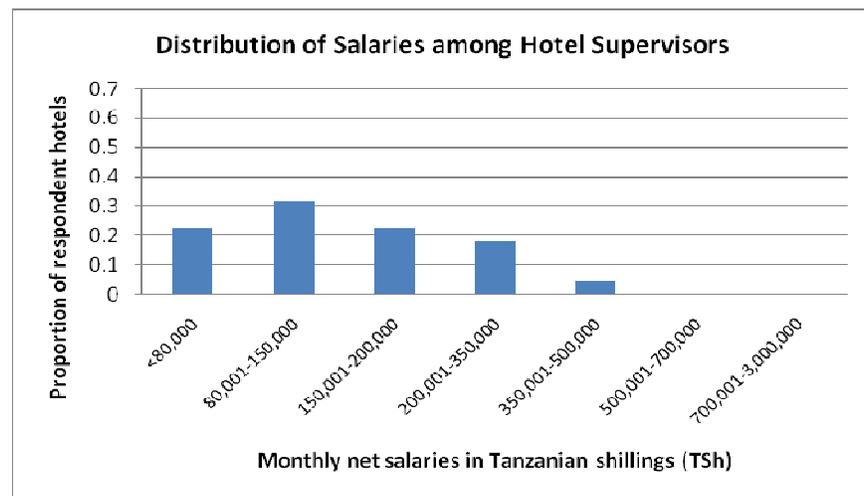
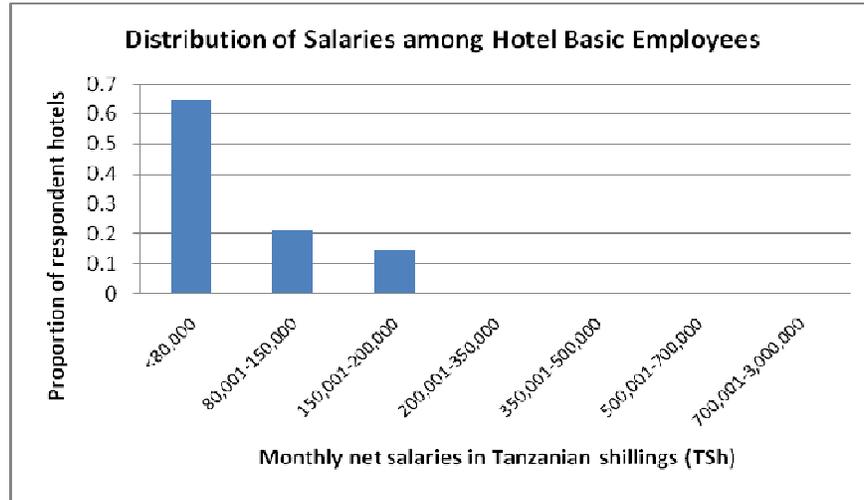
¹⁸ Using Economist Intelligence Unit estimate of average 2008 exchange rate: 1 US\$ = 1197.8 TSh.

only 14% of the hotels did standard employee salary exceed 150,000 Tsh, or an annual salary of around \$1500.

Supervisor-level salary categories span higher ranges. Supervisors at 55% of the hotels earn less than \$1500 annually, while 23% earn more than \$2000 a year. Salaries for managers, the highest category in the survey, span an incredibly wide range, from less than 80,000 TSh up to 700,000 TSh per month, which is equivalent to less than \$800 up to \$7,000 a year. The median range for managers among surveyed hotels was 200,000 - 350,000 TSh per month, or \$2000 - \$3500 a year.

Moreover, it is clear that higher-level positions are best for increasing economic benefits to Tanzanians. Educational background among surveyed managing directors varied, even across luxury, foreign-owned hotels, with some possessing certificates or diplomas in management, while others had no formal training. Some Tanzanian managing directors told a story of moving up through positions over time, starting as reception worker or waiter, then as a supervisor and finally into a management position. However, many managing director positions are filled by non-Tanzanians. Of the 4 highest salaried managing director positions surveyed, only 2 are Tanzanians. In several cases, managing directors were Kenyan nationals. Kenya has a more established tourist industry, with more training institutions for tourism workers (Blass Mallya 2009).

Distribution of Salaries among Hotel Workers¹⁹



¹⁹ When a respondent enterprise selected more than one salary category, the highest one was selected for this chart.

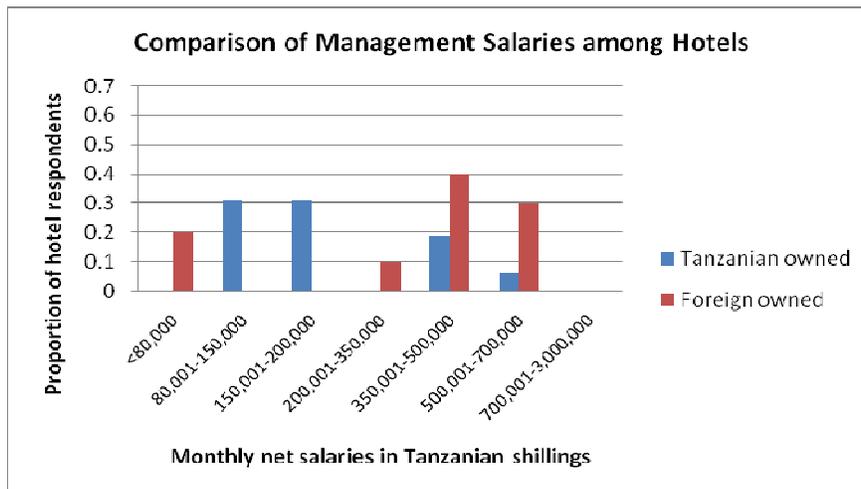
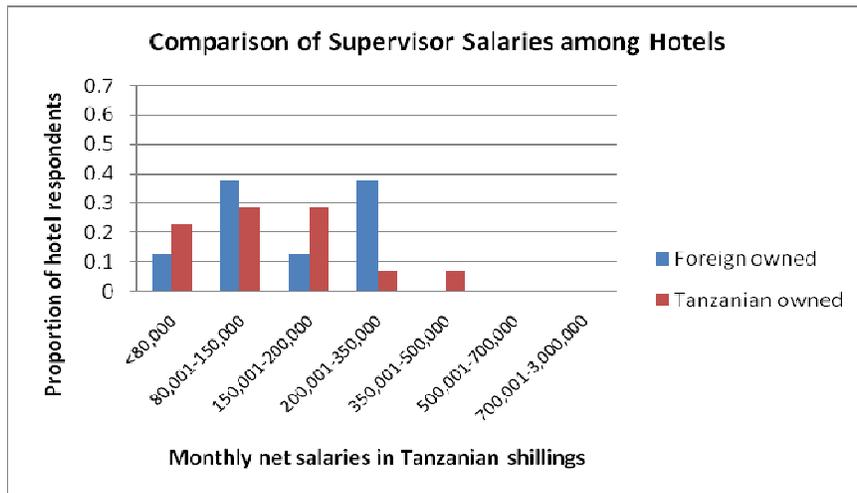
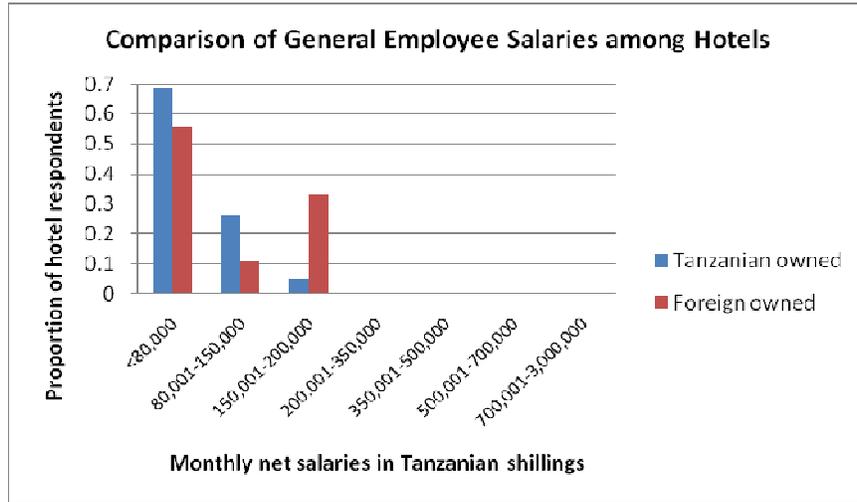
In Zanzibar, locals not only compete with Kenyans for high-level jobs, but also with migrants from mainland Tanzania. The island has only one tourism training institution, Maruhubi College. The Tourism Commission found the College's academic quality to be quite poor, while also limited in its curriculum, offering only two-month training courses in housekeeping, laundry, reception, and food and beverage production. It does not offer any managerial or financial training. As a result, Zanzibaris are often out-competed for higher level hotel jobs (Honey 2008).

Given our interest in the pro-poor implications of primary business ownership, we can compare several aspects of employment between foreign and Tanzanian-owned hotels. Although average room numbers between surveyed locally and foreign-owned hotels are almost equal, average number of staff is higher for foreign owned firms. Higher number of staff per room would be expected for higher luxury, more expensive hotels. More staff would seem to imply increased benefits to (poor) Tanzanians, though we should also examine what proportion of staff are Tanzanian. While almost all hotels report 100% Tanzanian hires among supervisory and general employee staff positions, there is an important difference in composition in management between foreign and locally owned companies. At Tanzanian-owned hotels, 89% of managing directors are Tanzanian nationals, while this figure is only 20% at foreign-owned hotels. Among management in general, 85% of management staff at locally owned hotels are Tanzanians, compared to 38% at those that are foreign owned.²⁰

²⁰ We must remember, however, that the causality behind these trends is likely more complex than ownership nationality alone. As foreign-owned hotels tend to have higher rates, they may feel the need to have management with more training and experience to meet client expectations than they are able to find locally. Unfortunately, insufficient data are available to run a robust multi-variable regression.

Levels of staff compensation are also important to understanding pro-poor benefits. Comparing salaries for general employees among hotels, it appears that a greater proportion of foreign-owned hotels pay higher salaries than those that are Tanzanian owned. The same trend is less obvious but seems to hold for supervisor-level staff, and is clear for management salaries.

Comparison of Salaries among Hotels



Employment in Safari Companies

Staff in safari companies fall into five main categories: managers, office staff, drivers/guides, cooks (for camping safaris) and mechanics. Some companies also employ additional positions, such as security guards. Of the positions, the tour guides, who drive the safari vehicles and provide information on the wildlife, comprise the largest contingent, about 40% of staff on average. The Ministry of Natural Resources and Tourism's "Guidelines on How to Obtain Tourism Licenses" stipulates that tour guides "must be holders of certificate recognized by the Tourist Agents Licensing Authority" (Ministry of Natural Resources and Tourism 2004). The Guidelines first state that tour guides must be Tanzanian nationals, but a later point allows non-nationals with at least 10 years of experience to be considered. However, a few non-nationals with less than 10 years experience do work as tour guides in Tanzania. Nonetheless, all respondent companies reported their guides are 100% Tanzanian nationals.

To be employed by a safari operator, drivers have typically received a certificate that includes wildlife and languages. Arusha has several institutes that provide this education, while the College of African Wildlife Management, located near Kilimanjaro, offers a more advanced education for a higher cost. Tuition fees for the basic certificate programs are around \$1000 (Blass Mallya 2009), which might pose a barrier to some, although the author's taxi driver in Arusha managed to afford part-time certificate program attendance with his earnings.

Among respondent operators, salary for safari guides ranged from less than 80,000 TSh to as much as 500,000 TSh a month. (See Annex B.) Those close to the industry describe how guides tend to start at the "bottom," with companies that provide little in the way of salary and benefits and then move up to better employers as their skills and attractiveness as an employee increase. Some of the more extensive benefit packages include perks like funding for children's

education, which one driver said allowed him to send his children to private school. Drivers typically also receive tips from clients, which vary in amount, but the Lonely Planet guide advises readers to plan to tip \$10-15 per group of people per day, “assuming service has been satisfactory” (Fitzpatrick 2008). Guides – especially at the lower salary range – may heavily rely on tips for their income and be severely hurt when clients decide not to tip. Commissions are another source of income for drivers/guides, whether it is skimming off part of the fee paid to cultural tour programs or given by large souvenir shops.

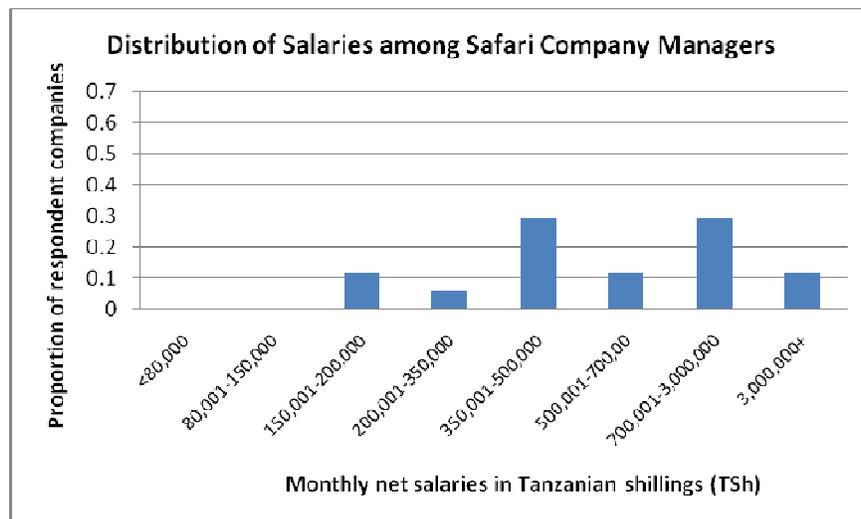
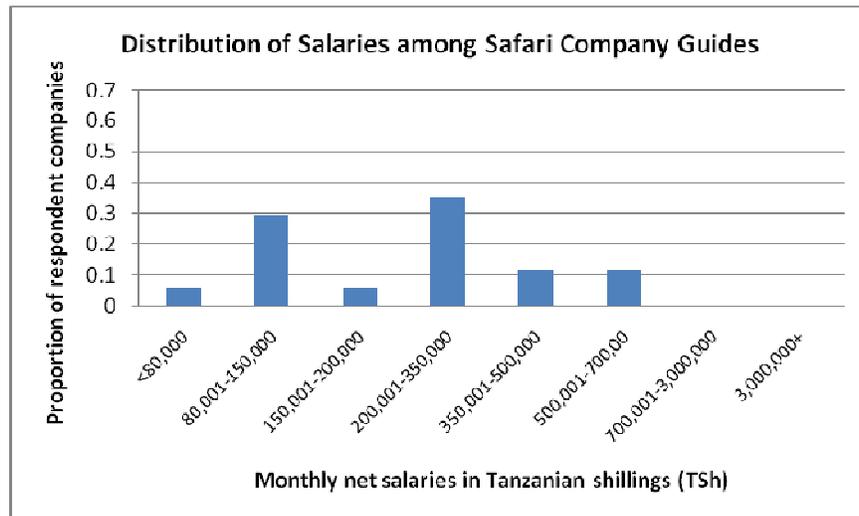
Guide income varies by season, as very rainy months, such as June, have extremely low visitor numbers. Safari companies also employ people – such as extra guides or cooks – on a temporary contract basis as the need arises. Those who find safari work on this basis most likely receive much greater income during the high season and may need to find other livelihoods during the rest of the year.

On average, managers comprised 16% of safari company staff. More than 80% of respondent safari companies pay their managers over 350,000 TSh per month (approx. \$3500 a year), and over 40% pay more than 700,000 TSh (approx. \$7000 a year), higher than the hotel salaries examined above. Among the surveyed companies, 88% of management was Tanzanian, also a much higher amount than among the hotel management sample.

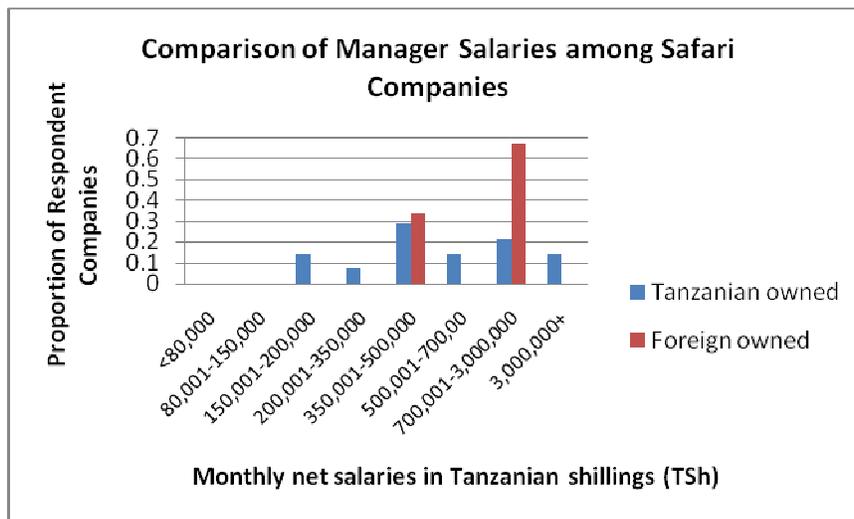
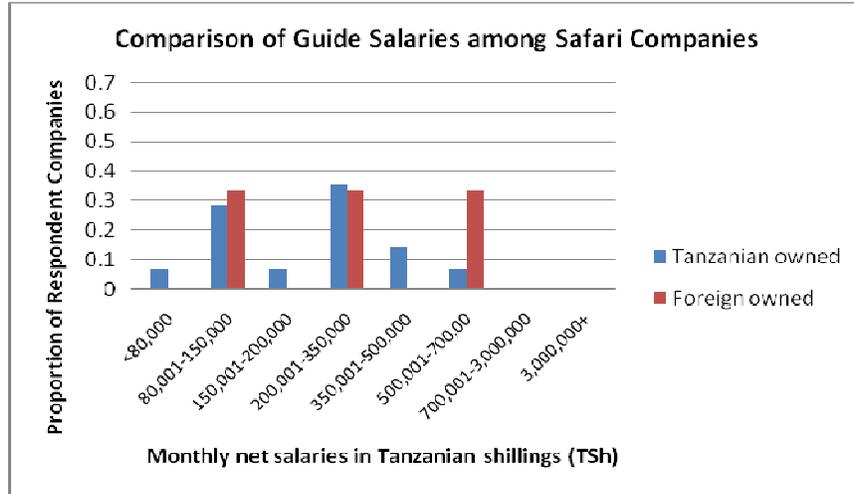
As was the case with hotels, foreign-owned companies tend to have more non-Tanzanian management staff, while the locally-owned operators have all Tanzanian management. (However, with management team size typically ranging from 1 to 5, and the managing director often the owner, the percentage of non-foreign management would be higher if the owner were excluded.) A comparison of guide and manager salaries across surveyed companies shows

slightly higher proportion of foreign owned companies paying higher salaries for both types of positions.

Distribution of Salaries among Safari Company Workers



Comparison of Salaries among Safari Companies



While the direct pro-poor benefits from primary enterprises are maximized when they are Tanzanian-owned, this analysis has shown that, in some ways, foreign-owned primary businesses offer more poverty alleviation benefits through employment. On average, foreign-owned hotels employ more staff, and both hotels and safari companies tend to pay higher salaries. On the other hand, salaries are highest for managerial positions, and foreign companies employ fewer Tanzanians in those positions than those that are locally owned. As with hotels, the importance of ownership nationality in determining employment factors must be balanced with other

determining factors, like rates charged and levels of investment. However, it demonstrates that foreign-owned primary enterprises surpass their locally-owned counterparts in some pro-poor employment benefits.

On the whole, the policy likely to most substantially increase tourism employment outcomes for poverty alleviation would be the promotion of more and higher quality tourism educational resources.

4. Supply of goods and services to tourism enterprises by the poor or by enterprises employing the poor

To fully gauge tourism's impact as an income generator in Tanzania, it is critical to consider the goods and services demanded by tourism enterprises to meet their clients' needs. Skof lists the most important input sectors for tourism in Tanzania as agriculture, livestock, poultry, fisheries, dairy, manufacturing, nonperishable foods and dry goods, ground transportation, and handicrafts (Skof 2008). However, the growth of tourism enterprises can spur growth in even the most business support services, like stationary printing.

Skof estimates the scale of economic linkages with an output multiplier of 1.8, "meaning that an increase of TSh 1 million in tourism output causes the output in the economy to increase by TSh 1.83 million, implying that other sectors expand to service the tourism industry" (Skof 2008). The extent to which these gains are realized in Tanzania's economy is unclear, as issues of availability and quality cause tourism businesses to procure some goods internationally (Skof 2008). Quality becomes a particularly important issue for hotels who rely on upscale services and image. One respondent hotel gave meat as an example of a good that it purchases abroad for quality considerations. While the number of cattle seen by any visitor to the Northern Circuit

makes it clear that no shortage of beef exists, the poor quality of the cuts sold in Arusha leads the hotel to purchase its beef from Kenya.

To fully gauge the pro-poor benefits from Tanzanian provision of goods to tourism enterprises, it would be necessary to thoroughly examine the nature of the firms that supply the tourism businesses, including their ownership structure and employment characteristics. The author's data collection was insufficient to make any conclusions whether foreign or local businesses create more demand for local goods. However, we can imagine that programs promoting linkages between local, small-scale producers and primary businesses would increase the benefits to the poor. Moreover, programs that improve the quality of production – for meat and other relevant goods – would likely see an increase in goods purchased locally, as buyers would no longer have to incur the transport costs of importing them from elsewhere.

5. Tax or levy on tourism income or profits with proceeds benefiting the poor

A complete analysis of the benefits to the poor from tourism taxes would first require an aggregation of the total taxes the Tanzanian and Zanzibari governments collect from tourism (tourist visa fees and departure taxes, tourism businesses corporate taxes, import taxes, etc.). The number and amount of these taxes is substantial,²¹ though the government believes much of the intended revenue is lost through ineffective enforcement and collection (Ministry of Natural Resources and Tourism 2002). The governments' public spending could then be examined for the extent to which it is "pro-poor." However, such an undertaking falls out of the scope of this paper. Rather, this section explores the benefits to the poor from national park and conservation area fees that are allocated to surrounding communities.

²¹ ODI estimates that 19% of tourists' in-country expenditure goes to park fees (Mitchell et al. 2009).

Tanzania's national parks are self-sufficient as a collectivity; park fees charged to tourists sustain the maintenance of parks, with higher-income parks sharing their revenues with those less visited. TANAPA, the national agency responsible for the management of national parks, created the Community Conservation Service (CCS) in 1989 in an effort to improve relations with communities bordering national parks, who saw land use become restricted for conservation. CCS would allow communities to realize the benefits of conservation by using a portion of the entrance fee revenue for community development projects. Since then, about 7.5% of each national park's operating budget has been assigned for local communities (Greta in Honey 2008). This amounted to \$329,669 from Tarangire National Park's budget given to surrounding communities in the period 2000-2005 (Sachedina 2006 in Honey 2008).

Tension continues to pervade the relationship between TANAPA and communities surrounding national parks, with common perceptions among communities that their benefits are small in comparison to the large resources of TANAPA (Kangwana and Ole Mako 2001). TANAPA responds that the villages have high expectations that cannot always be met with limited funding (Honey 2008). With many intended beneficiary villages, it may be that the development projects, when spread out, appear small to the communities. It is also possible that corruption at multiple levels diverts some of the intended funding away (Honey 2008).

One of the most lucrative Northern Circuit tourism sites is Ngorongoro Crater, which is not a national park, but rather part of the Ngorongoro Conservation Area. After large numbers of Maasai were moved out of the Serengeti to Ngorongoro to establish the former as a national park in 1959, an agreement was made which, according to Honey, made it "clear that Ngorongoro would be managed for the development of the Maasai as compensation for the loss of Serengeti" (Honey 2008). However, in the mid-1970s, the Maasai were evicted from the Crater itself; now,

they must apply for permits to take their cattle to the base of the crater, but only for a day at a time. Currently, the Maasai Pastoralist Council receives around \$500,000 per year for community development, equivalent to about 5% of gate fees (Honey 2008).

In addition to perceptions that the total amount of funds directed toward community development projects is relatively low, the projects themselves should also be evaluated for their impact in improving the lives of the poor. While projects are funded at the request of the community, it is worth questioning if spending the money on projects – rather than direct income supplements or livelihood inputs – is superior for meeting the needs of the poor. It is contended that TANAPA's programs "do not give communities what they really need and want, which is the recovery of access to resources lost when parks were created of former community lands" (Igoe 2004 in Honey 2008). There may be a real need for such projects, but they cannot replace livelihoods.

6. Voluntary giving/support by tourism enterprises

The idea of supporting communities around tourist areas is well-engrained in Tanzania's tourism industry. In addition to bringing clients to locally-owned secondary enterprises, many safari companies devote special sections of their website to describing how they support local community development, from revenues or client donations. Building schools and wells are common activities. There is no clear difference between locally and foreign-owned companies in the degree to which they support development projects.

However, tourism businesses are not development agencies. If they have built a relationship with a community over time, some may know the societies they work in well enough to direct aid in the most meaningful ways. However, unfamiliarity with local dynamics and

economic relationships can undercut the value of development spending, or even cause harm. While the types of projects referenced here do create a visible link for some villages of the benefits received from tourism, it is worthwhile to consider if the poverty alleviation impact of those dollars would be greater if they were funneled through a development agency.

Several companies do focus their philanthropic giving through existing agencies. Some respondent hotels have collection boxes for local charities where their guests can make a contribution. Tropical Trails safari company takes interested clients to the Arusha Children's Trust for a small fee (Tropical Trails website 2009), and Thomson Safaris' online store supports Friends of Tanzanian Schools (Thomson Safaris website 2009). The Serena brand of hotels, which has properties both in Zanzibar and in the Northern Circuit, is owned by the Aga Khan Fund for Economic Development, a branch of the Aga Khan Development Fund. The Fund's website explains that tourism projects are undertaken to promote economic growth in their localities (Aga Khan Fund for Economic Development 2009). In turn, profits from the hotels are put back into the Fund's economic development activities.

7. Voluntary giving/support by tourists

While some international visitors to Tanzania come to volunteer on conservation or community development projects, the primary motivation of most international tourists to Tanzania is to be on vacation, to have a good time and explore. Nonetheless, a desire to help low-income Tanzanians exists among some vacationers.

The opportunity presented by thousands of wealthy, potential donors is far from maximized by the tourism industry today. First, tourists may overestimate the impact their visit alone has on development goals. Some feel that their visit to the country itself is a significant

contribution to its development, unaware of where the tourism industry value chain may actually take their money, as ownership structures, use of profits, salary levels and other factors can be difficult for even a dedicated researcher to ascertain. Overcharging tourists for cultural site visits, where a carload of tourists believes they are giving \$50 to a community when the driver only passes along \$20, is directly misleading.

Some safari companies and hotels allow tourists to make monetary contributions to various projects through collection boxes. A few others take a more involved approach by offering to take visitors to communities or organizations where they can make a donation. This method allows tourist giving to complement the company's own charitable projects.

However, safari companies, as most visitors' main ambassador to Tanzania, could do more to guide visitors who would like to bring physical (non-monetary) contributions. The author's encounter of a school group who handed out their school's T-shirts to a gathering of rural Maasai women illustrated a complete misalignment of good intentions and need, as the women do not wear Western clothing. Visits to communities around the northern circuit encounter children asking for pens. The school group would probably have happily brought pens as opposed to T-shirts, but had no way of knowing what was needed or appropriate in the areas they were visiting. On the other hand, the T-shirts would doubtlessly been appreciated at orphanages in the city of Arusha, but the vast majority of tourists do not visit such places (with the exception of a few companies like Tropical Trails). Of a survey of ten safari companies who have "What to Bring" sections on their websites – both foreign and locally-owned – none gave visitors ideas of what they could bring from home that would be appreciated by the communities they visit.

However, the encouragement of direct gifts from tourists to locals must also be done with caution, as the development of an aggressive begging culture around tourism could end up decreasing tourist-resident interaction. Moreover, the global irresistibility of helping children in need means children are often used as the face of begging. In Zanzibar, Gössling laments how children who earn money begging or selling souvenirs to tourists no longer attend school (Gössling 2003). While a closer examination of these children's households would be necessary to determine whether the effect of leaving school to beg or sell cheap souvenirs has a decisively negative impact on well being (i.e. the extra income might dramatically improve the child's nutrition), it seems preferable that tourist philanthropy be directed in other ways, if it can achieve a positive impact without the drawbacks of children leaving school. The author of the *Rough Guide* guidebook suggests tourists give children on the street food instead of money (Finke 2006). It might be most effective to direct tourists' contributions to reputable development agencies operating locally, whose programs are known to have substantial positive impact.

8. Investment in infrastructure stimulated by tourism also benefiting the poor in the locality

The poor can experience economic benefits from tourism beyond direct income. The smooth tarmac road that connects several of the northern circuit's national parks not only offers tourists a respite from the bumpy roads inside the parks (which are kept unpaved partly to prevent speeding), but improves transportation options for communities in the vicinity. Tarmac roads allow all vehicles to run throughout the year, potentially increasing transportation options (i.e. public buses) and can dramatically reduce traveling times between locations. Improved roads in turn reduce transport costs of goods, allowing producers (i.e. rural farmers) to spend less money transporting their goods to market, while reducing the costs of outside goods, as it costs

less to deliver them to the community. In a 1997 survey of villages around Tarangire National Park, 26.4% of respondents cited improved transport as a key benefit of living next to the park (Kangwana and Ole Mako 2001). Ostensibly this benefit includes access to paved roads, as well as the ability to share rides with rangers and other park personnel.

While roads probably have the most substantial impact, other types of infrastructure investment may also provide tangible benefits. Electricity and telephone lines that are extended to reach hotels may increase ease of access for surrounding communities, though the necessary expenses may remain too high. Flush toilets installed by the National Park Service next to a Maasai village between the parks for tourist bathroom stops could offer an opportunity for improved sanitation, but the residents do not use it, preferring their traditional method of relieving themselves. Thus, while benefits can accompany infrastructure development, policymakers should not assume the poor will necessarily adopt its use, and if poverty alleviation is an objective, study local needs and preferences. The major investors in infrastructure projects tend to be governments and large international agencies like the World Bank.

9. Sale or rental of property

When they have clear ownership rights, Tanzanians can sell their land to tourism companies. Land near tourist attractions (i.e. national parks, beaches) can have high value to private tourism ventures. However, this potential benefit to the poor comes with many caveats. While land sale may provide an individual with a one-time windfall of cash, it must leave the household economically better off over time to be considered a net benefit. Thus, the benefits of property sale may greatly depend on what the income is used for – if it is invested for long-term benefits or quickly disappears after being spread around friends and family. The benefits also

depend on the amount for which the land is sold. Unless the proceeds are sufficient to permanently lift household out of poverty, which is unlikely, property sale, as a one-time occurrence cannot be considered a “sustainable” pro-poor tourism benefit. The net effect may actually be negative if the sale of land results in a livelihood loss of higher present value than the value of the sale.

Other residents have been able to leverage the tourist value of their land while not relinquishing its ownership. Many hotels in the northern circuit area have agreements with local communities to provide a fraction of their revenues in exchange for use of their land. This amount is usually calculated as a “bed-night fee,” where hotels pay an amount generally in the range of \$5-20 per bed occupied per night to the local community. Such an agreement made between Oliver’s Camp, a member of the Asilia lodge company, and a community near Tarangire gave the hotel a 33 year lease on part of the community’s land, where locals have agreed not to graze cattle, farm or cut trees “except in times of real need” (Honey 2008). In another model, the large tourism company CCAfrica has a community agreement for leasing 25,000 acres of land at a rate of \$1 per acre per year, producing substantial income for the residents.

However, tenuous rights to land and changing government regulations around its use have meant the loss of some of these income earning opportunities. First, the Tanzanian and Zanzibari governments both nullified many customary land rights not long after independence. As a result, some local residents had little choice about the sale of the land they occupied to tourism companies; in Zanzibar, residents were compensated only for the coconut trees that stood there (Honey 2008). Moreover, the Wildlife Division has nullified the rights of some communities to enter into lease agreements with tourism businesses – even those it had originally

supported – determining that exclusive rights to the land belong to hunting concessions (Honey 2008). As a result, in some areas residents have been totally deprived of the opportunity to use their land to find economic benefits from tourism, while in other areas tourism companies are increasingly hesitant to enter into such agreements, associating a higher risk with them.

Two policies would dramatically improve economic development outcomes from Tanzanians selling or leasing their land to tourism enterprises. First, the governments must be consistent on land tenure, so that companies can invest in negotiations with local communities with confidence. Naturally, local communities' benefits would increase if the governments restored recognition of customary land, though this seems unlikely. In addition, NGOs could empower households and communities whose land is of interest to tourism investors by providing education and advisory services. If Tanzanians are able to make informed decisions around the value of their land and the consequences of leasing or selling it – and option which is still novel and foreign to many – the pro-poor impact of these activities could be expected to increase.

This section has explored nine ways through which the tourism industry may contribute to the economic development of Tanzanians. All of them make at least some contribution, though they vary in their extent and limitations. Policymakers interested in expanding benefits to the poor must decide which channels offer the most promising and low-cost opportunities. Whatever channels are chosen, however, policymakers must also recognize that tourist numbers cannot grow indefinitely in the Northern Circuit or Zanzibar. The national parks, whose supposed remoteness is part of their attraction, have become quite crowded and much of Zanzibar's beach real estate has already been purchased. The environments show other signs of

stress, as discussed below. The tourism strategy's emphasis on high-spending tourism recognizes this restriction by trying to create more value per tourist; however, the scope for this is limited as well. Therefore, expanding the pro-poor benefits of tourism cannot rely on the volume of tourism dollars to change, but must involve substantial change in where the tourist dollars go.

IV. COSTS OF TOURISM

So far this paper has described the potential ways for Tanzania's poor to benefit from tourism and explored the extent to which these different paths are met. However, in addition to ways in which the poor benefit or fail to benefit, an accurate picture of how tourism affects the poor's welfare must also consider how the poor are *hurt* by tourism. Unhappiness over how the tourism industry has developed has been most vocally expressed in Zanzibar, where frustration with the negative impacts of tourism and a lack of adequate benefits led to protests in the 1990s (Honey 2008). A display at one of Zanzibar's historic buildings, the House of Wonders, included a statement on tourism: "Tourism provides limited new employment, mostly to overseas people. Much of the food is imported while the demand from hotels has increased prices for fish and other foodstuffs, which are passed on to locals. Many streets have been blighted by imported tourist junk which is not an expression of Zanzibari culture. Tourism creates enclaves of wealth and development with limited trickle down" (Davenport in Honey 2008). This section explores the social, environmental and economic costs that Tanzanians have experienced as a result of tourism. With a goal of increasing the *net* benefits tourism provides to Tanzanians, it also suggests policies that could minimize tourism's costs.

Social Costs

The presence of international tourists in foreign locations, who have dramatically different customs than the local residents, is often a source of tension. Common aspects of tourist behavior – including alcohol and drug consumption and skimpy female beachwear – conflict with the more conservative culture of many Zanzibaris. Tensions have run particularly high in the conservative Islamic village of Nungwi on the northern tip of Zanzibar, which attracts much

of the party crowd of tourists (Gössling 186). Some companies have started to give guests information on appropriate forms of local dress, though it remains up to the tourists whether to conform.

Residents of Nungwi and other parts of the island have also experienced social change with the arrival of tourism workers from mainland Tanzania. Not only are the mainlanders often blamed for stealing local jobs, but are also accused of causing an upsurge in thefts and rapes, which are targeted mostly at tourists, but nonetheless decrease safety (Gössling 2003). Female migrants from the mainland, including prostitutes are also attributed a role in introducing more “liberal” cultural influences. Many older Zanzibaris are unhappy with what they believe are the effects of youth’s exposure to outside cultures – even if they come from other parts of their own country – with a reported rise in alcohol and drug use, prostitution and petty crime among young Zanzibaris. In a 2002 study, 78% of respondents reported they felt tourism had a negative influence in their community (Ford Foundation 2002 in Honey 2008). No strong statistical evidence has been compiled, though increased crime has been frequently observed as a response to tourism development all over the world.

The geographic expansiveness of Northern Circuit tourism means there tends to be less forced exposure between locals and tourists. Residents can therefore mostly avoid being exposed to much tourist activity. However, interacting with tourists is part of many of the livelihood strategies discussed above, from hosting cultural tours to selling handicrafts. Substantial critique surrounds the cultural tours that dot the northern circuit. Some travelers to the region expressed their discomfort to the author about the way the cultural tours seem to objectify the local people. Unfortunately, there is not much literature about these perceptions on part of the locals themselves, exploring whether they feel exploited and objectified by the process. However, it is

important to note that these cultural tour enterprises are done willingly by the communities and that most express a wish for more visitors (which means more income), so we can assume that any social discomfort tends not to outweigh the economic benefits. At one Maasai women's cultural *boma*, the author suggested strategies to the local NGO project manager for attracting more tourists, but worried that the result would lead to an excessive presence of tourists that the women would find disruptive and overbearing. The project manager responded simply, "If it brings more money, the women will want to do it." The cultural contact to which tourists seem most sensitive appears to elicit less concern from locals, though frustration may just be outweighed by the economic benefits.

The recommendation made earlier to improve the language abilities of cultural *boma* guides would improve the depth of cultural interaction occurring between locals and guests. Nonetheless, foreigners' behavior may continue to irritate or offend locals, even if linguistic understanding is perfect. However, rather than further speculating on what interaction with tourists is most socially problematic, it would be preferable for additional research to be conducted on this subject. Some groups may be willing to tolerate a high level of social costs if they receive substantial economic benefits from tourism, and therefore may not vocalize their frustration unless specifically asked. Ideally, costs will be minimized without losing any benefits. In Zanzibar, there may not be any comprehensive solutions to reduce cultural tensions beyond a certain level; however, the level of frustration could be further reduced – and thereby net benefits maximized – if locals saw more economic benefits from tourism.

Environmental Costs

Although tourism is often considered to be an environmentally-friendly development

strategy, as an alternative to more extractive industries, it invariably has some impact on the environment. Improper waste disposal, overuse of water, and habitat destruction during construction are common examples of hotels' environmental impact. The severity of these effects depends on both the scale of tourism activities and the way in which tourism infrastructure is developed. This, in turn, depends on what government regulations are in place and how self-conscious tourism businesses are about their environmental impact. Environmental health is very important to the poor, who often depend on an intact environment for their livelihoods.

Necessarily, increased numbers of people in an area creates higher demand on its natural resources, which can lead to their depletion. Water is a key resource that is in limited supply in both the Northern Circuit and Zanzibar. In Zanzibar, some water sources have become saline due to unsustainable levels of diversion, brought on not only by higher numbers of people (including a growing resident population, with mainlanders migrating for tourism jobs), but also increased levels of consumption per person. In 1994, per capita daily water consumption in Zanzibar hotels was found to be over three times the recommended amount of 200 liters (Halcrow in Gössling 2003). Facing increasing water scarcity in Nungwi, angry locals cut a pipeline serving hotels off the village's main pipeline (Gössling 2003).

Local residents also took matters into their own hands just miles down the coast in Kendwa, where in 2002 they tore down the jetty of a five-star hotel under construction because they believed it would cause damage to the coral reef (Gössling 2003). Given the Zanzibari government's poor record of monitoring and limiting environmental impact, the locals may have seen it as their only option to protect the fish population, an important source of protein and livelihoods, much of which relies on coral reef as habitat. The fisheries populations are already

declining as a result of overharvesting, given increased demand from tourist hotels and restaurants (Gössling 2003). Moreover, tourists directly damage the coral reefs by touching, breaking or stepping on them (Gössling 2003 in Honey 2008). Declining fisheries put the livelihoods of the estimated 23,000 full-time Zanzibari fishermen in jeopardy (Lyimo et al. in Gössling 2003).

Economic Costs

The extent to which many local livelihoods in tourist areas are built around natural resources means that damage to the resources, discussed above, has significant consequences for livelihoods. Resource degradation, however, is not the only means by which livelihoods are hurt; loss of access to the resources due to tourist activity can also harm locals. Access to land and its natural resources is key for much of the local population in the Northern Circuit and in Zanzibar.

In the Northern Circuit, land is a critical aspect of livelihoods for many locals, including the pastoralist Maasai, who graze cattle and other livestock. The land available to pastoralists has been significantly diminished in the last half-century, due largely to the establishment of national parks and other protected areas that restrict activities like grazing. 1959 saw the establishment of Serengeti National Park, Tarangire National Park and Manyara National Park, as well the Ngorongoro Conservation Area (Homewood et al. 2009). The creation of the national parks meant the removal of existing residents, and restricted resource use for those living near the park boundaries, who had been accustomed to using the resources of the area, including gathering wood, and collecting water. Many Maasai who had lived and grazed their cattle on the Serengeti were relocated to the Ngorongoro Crater area, which had been given a less restrictive conservation status. Then, in 1974 and 1975, Maasai living in the crater were evicted (Zeppel

2006). Honey writes that the struggle for tourism benefits has resulted in “rural communities being pushed to the fringes and their lands taken away” (Honey 2008).

Uncertainty over land tenure has led to many problems. Some Maasai communities contend that parks have tried to expand their boundaries, leading to contested lands. A leader of a Maasai advocacy group says, “pastoralist lands continue to be subject to high levels of insecurity and threat from wildlife conservation” (Porokwa in Honey 2008). Land tenure laws that have removed most recognition of customary ownership mean the proceeds from land sale are enjoyed by the Tanzanian government, which motivates them to sell or lease land to outside investors, including farmers and tourism entrepreneurs (Homewood et al. 2009). Honey argues that the more tourism dollars are generated by wildlife tourism, the more incentives the government has to set aside more areas to be protected (Honey 2008). Though such action may please conservationists, every acre removed from pastoralist use damages their livelihoods, as more pressure is put on remaining lands, and restricted movement hurts their ability to deal with vulnerabilities to drought and livestock disease.

The sea is an important source of livelihoods in Zanzibar, but access to its resources has been restricted through tourism development. As part of its 99 year lease, the upscale Mnemba Island Lodge was granted exclusive rights to Mnemba Island and proceeded to prohibit Zanzibaris from landing on the island or fishing on the reef. This action stripped fishermen of key resources for their livelihoods without providing any compensation or alternatives. Fortunately, some adjustments were eventually made (Gössling 2003, Honey 2008).²² In other parts of Zanzibar, hotels have restricted local beach access, harming the livelihoods of women who farm algae in the tidal zone (Gössling 2003). Honey quotes a Zanzibari fisherman: “The

²²The fishermen are now allowed to fish around Mnemba but are still not allowed to land on the island (Gössling 2003). Mnemba Island Lodge has provided some assistance to nearby communities, though it is criticized for being quite minimal (Honey 2008).

[foreigners] come and pay off my government and steal my livelihood with their projects, and ask me to say okay because they teach my children to use a snorkel” (Honey 2008).

We can conclude that tourism undoubtedly harms the livelihoods of some locals – either directly or by creating demand for resources (i.e. land) that takes them away from other uses. An estimate of the amount of destroyed livelihoods that are replaced by jobs in the tourism industry would be useful to more completely assess impact, though the number may be small given the very different skill sets between occupations. Moreover, the large import of hotel labor in Zanzibar likely diminishes the amount of livelihood replacement that occurs.

In addition to damaging some livelihoods, tourism may also harm the poor by causing prices of goods to rise. Increased demand for scarce goods, like fish, raises their market price. While higher fish prices in Zanzibar could benefit the fishermen who supply them, the scarcity of fish simultaneously makes it more difficult for fishermen to enjoy a prosperous catch. One fisherman claims that the tourist demand for fish is so high that he and his family no longer eat fresh fish themselves, but rather sardines (Madsen in Honey 2008). Prices of other raw materials have also increased in Zanzibar, including building materials like coconut fronds that are used for roofing (Gössling 2003). These prices appropriately reflect growing environmental scarcity, but poor locals cannot compete with wealthy investors and tourists, and therefore must change their behavior and find alternatives that may leave them worse off. As discussed above, land prices have also risen (Honey 2008), but many locals sold their land – or the trees that were on it – when the price was still low. Land – especially on the coast – is now very difficult for the non-wealthy to afford.

Industry Vulnerability

Reliance on tourism as a primary revenue earner can be problematic given its propensity to fluctuation. The industry experiences yearly fluctuations by season, with business – and likely much of the employment – especially low in the rainy seasons. The difference in average hotel occupancy between high and low seasons is approximately 30% points. Some safari guides use the slow time to further their education, such as working on a new language. However, it is possible that the slow seasons impose hardship on some tourism worker households.

Tourism is also a particularly vulnerable industry to global economic and political events. As a “luxury” industry, tourism tends to suffer with recessions, as potential travelers cancel or delay their trips. While some destinations may actually benefit during economic downturns if they can function as substitutes for more expensive trips, the air costs alone in getting to Tanzania from large markets in North America and Europe probably eliminate most substitution potential.

Tourism can also be impacted by political events, especially cases of violent instability or terrorism. Although Tanzania has generally been a very stable, peaceful country in the last several decades (save some rioting in Zanzibar), the 1998 bombing of the American Embassy in Dar es Salaam deeply hurt tourism arrivals. Political events happening outside the country can also play a large role in international tourist arrivals. Following the terrorist attack of September 11, 2001, Tanzania saw a marked decline in tourism numbers, which some respondent hotels reported. More recently, violence around the December 2007 elections in neighboring Kenya caused some to cancel their trips to Tanzania.

While both economic and political events can cause dramatic impacts on tourism arrivals, these shocks are generally viewed as short-term, causing “dips,” as Honey calls them, in an

ongoing pattern of growth. Nonetheless, their impact is substantial, as over 15% of respondent hotels and safari companies cited outside economic and political concerns – including terrorism, Kenya instability and the financial crisis – among the top challenges facing their business. (As much of this data was collected prior to the financial crisis, it is possible that the percentage would now be higher.) Moreover, though some businesses may have the resources and strategy to weather the downturn, others – depending on their size or stage of development – may not be able to wait out the storm.

Additional research on the resiliency of tourism businesses in Tanzania could shed further light on the extent to which these fluctuations affect livelihoods over time. However, the vulnerability of the industry should be remembered as tourism replaces other livelihoods, such as herding or fishing, as discussed above.

Though most of these impacts are difficult to gauge in terms of aggregate monetary or economic consequences, choosing to continue tourism as an economic development tool either implies a judgment that these costs do not outweigh its pro-poor advantages, or that other considerations outweigh pro-poor concerns.

V. RECOMMENDATIONS

This paper has suggested a variety of policies that could improve the net pro-poor impacts of tourism in Tanzania. Given the large array of sub-topics, this section does not re-state all of the possible recommendations discussed above, but rather summarizes the main policy conclusions and recommendations in the context of three main categories of actors – primary businesses, international agencies and governments – that can affect the industry, while recognizing the barriers that may prevent them from implementing such changes.

Primary Tourism Businesses

While the primary objective of all of the businesses is to make money, it is unquestionable that some companies – foreign and locally owned – have a real desire to improve the well-being of local communities. We have seen that primary tourism businesses control much of the industry value chain, and therefore wield substantial power in determining the path of money throughout the industry. Companies that wish to maximize benefits to Tanzanians should examine the linkages they provide to other parts of the industry and do what they can to increase them. For instance, companies can try to promote cultural tours among their clients, employ Tanzanians in high-level positions, purchase as many goods as possible from Tanzanian producers, direct revenues and client donations into successful development projects, and work out agreements for community lands that are equally beneficial.

However, legitimate barriers stand in the way of companies from reaching all of these objectives. A lack of training means that many hotels report they are not able to find the caliber of management staff they need locally, while the quality of some local products are not up to the standards the hotels want to maintain. Efforts must be made by other parties to improve the

competitiveness of the Tanzanian workforce and goods. Partnerships with communities over land use have also been problematic. Hoopoe Tours, a safari company that won Condé Nast's Ecotour Operator of the Year award²³ in 2004, has reported that their investments in community tourism have not yet been profitable (Honey 2008). Moreover, uncertainty around government land tenure enforcement enhances the risk associated with community partnerships around land. The government must change its behavior to provide the necessary incentives for businesses.

While some incentives for primary businesses may be improperly aligned for taking action to further improve benefits for local communities, the extent to which all of them rely on an intact natural environment for their business is undeniable, whether they host clients touring the wildlife of the Northern Circuit or the scenic beaches of Zanzibar. According to the sustainable development theory that a reliance on environmental benefits will lead to their conservation, businesses like hotels should need no other incentive to take environmental precaution, as their investment is based on the necessity of having intact natural capital for visitors to appreciate. However, many hotels have caused environmental damage and responses from most hotels about environmental action are low. According to Gössling, "even though there are now some environmentally aware hotel managers, the majority of the tourist industry seems to ignore environmental issues – despite the fact that the existence of the hotels is ultimately based on pristine, intact environments" (Gössling 2003). Several factors explain this apparently irrational action of businesses endangering the environment on which they depend.

First, some business owners and managers may simply be uninformed about the impact their activities have on the environment. While certain types of environmental destruction, such as depositing waste on the beach, are relatively easy to see, the effects of chemical run-off or

²³ Such awards should always be interpreted with a bit of caution, as businesses that appear to have strong positive effects while less visible detrimental impacts go ignored (i.e. a hotel that has strong environmental practices but has caused severe problems for local livelihoods).

overuse of water may not manifest themselves for several years – when the problem has reached a crisis and may be quite difficult to solve (Briassoulis 2002). Secondly, the time horizons and therefore incentives of some hotel investments and management staff are often oriented toward the short-term. Many international hotel companies make investments in properties that they plan to keep for a period of about 10 years, after which maintenance costs start to build up and the hotel and location are no longer as trendy (Jones 2008).²⁴ Short periods of planned ownership reduce concern long-term environmental impacts, as can short periods of management. Gössling writes that, in Zanzibar, some hotels rotate managers at least once a year, making it “unlikely that managers are concerned with sustainability, which can only be achieved through a long-term interest in the place as well as a profound understanding of the processes that have a negative impact on the environment” (Gössling 2003). This could imply that local-owned hotel owners and managers will be more environmentally conscious, given their long-term stake in the place. More research would need to be discussed to determine if this is actually the case, as no evidence in the author’s limited survey supports this conclusion.²⁵

Additional reasons exist why companies may fail to address environmental concerns. Some may lack the cash flow to make expensive environmental investments – such as solar panels for hotels or more fuel-efficient safari vehicles. Or, even if companies are financially able to lower their environmental impact, they may choose not to because they fear other hotels will continue their destructive behavior, of which they will also feel the impact. The “problem of the commons” is often referred to in environmental policy to describe the lack of incentives any individual party has to conserve a resource when many other parties use (and damage) the same resource. Regulation of resource use is generally the solution to problems involving common

²⁴ This is an internationally observed trend, not specific to Tanzania.

resources, meaning the Tanzanian and Zanzibari governments must increase their regulation and enforcement.

Governments

A key recommendation to the Tanzanian and Zanzibari governments is to take a general approach to tourism policy that emphasizes reaching their poorer constituents with significant, sustainable benefits. While government officials often speak to the importance of using tourism to fight poverty, this sentiment must be backed up by specific policies, and the government must be prepared to enforce them. Numerous recommendations have been discussed above; this section focuses on a few key areas on which the government should focus.

The government plays a powerful role via its decisions around tourism investment regulations and incentives, given the significance of primary tourism businesses in determining the extent of many pro-poor linkages. This paper has examined the relative merits of foreign and locally-owned primary tourism businesses, though no clear conclusion is reached for which type is “better.” However, the Tanzanian and Zanzibari governments should re-evaluate the relative pro-poor benefits of primary businesses on a regular basis, in case adjusting existing regulations and incentive scales to certain types could make a substantial difference to the industry.

To expand employment benefits from tourism, the governments must create better tourism education facilities, as many business owners list a lack of skilled labor as a key challenge and more jobs are going to outsiders as a result. This should be given especially high attention in Zanzibar. Governments should also keep benefits to the poor in mind as they build tourism infrastructure, seeking ways to improve the lives of locals.

New approaches to land tenure could have enormous impact on tourism benefits to Tanzanians. Were local residents to possess full ownership rights to land they have occupied for decades, the land would provide a source of capital that could be used in the tourism industry. More residents could earn money from the sale of their land – rather than the government apportioning it on its own – and could make more secure lease agreements with tourism companies.

The governments should also take a stricter approach to environmental protection, instituting new requirements and enforcing them along with existing laws. As discussed in the previous section, some hotels may be willing to adopt environmentally superior technology in practices if they know the others must do the same. Environmental protection is essential not only for minimizing local impacts, but for preserving the very foundation on which the industry rests – Tanzania’s remarkable natural capital. If the governments want to continue enjoying any of the benefits tourism brings, they must take action to ensure the industry continues to exist.

The governments’ statements and policies reflect an existing recognition of some of these recommendations. For example, the 2002 Tourism Plan calls for the following actions: “development of national curriculum... establish tour guide training programmes... identify road network improvements to facilitate tourism development...[and] “identify and promote economic linkages between tourism and other sectors of economy” (Ministry of Natural Resources and Tourism 2002). Also in 2002, then-President Mkapa declared, “We have a unique tourism product mix. We must keep it unique by sustaining it. A correct balance has to be established between exploitation and conservation; and between economic interests and the social, environmental, and cultural impact of human activity in tourism” (Honey 2008).

However, other factors prevent these sorts of recommendations from being enacted. Honey observes that the Tanzanian government “shows limited political will or capacity for enforcing many of its own regulations” (Honey 2008). For instance, the Maruhubi Tourism Training School was slated to receive a portion of VAT taxes, but as of 2003 none had materialized (Gössling 2003). The Zanzibari government also has a very poor record of enforcing environmental regulation in Zanzibar and as a result, environmental considerations remain largely voluntary (Gössling 2003). Of the northern circuit, Honey writes, “while the government publicly calls for tourism revenues to be captured locally in order to share benefits and reduce poverty, its informal or ‘real’ position is to continuously restrict local opportunities and ensure that money goes to government organs” (Honey 2008 p.253). Though there are some advocates for real action in government, they are often overruled by more powerful officials. As a result, residents are increasingly disillusioned with government promises. One Zanzibari elder remarked, “The government is not committed to this island. They promise to protect it over and over, but all I see are new hotels every year” (in Honey 2008).

Several obstacles, referred to at the beginning of this paper, likely explain most of the governments’ failure to institute more pro-poor action. As Honey implies, the governments wish to maximize their income. The stated desire for greater local benefits may also be simply incompatible with a core goal of both governments – to pursue “low volume, high yield” tourism. While a common strategy for maximizing tourism dollars while mitigating negative impacts, a preference for high-value investments, such as luxury hotels, could lead to discouragement of smaller, locally grown enterprises. For instance, in accordance with a policy of attracting this low-volume, high-paying tourism, the Zanzibar Investment Promotion Agency (ZIPA) encourages only four- and five-star tourism developments (Honey 2008 p.267), which

tend to be owned by foreign investors. Providing incentives to large enterprises may further increase the difficulty of the smaller, local counterparts in competing for clients. Policymakers may perceive their real interests being more closely aligned with “high value” tourism, viewing the economic benefits it brings as more important than directly expanding linkages to the poor.

Corruption

Conversations with Tanzanians about why the government does not pursue more sustainable, pro-poor tourism practices generally lead to a single, underlying cause: corruption. The extent to which public office is used for personal gain is a well-recognized problem in Tanzania, with frequent implication of public officials and its presence in everyday transactions. Deal-making with wealthy tourism companies can be a lucrative source of income for those in the position to ease the investment process along. As a result, government officials may ignore sustainability and pro-concerns in order to maintain positive relationships – or carry out their end of a deal. Honey argues that both the Zanzibari and mainland governments have purposefully sidelined environmental protections because they do not want anything to interfere with what [a World Bank official] described as ‘corruption in the Tanzanian way’ ” (Honey 2008).

In the fragile Ngorongoro ecosystem, the Ngorongoro Conservation Area (NCA) Board unanimously voted to oppose the construction of new hotels, as they would place further strain on the environment beyond those already existing. Advocating the area’s protection, the NCA board appealed both to the Minister of Natural Resources and Tourism and the President himself at least to conduct a master plan for tourism development before allowing the new construction. The complete refusal they encountered led one member to describe the new hotels as being “forced down our throats by the president’s office” (Honey 1999), a decision ostensibly motivated by different priorities.

On Zanzibar, pressure from environmentalists and other groups to regulate the growth of hotels has been largely unsuccessful. Zanzibar President Amani A. Karume is widely believed to have ownership stakes in many of the island's luxury hotels. Allegedly, his financial stake prompts manipulation of his political office to suppress environmental and other measures that would impose costs on hotels, such as environmental management. Karume appoints all the directors of the Commission for Tourism, as well as the Director of Environment (Gössling 2003). Moreover, the ability of some businessmen to obtain seemingly remarkable "sweetheart deals," such as an Italian businessman who was given a 99 year monopoly over Mnemba Island, a valuable island ecosystem property, increases the extent to which government officials' private interests are believed to be involved (Honey 1999).

Ironically, by undercutting environmental protection, corrupt officials undermine the basis of their lucrative deal-making, as a damaged environment will send tourists elsewhere. This apparent irrational behavior can best be explained by a sense among public officials that their time in public office is short and that they should maximize their takings while they can.

As mentioned earlier, corruption can take place at various levels of government. What is known as "grand corruption" characterizes the actions of top officials who direct policy and land leases, while "petty corruption" describes the behavior of public servants who accept bribes for granting licenses to enterprises or individuals who do not meet the stated requirements, or even the heads of village councils, who have been known to siphon village tourist funds for their own use.

Corruption obscures the importance of public interest in government decision-making and means policies may be implemented quite differently in practice from what they are on paper. Similar to its rhetoric on pro-poor, sustainable tourism, the Tanzanian government has

issued strong statements about eradicating corruption, while no substantial progress appears to be made. Thus, outside pressure on reducing corruption may be a key step in improving the government's approach toward sustainable economic development for all Tanzanians, including its approach toward tourism.

International Agencies

The Industry Overview section discussed three ways in which international agencies are currently involved in the tourism agency: investing in primary businesses, supporting secondary enterprises, and lobbying governments on legislation. This section first recommends ways in which these strategies could be improved to increase poor Tanzanians' benefits from tourism and then suggests two other major strategies for international agencies to pursue.

The International Finance Corporation (IFC) is currently interested in promoting Tanzania's tourism markets in general, but should take a more nuanced look on how their investment decisions affect the poor. IFC does hold companies to certain environmental and social standards, and supported Boundary Hill Lodge, which is half-owned by a nearby community. However, lending extra support to large, luxury hotels may increase the problems smaller enterprises face being competitive in the market. While the businesses the IFC invests in will surely bring economic benefits, as parts of Tanzania near their tourist carrying capacity and competition among businesses in tight, the IFC should fully consider the implications their funding has on the entire industry, especially now that it has developed beyond its nascent stage.

NGOs that support secondary enterprises should design their programs with full realization of the industry value chain. Establishing linkages with primary enterprises, and understanding their needs and concerns, is critical for the ability of the small enterprises to

generate sufficient clientele (Rozga 2006). Given the critical role of primary businesses, NGOs can improve pro-poor impact by promoting linkages between primary companies and other types of local enterprises, including food producers. The international aspect of these agencies could even allow them to promote linkages between local primary businesses and outside tour agents. Fostering communication alone allows businesses to better address the needs of those they supply.

CARE's impressive success in getting a greater share of tourism revenue returned to a local community should be adopted by other international agencies, pressuring the Zanzibar and Tanzania governments to extend more tourism benefits – and reduce more of the costs – to local residents. Because many wishes and concerns of local residents seem to be frequently ignored in government action, international pressure may be the best method to ensure their interests are given attention. As discussed above, applying pressure for serious anti-corruption measures could substantially improve the accountability of the governments to their constituencies.

International agency projects should also be expanded to provide significant assistance to Tanzanians in two areas: access to finance and education. Currently, lack of finance constrains the options that Tanzanians can pursue to participate in the tourism industry. High interest rates and collateral requirements act as barriers that could be overcome by the provision of finance with fewer requirements and lower rates. NGOs with expertise in microfinance could help meet this need.

Greater access to finance must be accompanied by more educational services. From entrepreneurs to employees to simple residents of tourist areas, many Tanzanians could improve their own tourism benefits by accessing relevant information and building skills, whether in formal educational institutions or other fora. Education on international tourist standards could

improve the competitiveness of not only local primary enterprises, but also the businesses that hope to supply them. Basic business skills can be critical for secondary enterprises run by members with no prior business experience, while improved management skills could dramatically increase the higher-level employment benefits enjoyed by Tanzanians. Even basic knowledge of their rights and the commercial value of their land could allow communities to negotiate more successfully for tourist use of their land. Given the goal of maximizing Tanzanian benefits from the tourism industry, it is essential that more Tanzanians be given the tools to actively improve their own outcomes.

Through an examination of the Tanzanian tourism industry in the Northern Safari Circuit and Zanzibar, we have seen that it does provide poor Tanzanians with some benefits through a variety of channels, but also that these benefits could be increased, while tourism's negative impacts could be reduced. A variety of actors have the potential to effect positive changes in the industry, including primary businesses, governments and international agencies. If most of the recommendations made above are taken, we can envision a thriving Tanzanian tourism industry that shares the wealth of the country's natural resources with more of its inhabitants, and sustains the natural capital to allow economic benefits to continue indefinitely. Such a vision embodies the goal of sustainable development, and the extraordinary natural endowments and diverse inhabitants of Tanzania deserve no less.

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VII. APPENDICES

Appendix A: Tourist Survey

I am a graduate student doing research on tourism in Tanzania. Please take a few minutes to answer these questions about your recent safari in Tanzania's northern circuit (Arusha/Manyara/Ngorongoro/ Serengeti/Tarangire and surroundings).

Limit one questionnaire per party.

1. Have you completed a safari in Tanzania's northern circuit region within the last two weeks? *(Circle one)*

YES / NO

2. How did you book your safari?

- With a travel agent outside of Tanzania
- With a travel agent in Tanzania
- With my safari company when I was outside Tanzania
- With my safari company when I was in Tanzania
- With an all-inclusive hotel
- Other: _____

3. Did you personally select any of your safari accommodation? **YES / NO**

→ If **YES**, where? *(Please select all that apply.)*

- Transit in Arusha / Kilimanjaro airport area
- On Safari circuit
- Other: _____

4. Did your safari include a village cultural visit? **YES / NO**

→ If **YES**, you did a village cultural visit, how did that decision occur? *(Please select all that apply)*

- It was part of my package / I didn't have a choice.
- My safari company asked at the time of booking if we would like to do a cultural tour.
- My safari driver asked on the road if we would like to stop for a cultural tour.
- I requested my safari company / driver to include a cultural visit.
- Other: _____

→ If **NO**, your safari did not include a village cultural visit, Why not? *(Please select all that apply)*

- I was not aware that cultural tours exist
- A cultural visit was not of interest to me
- Personal comfort and safety concerns
- My safari operator/driver said we did not have time
- I did not want to incur the extra cost
- Other: _____

5. Please select where you purchased souvenirs, and estimate the amount you spent at each type of vendor *(Please do not include travel purchases like batteries or sunscreen that do not function as keepsakes/memorabilia)*

- Hotel gift shops: _____
- Gift shops in National Parks/Ngorongoro: _____

- Large, established souvenir stores (contain multiple isles): _____
- Small, informal souvenir shops/ stalls: _____
- Vendors on the street: _____
- Other (*specify*) _____: _____

Thank you for your time.

Appendix B: Hotel Survey²⁶

Questionnaire for Hotels

My name is Sarah Sitts. I am a graduate student researching how different types of tourism businesses contribute to Tanzania's economic development. I would like to ask you some questions about your hotel. In addition to some general information, the 24 questions cover occupancy, employees and ownership, and should take 20-30 minutes to answer. I am not conducting this research on behalf of any organization or government. However, as some of the questions deal with information that businesses wish to keep private, I am committed that none of the information you give me be traced back to your hotel. I will code your responses and keep the key separate. I will also email the questionnaire responses to myself and destroy the hard copies. In any documents I write as a result of this research, the data will be presented only in terms of generalizations (i.e. "among large hotels in this region..."). I will only list you as a respondent hotel along with the others I interview. Also, you may decline to answer any questions.

First, what is your job title at the hotel? _____

Occupancy

1. What is the cost of a standard, double-room in the high season?
2. What is the total number of rooms in the hotel?
3. In 2007, what was your average occupancy in the high season? _____ Low season?

4. Could you estimate what ratio of your guests book at your hotel through...
 - 1 Travel agent / tour operator / package _____
 - 2 Independent inquiries / walk-ins _____

Ownership

4. Is the hotel Tanzanian-owned?
 - 100% Tanzanian-owned
 - 50-99% Tanzanian-owned
 - Less than 50% Tanzanian-owned
5. In what year was the hotel first opened? _____
6. When did the current owner take ownership? _____
7. What were the sources of funding for the construction/purchase (i.e. loan, personal savings, corporate funds)?

Management

8. Does the hotel managing director/general manager own 50% or more of the hotel?
YES NO
9. Is the managing director/general manager a Tanzanian national? YES NO
10. Please describe the tourism background of the managing director / general manager.
Include educational degrees and work experience.

Employees

12. How many staff does the hotel employ? (Include owner if a member of day-to-day

²⁶ Versions of the survey changed over the course of the research project. This version is the final version used. Earlier responses were coded to meet this format.

staff.) _____

13. Please indicate the number or percentage of staff that fall into each category: *(Please include each employee only once.)*

- Management: _____
- Supervisors: _____
- Employees: _____

14. For each level of staff, please indicate the monthly net salary range(s) in TSh:

- | | |
|---------------------------|-----------------------------|
| a. <80,000 | e. 350,001-500,000 |
| b. 80,000-150,000 | f. 500,001-700,000 |
| c. 150,000-200,000 | g. 700,000-3,000,000 |
| d. 200,001-350,000 | h. 3,000,000+ |

- | | | | | | | | | |
|---------------|---|---|---|---|---|---|---|---|
| ○ Management | a | b | c | d | e | f | g | h |
| ○ Supervisors | a | b | c | d | e | f | g | h |
| ○ Employees | a | b | c | d | e | f | g | h |

15. For each level of staff, please indicate what number or percentage are Tanzanian nationals:

- Management _____
- Supervisors _____
- Employees _____

16. Does employee compensation include any benefits in addition to salary (i.e. health coverage, schooling allowance)? YES NO If YES, please describe.

17. What employee skills are you most in need of?

Supplies

18. For the last room you furnished, what percentage (%) of the expenses were on goods purchased from outside Tanzania? _____

19. What percentage (%) of your restaurant's food purchased in the last month was purchased from abroad? _____

Other

20. What makes the hotel successful?

21. What are the biggest challenges facing the hotel?

22. Does the hotel take any measures to lower its environmental impact? YES NO
If YES, please describe.

23. Please describe the hotel's interaction with local communities.

24. Is there any other information you would like to share with me?

Thank you for participating in my research. Please feel free to contact me to ask any questions about the research or to request a copy of the final report: sarah.sitts@tufts.edu

Appendix C: Safari Company Survey²⁷

Questionnaire for Safari Companies

My name is Sarah Sitts. I am a graduate student researching how different types of tourism businesses contribute to Tanzania's economic development. I would like to ask you some questions about your safari business. In addition to some general information, the 28 questions cover clients, employees, ownership and management, and should take around 20 minutes to answer. I am not conducting this research on behalf of any organization or government. However, as some of the questions deal with information that businesses wish to keep private, I am committed that none of the information you give me be traced back to your business. I will code your responses and keep the key separate. I will also email the questionnaire responses to myself and destroy the hard copies. In any documents I write as a result of this research, the data will be presented only in terms of generalizations (i.e. "among companies offering luxury safaris..."). I will only list you as a respondent company along with the others I interview. Also, you may decline to answer any questions.

First, what is your position at the company? _____

Clients

5. How many operating safari vehicles does the company have? _____
6. How many safari trips did you provide in the northern circuit region in 2007?

7. What is your average per-person-day cost? _____
8. Could you estimate what ratio of your clients book your safaris through...
 - 3 Travel agent / package _____
 - 4 Independent inquiries / walk-ins _____
 - Of the walk-ins, what percentage would you estimate are brought by a commissioned "fly-catcher"? _____

Ownership

5. Is the company Tanzanian-owned?
 - 100% Tanzanian-owned
 - 50-99% Tanzanian-owned
 - Less than 50% Tanzanian-owned
6. Where is the company based?
7. In what year did the company start offering safaris?
8. What was the original number of safari vehicles?
9. What were the sources of funding to start the business (i.e. personal saving, loan, profits from other business)?

²⁷ Versions of the survey changed over the course of the research project. This version is the final version used. Earlier responses were coded to meet this format.

10. Does the company own any hotels/accommodation in the northern circuit? YES NO
 If YES, what is the total number of rooms? _____

Management

11. Does the safari managing director (or equivalent) own 50% or more of the company? YES NO
 YES NO
12. Is the managing director (or equivalent) a Tanzanian national? YES NO
13. Please describe the tourism background of the managing director (or equivalent). Include educational degrees and work experience.

Employees

14. How many staff does the company employ for safaris? (Include owner if a member of day-to-day staff.) _____

15. Please indicate the number or percentage of staff that fall into each category: (Please include each employee only once.)

- Management: _____
- Office Staff: _____
- Drivers/Guides: _____
- Cooks: _____
- Mechanics: _____
- Other: _____ Please specify: _____

16. For each level of staff, please indicate the monthly **net** salary range(s) in TSh: (do not include tips, allowances)

- | | |
|---------------------------|-----------------------------|
| a. <80,000 | e. 350,001-500,000 |
| b. 80,001-150,000 | f. 500,001-700,000 |
| c. 150,001-200,000 | g. 700,001-3,000,000 |
| d. 200,001-350,000 | h. 3,000,000+ |

- | | | | | | | | | |
|-------------------|---|---|---|---|---|---|---|---|
| ○ Management: | a | b | c | d | e | f | g | h |
| ○ Office Staff: | a | b | c | d | e | f | g | h |
| ○ Drivers/Guides: | a | b | c | d | e | f | g | h |
| ○ Cooks: | a | b | c | d | e | f | g | h |

24. Is there any other information you would like to share with me?

Thank you for participating in my research. Please feel free to contact me to ask any questions about the research or to request a copy of the final report: sarah.sitts@tufts.edu

Appendix D: Hotel Survey Respondents

Hotel Name	Location	Respondent Name (if permitted)
<i>Northern Circuit</i>		
Arusha Center Inn	Arusha	
The Arusha Hotel	Arusha	
Boundary Hill Lodge	Tarangire	Simon King
Coyote Guest House	Arusha	
Impala Hotel	Arusha	
Le Jacaranda	Arusha	
Midway Hotel	Arusha	
Monje's Guest House	Arusha	
New Safari Hotel	Arusha	
Ngorongoro Camp and Lodge	Ngorongoro	Anthony Makitele
Njake Jambo Lodge	Manyara	Doreen Walter
Roika Tarangire Tented Lodge	Tarangire	
Seven Eleven	Arusha	
Tarangire Safari Lodge	Tarangire	
Tarangire Sopa Lodge	Tarangire	Joshua Kadu
<i>Zanzibar</i>		
236 Hurumzi	Stone Town	Thomas Green
Arabian Nights Hotel	Southeast	Hashir Mohammed Khalfan
Bandari Lodge	Stone Town	
Chumbe Island Coral Park	West (Island)	
Clove Hotel	Stone Town	
Mapenzi Beach Club	Northeast	
Nature Safari Lodge	East	Moses Ali Abdalla Duchi
Pyramid Hotel	Stone Town	
Robinson's Place	Southeast	Ann Hamilton
St. Monica's Guest House	Stone Town	
Sazani Beach Hotel	North	Michael Harrison
Shangani Hotel	Stone Town	
Tamarind Hotel	East	
Visitors Inn	Southeast	Mrisho Haji
White Villa	East	
Zanzibar Serena Inn	Stone Town	Jonathan Cheres

Appendix E: Safari Company Survey Respondents

Company Name ²⁸	Respondent Name (if given/permitted)
Aardvark Expeditions Ltd	Philemon Joel Laizer
Africat Adventures Inc	Bill Mushi
andBEYOND	Tarryn Davidson
Avocet Tanzania Safaris Ltd	Jeff Mligha
Bushtrekker Safaris Ltd	Dionice Kessy
Chaka Adventure Safaris Ltd	Peter Urassa
Classic Tours	
Detasa (Destination Tanzania Safaris)	
Dorobo Tours & Safaris (T) Ltd	
Forsters Safaris	
Kearsleys Travel & Tours Ltd	Vinay A. Sapra
Klub Afriko Safaris	
Leopard Tours Ltd	
Maasai Wanderings Ltd	Donna Duggan
Nature Beauties	
Ngorongoro Expedition & Tours	
Parks Adventure Ltd	Sebastian Don Ndibalema
Roy Safaris	
S.O.K.	
Tanzania Serengeti Adventure Ltd	Jordan D' Souza
Tanzannature Tours & Safaris Ltd	Mabula Amos Bupunga
Tropical Trails	
Utalii Travel & Safaris Ltd	
Wonderland Tours & Travel	
World Tours and Safaris Tanzania	

²⁸A select few of the listed companies were not included in all of the data. Companies that are very large and operate in many countries were excluded from some of the measurements (i.e. number of staff). Also, some companies that are listed declined to complete the entire survey.