Country Update

“TOURISM SERVICES IN TANZANIA: STATE OF PLAY AND OPPORTUNITIES FOR SERVICE PROVIDERS”

Provided by

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Overview of the current state of tourism services in Tanzania

Tanzania covers 945,234 sq. km made up of 942,832 sq. km of mainland Tanzania and 2,400 sq. km of Zanzibar (i.e., Islands of Unguja and Pemba). Tanzania is the only country in the World, which has allocated more than 25% of its total area for Wildlife National Parks and protected areas. There are 16 National Parks, 28 Game Reserves, 44 Game controlled areas, 1 conservation area and 2 Marine Parks. Tanzania’s Wildlife Resources are considered among the finest in the world and have been widely known for many years. They include the Serengeti plains, the spectacular Ngorongoro Crater, Lake Manyara, and Africa’s highest Mountain Kilimanjaro – in the North, Mikumi, Ruaha National Parks and the Selous Game Reserve in the South¹.

Other additional natural attractions include the sandy beaches in North and South of Dar es Salaam, the Spice Islands of Zanzibar and excellent deepsea fishing at Mafia and Pemba Islands. Among the Indian Ocean islands are remains of ancient settlements. Olduvai Gorge, in the interior Rift Valley, is the site of discoveries of the trace of earliest man. To the tourist, Tanzania also offers interesting Culture and Arts notably the Maasai culture and art and the Makonde sculptures and carving done in ebony. Tanzanians are a warm, open friendly people with a long tradition of generous hospitality and a wealth of folklore².

Tanzania is endowed with several categories of tourist expenditure accruing to the national economy. These include: agriculture, particularly tourist hunting; trade, hotels and restaurants, which are associated with

¹ Ministry of Natural Resources and Tourism (2017)
² Ministry of Natural Resources and Tourism (2017)
accommodation, meals, drinks and shopping; transport and communication covering scheduled local (air, road, sea and rail) travel, charters and car hire, tours, international and local communication – telephone and fax. Other categories are: financial and business services, e.g. services for meetings, conferences and travel agency; supply statistics, e.g. accommodation establishments; and other services, e.g. recreation, culture and sporting activities³.

Currently tourism sector contributes 18% of the country’s gross domestic product and 30% of export earnings and accounts for 10.9% of total employment and 9.5% of total investments. The sector offers enormous potential for future national development and is well poised to grow at a faster pace in the coming years if backed by a well-trained workforce⁴. The tourism and hospitality sector supports 1.2 million jobs (direct, indirect, and induced); of which 500,000 are direct jobs in Tanzania⁵. However, it is worthwhile to note that despite all these natural factor endowments, tourist attractions and the accrued benefits in the country (similar to many African countries), has for many years been facing economic constraints, including low output from agriculture and mining sectors. To rescue the situation the country decided to particularly single out tourism as an escape route for economic development meanwhile adjusting progressively to other areas of investment⁶.

**Awareness of WTO and or UNFCCC rules/ programs related to tourism services in Tanzania**

Since, 1995 Tanzania became one of the WTO member countries. Being a member, the country abides by the WTO rules, procedures and guidelines, and the General Agreement on Trade in Services (GATs) as well as regulations in negotiations and all discussions across all economic sectors such as tourism. However, it is important to note that each sector has specific rules and regulations that guide negotiations. The discussions and negotiations on tourism are included in that of the services sector in the WTO or UNFCCC.

Both the international multinational frameworks (i.e., WTO and UNFCCC) provide good climate for international cooperative operations such as trade and tourism services. UNFCCC in Tanzania was signed on 12th June 1992 and ratified on 1st March 1996 with the key focus of having joint and co-operative actions towards climate change mitigation. Tanzania considers this multilateral as key for ensuring impacts of climate change are well known across sectors such as tourism. Since, its adoption, the Vice President Office (VPO) is the national focal point under the UNFCCC which administers, coordinates, provides technical advices, policy analysis and ensure that UNFCCC rules and programmes are followed across sectors in the

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³ Ministry of Natural Resources and Tourism (2017)
⁶ Ministry of Natural Resources and Tourism (2015)
country. Noting the importance of UNFCCC frameworks across sectors, Tanzania through VPO formulated a number of strategies including the National Climate Change strategy (2012); National Climate Change Communication Strategy (2012-2017); Agriculture Climate Change Resilience Plan (2014 – 2019) and National Adaptation Programme of Actions (2007). Since, tourism is one of key sectors in the Tanzania economy is directly affected by any climate changes. The VPO office in collaboration with Ministry of Natural Resources and Tourism to make sure that UNFCCC rules are followed.

Considering the role of WTO in international cooperative actions, Tanzania is also aware of the negotiations stalled following the Doha round suspension, in March 2010, although they were revived through the stocktaking exercise and subsequently in December 2001,’ the Eight Ministerial Conference granted a waiver to WTO members to provide preferential treatment to services suppliers from LDCs.”

Tanzania is also aware of the GTAs in services, particularly tourism services as it contains general obligations and disciplines; dealing with rules for tourism service and individual countries’ specific commitments to provide access to their markets, including indications of where countries are temporarily not applying the “most-favoured-nation” principle of non-discrimination. GATs covers all internationally-traded services — for example, Tourism, banking, telecommunications and professional services. It also defines four modes of trading services, namely:

- Services supplied from one country to another (e.g. international telephone calls), officially known as “cross-border supply” (in WTO jargon, “mode 1”)
- Consumers or firms making use of a service in another country (e.g. tourism), officially “consumption abroad” (“mode 2”)
- A foreign company setting up subsidiaries or branches to provide services in another country (e.g. foreign banks setting up operations in a country), officially “commercial presence” (“mode 3”)
- Individuals travelling from their own country to supply services in another (e.g. fashion models or consultants), officially “presence of natural persons” (“mode 4”)

Some of the WTO rules which are generally utilized in Tanzania’s tourism sector are highlighted as follows:

**Recognition:**

When two (or more) governments have agreements recognizing each other’s qualifications (for example, the licensing or certification of service suppliers like the International Air Transport Association (IATA) for Air Ticketing Agency and Tour Operators that is used to book flight for customers under AMADEUS/ GALILEO system, GATS states that other members must also be given a chance to negotiate comparable pacts. The

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recognition of other countries’ qualifications must not be discriminatory, and it must not amount to protectionism in disguise. These recognition agreements have to be notified to the WTO.

**International payments and transfers:**
Once a government has made a commitment to open a service sector to foreign competition, it must not normally restrict money being transferred out of the country as payment for services supplied (“current transactions”) in that sector. The only exception is when there are balance-of-payments difficulties, and even then the restrictions must be temporary and subject to other limits and conditions. This helps tour operators in Tanzania to get paid for their customers while still in their countries of origin and tour operators can continue with the preparation of customers’ safari before their arrival.

**Special treatment for least-developed countries:**
GATS mandates members to establish how to give special treatment to least-developed countries (LDCs) during the negotiations. These “modalities” cover both the scope of the special treatment, and the methods to be used. Tanzania is an LDC and a direct beneficiary of this arrangement.

**Most-Favoured-Nation (MFN) treatment:**
Favour one, favour all. MFN means treating one’s trading partners equally on the principle of non-discrimination. Under GATS, if a country allows foreign competition in a sector, equal opportunities in that sector should be given to service providers from all other WTO members. This applies even if the country has made no specific commitment to provide foreign companies access to its markets under the WTO.

MFN applies to all services, but some special temporary exemptions have been allowed. When GATS came into force, a number of countries already had preferential agreements in services that they had signed with trading partners, either bilaterally or in small groups. WTO members felt it was necessary to maintain these preferences temporarily. They gave themselves the right to continue giving more favourable treatment to particular countries in particular services activities by listing “MFN exemptions” alongside their first sets of commitments. In order to protect the general MFN principle, the exemptions could only be made once; nothing can be added to the lists. They are currently being reviewed as mandated, and will normally last no more than ten years.

**Transparency:**
GATS stipulates that governments must publish all relevant laws and regulations, and set up enquiry points within their bureaucracies. Foreign companies and governments can then use these inquiry points to obtain information about regulations in any service sector. They have to notify the WTO of any changes in regulations that apply to the services that come under specific commitments.

**Regulations:**
Objective and reasonable since domestic regulations are the most significant means of exercising influence or control over services trade, the agreement states that governments should regulate services reasonably,
objectively and impartially. When a government makes an administrative decision that affects a service, it should also provide an impartial means for reviewing the decision (for example a tribunal).

GATS does not require any service to be deregulated. Commitments to liberalize do not affect governments’ right to set levels of quality, safety, or price, or to introduce regulations to pursue any other policy objective they see fit. A commitment to national treatment, for example, would only mean that the same regulations would apply to foreign suppliers as to nationals. Governments naturally retain their right to set qualification requirements for doctors or lawyers, and to set standards to ensure consumer health and safety.

Challenges in the Tourism Value Chain

Based on the different literature and views from stakeholders, tourism sector has been facing a number of challenges and opportunities in offering its services as presented below:

**Challenges faced in the provision of tourism services**

Disputes face by private sector’s stakeholders, such as services’ providers like hotels, restaurants, tour operators, agro-processors, agro-industry businesses involved in tourism value chain have been identified by the tourism stakeholders in Tanzania. However, in this update note, the challenges revealed to affect the provision of tourism services in Tanzania are from both literature and stakeholders’ perspectives.

For example based on the available literature, the sector found to face serious constraints that include: shortage of skilled labour at all levels and mismatches in both quantitative and qualitative skills; This clearly shows that inadequacy of appropriate specialized and skilled personnel in the sector as well as poor planning for human resource development and investment heavily affect the services in tourism sector. Evidence highlights that there is a poor match between what is provided by hospitality and tourism education and what is expected hospitality and tourism services providers as identified by ATE (2011).

Additionally, Tanzania’s system of tourism training is still fragmented and regulated across a number of government agencies. Currently, there are at least 116 registered tourism and hospitality training institutions in Tanzania: 7.7% are Universities registered under the Tanzania Commission for Universities (2014), 13.8% were technical colleges under the National Accreditation Council for Technical Education (2014), and 78.5% are vocational centres under VETA (2014). Furthermore, the literature shows that the average number of students graduating from these institutions each year is slightly more than 1,000, which is

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8 Association of Tanzania Employers [ATE], 2011; United Republic of Tanzania, 2010; Tourism Confederation of Tanzania [TCT], 2010  
10 Anderson and Sanga (2018)
insufficient to meet the demands of the industry\textsuperscript{11}. The majority (about 75\%) of these graduates are from lower level training institutions which are privately owned, and mostly ill equipped (in terms of training facilities, training agreements with industry, programs, and qualified workforce) which failing to produce quality skills needed by the tourism industry. Moreover, there is still no cohesive professional organ at the national level to coordinate their general activities, particularly in terms of student professional hands-on training as a key element of quality service delivery. Employees trained at the bachelor’s and master’s degree levels lack the required practical experiences and skills compared to those trained at technical and vocational institutions. In Tanzania, many consider tourism as a last resort. The perception is that tourism jobs are low paying and poor working conditions seem to be a key factor in such a wrong attitude. Because of the negative attitude towards tourism employment, educational institutions end up enrolling poorly qualified applicants. This has always had serious implications for the quality of graduates and their employability\textsuperscript{12}.

At the same time, workers with higher qualifications demand higher salaries, which most employers are not willing to pay, and hence employers find them unfit for the industry. Those with primary and secondary education are a source of cheap labour to the industry, albeit at the expense of a lack of skills. Most of these workers are found in operative occupations, which are also perceived as occupations whose jobs can be performed by anyone. A negative attitude toward tourism jobs as being cheap is a disincentive for better qualified workers to take up job positions in the industry. The average wage rate per month is between $75 and $250 USD\textsuperscript{13}.

Based on the private sector’s stakeholders, different perspectives on the challenges faced in the provision of tourism services in Tanzania have been raised. For instance, one of the stakeholders who owns Tour Guide Companies argued that, there is a litany of challenges in this sector, however, the most critical ones include:

\begin{itemize}
  \item There is stiff competition with well established senior tour companies also coupled with (unfair) competition from unauthorized guides. Usually, tour operators in Tanzania work under ethical procedures and are trained as well as registered. Because of this requirements those work without meeting such requirements are considered as unauthorized tour operators. Presence of such situation challenges registered companies hence cause chaos to the operation.
  \item It is difficult to help out the tourists at the time of crisis. Consequently, people do not trust local tour operators;
  \item Travel agents ask for commissions
  \item There are few good quality
\end{itemize}

\textsuperscript{11} Anderson and Sanga, 2018
\textsuperscript{12} Anderson and Sanga (2018).
\textsuperscript{13} Anderson and Sanga, 2018
accommodations for tourists and poor connectivity with other areas with tourism potential in the country;
- Dearth of civic facilities including toilets and fresh rooms for tourists;
- Guiding alone is insufficient to maintain a family;
- Staff at monuments do not treat local company guide respectfully;
- Even guides have to purchase tickets at monuments;
- There are no incentives for doing a good guiding job. Moreover, some tour operators and guides are not conversant with (foreign) languages;
- There is little support from government to local tour companies. Like to operate to 5 year without tax;
- Young guides get poor payments for their jobs because we don’t get much from tourists;
- Some tourist show little respect for the guides.

Additionally, Mr. Ernest Mwamwaja - the Marketing Director of Tanzania Tourist Board (TTB) affirms that the major concern here is and has always been budget. Promotion is a costly activity and as competition intensifies each destination has to more than double her marketing budget/efforts and on our part (as TTB) the promotion budget has not been expanding as such. Of course there is also a strong need for TTB to employ a mix of marketing methods so as to capture new segments in the market. However, all these new methods, such as use of communication technology and commissioning marketing agencies in source markets need substantial financial resources.

There have been some attempts in the past, for example, to use advertising campaigns in the highly visible media but it was difficult to sustain them for reasons of cost. You will remember the time when Tanzania was promoted in the Premier League, in prominent newspapers and TV stations and on buses/taxis or on billboards at airports in various cities in USA and UK.

As one of the cost effective methods that we are now using, in addition to exhibitions and road shows, we are engaging our embassies abroad. They have been very instrumental in marketing our destinations.

There is a big hope in the future overall. The coming of a dreamliner (as many of similar aircrafts to be coming in the near future) will enable Tanzania register a strong presence at source markets.

The Impact of Climate Change on Tourism

In identifying the impacts of climate change on tourism, private sector stakeholders have registered a number of impacts. They had pointed out that, in Tanzania tourism sector, like in other sectors of the Tanzania economy, climate is one among the vital aspects in the sector. Moderate temperature with conducive season features attract tourists to visit a particular region or a country. Thus, the strong altering of seasons enables to consider the potential distribution of tourists into various
places for sustainable global tourism and increasing the contribution of tourism industry in economy.

However, it is important to note that, global climate change is one of the contemporary global agenda that threatens global economic sectors development and sustainability. Tourism is amongst the important economic sector with high contribution on every region or country’s economy. Of recent, climate change has been considered as a benchmark indicator and affect the tourists’ arrivals and their preferences.

Alongside, the occurrence of normal seasonality with conducive features like weather sun, normal wind, regular sea and land breeze, normal accessibility of tourism attraction centers, and existence of more goods and active services like accommodation, foods, and transport, communication systems are among the identified potent tourism services in Tanzania.

Apart from the above, stakeholders pointed out that albeit Tanzania is among the countries which receive constantly large number of tourists, has been experiencing climatic variations that results to a precarious series of effects that include occurrence of floods in some parts such as Dar es Salaam as well as droughts that results in desertification and decreasing of the lakes, swamps, dams and rivers e.g Great Ruaha, melting of ice at the peak of mountain Kilimanjaro *inter alia* affect some tourists attraction such as displacement of wild animals and destruction of the nature of biodiversity of which leads to constantly flow/receive less visitors. Furthermore, climate change has an important influence on environmental conditions that can deter tourists, including infectious disease, wildfires, insect or waterborne pests, and extreme events such as tropical cyclones\(^\text{14}\). Summary of the impacts of climate change in tourism sector in Tanzania from stakeholders’ perspectives:

<table>
<thead>
<tr>
<th>Aspect of climate change</th>
<th>Threats in tourism sector</th>
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| 1. Floods                | - Destroy tourism infrastructures such as roads, airstrips etc  
- Scarc recourses wild animals, flora and fauna  
- May cause epidemic diseases  
- Destruct tourism facilities such as accommodation facilities  |
| 2. Over-warming and drought | - Over-concentration process done by either Human being whose are the tourists accessing tourism attraction or wild animal pasturing to one side in tourism |

\(^{14}\) National Climate Change Strategy (2012)
<table>
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<th>Destination</th>
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<tr>
<td>- Loss of biodiversity flora and fauna</td>
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<tr>
<td>- Psycho-Stress to some tourists</td>
</tr>
<tr>
<td>- Rise of cost of living such as in cooling and relaxation etc</td>
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The impact of climate change on tourism services especially in Tanzania cannot be detached from the wildlife sector since it makes an important contribution to the national economy. Stakeholders pointed out that tourism services activities such as photographic sceneries, wild animal hunting and licensing of trophy business has been affected because of climate change variations. Anthropogenic factors are also likely to exacerbate the impacts of climate change on wildlife. For example, increased water abstraction for rice irrigation upstream Katuma River system has already contributed significantly to water shortage for wild animals in Katavi National Park. A similar experience is also reported for the Great Ruaha River ecosystem. For instance, Mountain Kilimanjaro lost 80% of its ice cover between 1912 and 2005. Also in 2009, it was envisaged that such melting of ice on Mountain Kilimanjaro; sea level rise; submerging small islands and destruction of coastal investments and infrastructures (for example, hotels and recreation facilities), beaches, as well as coral reef bleaching would continue to impact negatively the tourism sector by changing the scenic view of the natural environment.

In addition, stakeholders view climate change as the most destroyer of road infrastructure networks that affect tourism services in Tanzania. They pointed out that prolonged heavy rains in many parts of the country also affect regular maintenance of roads. For example the 2006 El Niño and 2018 heavy rains, left many park roads impassable for a long period of time, and resulted in reduced tourist visits and loss of revenue. In places like Ruaha National Park ecosystem, droughts have had significant impacts on wildlife and hence tourism. Tourism in the Ruaha National Park, for instance, depends on the presence of water in the Great Ruaha River and its catchments. However, the Great Ruaha River where the park is located is threatened by the persistent dryness of the basic natural resource that supports livelihoods in the area.

Recognizing the impact change in tourism sector in Tanzania, the government has identified it as a leading environmental

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15 National Climate Change Strategy (2012)
14 National Climate Change Strategy (2012)
19 National Climate Change Strategy (2012)

Opportunities to enhance tourism services

Investments in tourism will continue to rise by 6.7\% per year over the next 10 years. This offers a wide range of opportunities for tourism services. For instance, it is estimated that accommodation and tour operation will still account for the majority (87\%) of employers in the tourism and hospitality sector. The top five skills that will continue to be in demand for some time are (a) soft skills (e.g., organizational, communication and public relations, time management, attitude, problem-solving skills), (b) customer care, (c) innovation and creativity, (d) information and communication technologies, (e) marketing and sales skills. It was further established that employees recruited from local training institutions are incompetent. The general observation from employers’ assessment is that most graduates are unmotivated to work, lack confidence, have a poor attitude, are insensitive to customer needs, have poor communication and language skills, and have a rampant inferiority complex\textsuperscript{21}.

(a) Opportunities to enhance tourism services through the destination of EAC initiatives

In deed the destination East Africa initiatives provides a promising opportunities for the member states including Tanzania in tourism services as follows:

- Promotes EAC region as a single tourist destination through different strategies including adverts and other promotional means such as media;
- Enhancing resource mobilization for marketing and promotion;
- Enhancing comparative advantage to most tourism products;
- Increased avenues for introducing or innovating new tourism products(such as introduction of innovative tourism oriented products, resident oriented products and intangible products of tourism) and services;
- Encourages intra-regional tourism by offering incentives for members from the EAC. This provides opportunities to member states to understand the wealth they have, proper utilization of the available opportunities in the sector, hence view tourism sector as one of the most important sectors for sustainable development;
- Strengthen economic ties within the EA member states particularly in tourism sector;

\textsuperscript{20} UNDP: Environmental Sustainability, Climate Change and Resilience Strategy Paper (2016 – 2021)

\textsuperscript{21} Anderson and Sanga (2018)
• Increase of international visiting arrivals due to desire of air companies to have what is so called 'on-demand market';

(b) Needs to benefit from these opportunities
Among others, Tanzania needs to invest more particularly in:
• Manpower for quality of services across the board;
• International and regional access;
• Increasing the marketing budget Increase of length of stay;
• Increase of investment in tourism sector;
• Branding EAC tourism attraction;
• Improvement of quality of services;
• Increase and diversification of indigenous employments;
• Advancement of technology in this sector.

CUTS International, Geneva

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