

Golden chance to ramp up to

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By Alpha Nuhu

THE higher the number of tourist arrivals in Tanzania the greater the positive impact to the national economy due to the subsequent rise in demand for food and other services, according to the Hotels Association of Tanzania (HAT).

Currently, tourists visiting the country are less than one million and public and private stakeholders in the sector have been putting up efforts to increase the numbers.

HAT Chief Executive Officer Lidwien Appels is convinced that tourism benefits other sectors and has a wide-ranging positive effect to the national economy.

"This is known as the multiplier effects of the tourism sector," she notes. Multiplier effect is how many times money spent by a tourist circulates through a country's economy, Appels says quoting the Tourism Marketing and Management Handbook, Hemel Hempstead: Prentice-Hall.

As far as the concept is concerned, tourism creates jobs in the tertiary sector but also encourages growth in the primary and secondary sectors. For example, money spent in a hotel helps to create jobs directly in the hotel, but it also creates jobs indirectly in the economy. The hotel buys food from local farmers. In turn, the farmers spend some of the money to buy clothes, pay school fees, buy fertilizers etc. The tourists at times will also buy souvenirs, helping to up self employment for the

locals.

In economic terms, the multiplier effect continues until the money eventually 'leaks' from the economy through imports - the purchase of goods from other countries.

"In our industry, goods and services that are consumed at the point of production, especially in remote locations, results in greater benefits and impact in the rural economy," Appel says.

More tourists mean the construction of more hotels, more assured income for farmers supplying food to hotels and more people employed. Generally, in areas where there are many tourists, there is a subsequent rise in different economic activities as well as an improvement of transport infrastructure.

The money international tourists spend in Tanzania come from overseas, and this can be considered as an 'export.'

Tanzania stands a great chance of moving forward with tourism-based economic growth and development because 28 percent of its surface area, being 945,203 square kilometres, is dedicated to wildlife conservation.

A study by Josaphat Kweka, Oliver Morrissey and Adam Blake entitled "The Economic Potential of Tourism in Tanzania," noted there is a significant stimuli which tourism offers many other sectors in the economy including agriculture, manufacturing, and the service sectors.

It noted that expenditure



Tourists admire the haughty Maasai tribesmen in Arusha

per tourist has increased from US\$425 in 1990 to over US\$1000 in 1998, significantly higher than the African averages of US\$338 to about US\$400 (World Tourism Organisation data).

One of the case studies of the multiplier effects of the tourism sector is Tanzania's Cultural Tourism Programme, which was jointly executed by the Tanzania Tourist Board (TTB), the Ministry of Natural Resources & Tourism (MNRT) and the Netherlands Development Organisation (SNV), from 1996 to 2001, and it still thrives up to now.

A number of cultural tourism enterprises have been established in various regions around Tanzania, but more often in remote areas. Apart from the added revenue for the villagers, where tourists pay a village development

levy, jobs have been created for local guides, local food is sold, and local schools are often supported by the initiative.

Neema Kim, who runs such an enterprise in the Pare Mountains, known as Tona Annex, says it is incredible, how a cultural tourism project has changed the lives of the people in Mbaga Village.

Most visitors, because they want to experience a local setting, willingly eat local food and buy local artifacts from the members of the community.

"We started off as a family enterprise under the cultural tourism programme. We were using our old houses as cottages but today we have been able to put up modern structures. Apart from the people we employ directly, we have raw food suppliers right

from their families. Women sell handicrafts and we have entertained traditional tourists," she says.

"We have seen who were residing in their huts and we have entered their lives. However, some training has become tour guides. Villagers see the tourism," she explains.

"We have seen missionaries who long time ago. They have been in the village in the local guide book."

She adds: "Importantly, they know the value of their heritage: rocks, fossils, culture, and they make a living out of it."

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Boost up tourism to higher levels

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in Arusha

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from their farms, some women sell handmade mats, and we have entertainers who offer traditional dances to tourists," she says. "We have some guides who were resigned to be housewives for the rest of their lives. However, after some training they have become tour guides. Most villagers see the benefits of tourism," she explains. "We have children of missionaries who were here a long time ago. They also visit because they have seen our village in the lonely planet guide book." She adds: "More importantly, the villagers know the value of our heritage: rocks, forests, tribal culture, and they are able to make a living out of this." Since tourism was introduced in the Southern

Pare Mountains new roads have been carved out, opening up the area to new economic activities. Small scale mining activities have emerged, though bringing in new challenges, The study by Josaphat Kweka, Oliver Morrissey and Adam Blake, published online at www.interscience.wiley.com asserts that the nature of tourism as a 'composite product' of many sectors enables it to provide a stimulus for the whole economy. According to the report, a 1m/- Tanzanian shilling increase in tourism output requires output in the economy to increase by 1.8m/-; other sectors expand to service the needs of tourism. A particularly high share of the tourism

multiplier effect requires output from other sectors far above the values for other sectors.

The study claims that if properly managed, tourism expansion offers the potential to contribute more significantly to economic growth in Tanzania because of its multiplying effect by crossing other sectors. Tourism has high multipliers, and therefore has a significant potential to stimulate the economy.

The tourism sector has an important role, not only as an earner of foreign exchange, but also in terms of generating demand for the output of other sectors. The sector demands inputs like food and services from other sectors of the economy.

These sector linkages, and the associated effect on aggregate demand, add an important dimension to the analysis of the economic impact of tourism.

Few studies or bodies in Tanzania have looked at the direct economic benefits of the expansion of the tourism sector in relation to the indirect effects on the output of other (linked) sectors.

The study under review notes other costs of tourism, notably the foreign exchange leakage (through imports demanded by the sector) and the opportunity of costs with the resources involved in its expansion.

It concludes that, given the potential gains from tourism, in terms of foreign exchange earnings and tax revenue, there is scope for a government investment policy

that enhances the linkage effects.

Accordingly, the sector has a significant impact on output and incomes because of its strong inter-sector linkage effects.

Stakeholders in the industry mostly agree that the sector can generate great revenues, but this will not be handed on a silver platter. Without improving the business environment by mainstreaming regulations and prioritising the sector, it will be hard to realise the sector's full potential.

Malcolm Toland, a consultant for the Hotels Association of Tanzania (HAT) is of the opinion that to take the industry to the next level, developing a strategy for growth and private-public sector marketing is paramount. He says there is a need to identify constraints in the sector and address them promptly to remain competitive. For example, he says past studies say the cost of a license, fees and levies compliance exceed 1.1 billion Tanzanian shillings per year for the industry.

President Jakaya Kikwete this year has directed the government to concentrate on agriculture, mining and tourism, to drive the economy.

According to the president, the three sectors have the potential to increase the national economy more rapidly. This is a golden chance for tourism stakeholders in the public and private sectors to ensure there are mainstreamed policies that will ramp up the sector to a higher level and beyond.