



Making success work for the poor: Package tourism in Northern Tanzania

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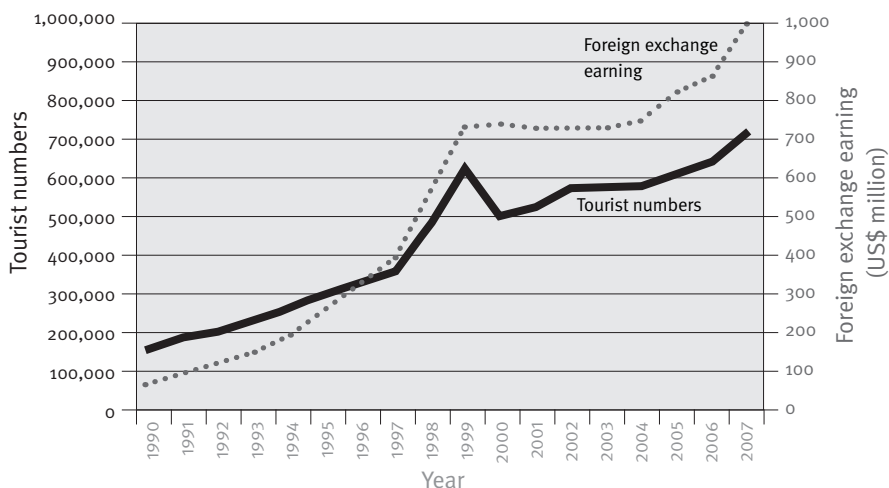
Key Findings

- Tanzania’s strategy of maintaining a high-value tourist product and attracting large numbers of foreign tourists is clearly working - with the delivery of significant benefits to Tanzania as a whole and poor people living near tourist destinations
- Tanzania is capturing about half of the total value of the global value chain for Mount Kilimanjaro climbing and Northern Safari Circuit package holidays sold in Europe – a reasonable proportion given the cost of long-haul flights
- International package tourists climbing Mount Kilimanjaro and visiting the Northern Safari Circuit deliver significant benefits to the poor. Approximately 28% and 18% of in-country tourist spending respectively is reaching poor people at the destination. International comparisons suggest that poor Tanzanians are capturing a relatively large share of tourist spending
- There are a series of simple and practical steps that could be taken to increase the pro-poor benefits of Mount Kilimanjaro climbing and Northern Safari Circuit package holidays. These findings were validated during a consultation process with stakeholders which is summarised at the end of this document
 - At Mount Kilimanjaro, the key is in ensuring that climbing staff gain a reasonable share of the value they are creating, principally by strengthening the Porters & Guides Association. Supporting the Tanzanian National Parks Authority to spend its community development fund effectively and encouraging multi-stakeholder dialogue would also increase benefit flows to the poor
 - In the Northern Safari Circuit there is room for improving the effectiveness of the flow of benefits to the poor from park fees that are ear-marked for community and household development – particularly in the Ngorongoro area. Also better linking poor local producers into the hotel food supply chain and improving the quality of hospitality training will enhance the transfer of resources from international tourists to the poor

A success story

Tourism in Tanzania is a success. In one of the poorest countries in the world, a tourist destination has been created that is both growing and maintaining a high quality product. Combining increasing visitor numbers, high spending tourists and a respectable length of stay is a real achievement (and one that has eluded several more affluent African countries with much larger tourism sectors).

Figure 1: International tourism in Tanzania 1990–2007



As a result, tourism is very important to the Tanzanian economy. In 2007, the tourism sector directly and indirectly contributed US\$1.6billion – or almost 11% of the entire Tanzanian economy. This equates to US\$43 for every man, woman and child in the country.

Perhaps even more striking is the effect of tourism on Tanzanian exports because most tourist spending is made by foreigners. International tourists spending money in Tanzania are an ‘export’ because they bring money into the country from overseas. In 2008 it is estimated that foreign tourists contributed US\$1.1billion of foreign exchange – nearly 33% of all the goods and services sold by Tanzania abroad.

What does this tourism success mean for the poor?

This question is important because, despite impressive recent economic performance, Tanzania remains a very poor country. The gross national income per head is US\$300, which places Tanzania 183rd in the world ranking. At birth, the average Tanzanian can expect to live for 46 years, and 44% of children under the age of 5 are stunted through malnutrition. This is why it is so urgent for Tanzania to find ways to grow the economy that benefits all of its population.

The Government of Tanzania has recognised the potential of tourism to contribute to the growth of the economy and reduce poverty. This question is whether this potential is being realised?. Government documents have warned that tourism growth is having little effect on poverty reduction, other than increasing government revenue. This downbeat assessment has been supported by a number of recent analyses into the links between tourist spending and the local economy.

SNV¹ has worked for several years with the Government, through the Tanzanian Tourist Board and the Tourist Division to develop policies and practices that enable tourism to significantly contribute to poverty alleviation. Through this report, SNV hopes to inform the discussion on the impact of tourism on the poor and enhance pro-active decision-making to implement pro-poor tourism within Tanzania.

SNV commissioned ODI² to assess whether, and how much, international tourism is benefiting the poor in Tanzania. Two of Tanzania's premier tourism attractions – Mount Kilimanjaro and the Northern Safari Circuit – are targeted in this study.

- This summary report is concerned with how tourism does (and could) benefit Tanzanians. It focuses on the tourist spending that reaches Tanzania, rather than becoming side-tracked by the volume of funds that are absorbed by foreign tour operators and airlines. This is mainly for the pragmatic reason that there is little that Tanzanians can do about the distribution of money that never reaches the Country;
- Our approach is driven by economics and identifying tangible flows of benefits (and costs). This is driven by our focus on the material well-being of Tanzanians; and
- Our approach is based upon action research. It does not describe the winners and losers from tourist activity as an interesting academic debate, but rather aims to change this reality in favour of Tanzania's poor. Sufficient data were collected to understand how the Tanzanian tourism economy operates, to form a robust empirical basis for progressive recommendations. The primary data upon which this report is based was collected during a 14 day mission to Tanzania in May 2008.

The practical approach applied to determining who benefits from tourism at the destination by, literally, tracing the tourism dollar. For package holiday tourists, such as those climbing Mount Kilimanjaro or going on safari in the Northern Safari Circuit, this involves gathering information from a wide range of service providers (including in-bound tour operators, hotel staff, guides, market stall owners, transport companies and crafters, etc), tourists, policy-makers and other stakeholders. The aim of the approach is to map the tourism economy, its revenue streams, and beneficiaries at the destination – and then identify the changes that are possible which will benefit the poor without damaging the financial viability of the tourist sector.

Mount Kilimanjaro climbing value chain

Mount Kilimanjaro is the highest peak in Africa and is located inside Kilimanjaro National Park. There are six routes to climb the Mountain. Climbers generally camp on the Mountain, although on one route it is possible to stay in huts every night.

Although Kilimanjaro National Park is not the most visited of Tanzania's National Parks, visitors stay in it for longer than those visiting the more popular National Parks of the Northern Safari Circuit. This results in its position as the highest earning of all Tanzania's National Parks.

1 SNV – The Netherlands Development Organisation is dedicated to a society in which all people enjoy the freedom to pursue their own sustainable development. SNV contributes to this by strengthening the capacity of local organisations. By providing advisory services, SNV directs activities at improving access to basic services and increasing income, production and the employment of poor people. SNV strongly believes in creating synergy with other development organisations and actively engages in partnerships that can accelerate impact and create sustainability.

2 ODI is Britain's leading independent 'think tank' on international development and humanitarian issues. ODI's mission is to inspire and inform policy and practice which lead to the reduction of poverty, the alleviation of suffering and the achievement of sustainable livelihoods in developing countries.



Visitor numbers are increasing rapidly. In 2006/07 the Kilimanjaro National Park had just over 40,000 visitors, of which almost 39,000 were non-residents. We estimate that approximately 35,000 tourists attempt to climb the Mount Kilimanjaro each year – the others being day-visitors to the Park. This estimate may be dated, others have estimated 40,000 climbers per year in 2007/08.

Tracing the tourist dollar on Mount Kilimanjaro

Mount Kilimanjaro tour operators market

There are many tour operators in Tanzania offering Mount Kilimanjaro climbing packages. There are half a dozen long-established operators that each sell about 3,000 packages per year, and the other half of the market comprises of packages that are sold by smaller, niche and less-established operators. There is a steady increase in the number of packages sold by emerging tour operators – often established by former tourist guides. Emerging operators typically sell about 300 climbing packages a year.

To climb the Mountain, tourists must use a TANAPA registered guide. Almost all climbers book their climb as a package, which means that a local tour operator organises the climbing staff (guides, porters and cooks), park fees, food and equipment. Some tourists buy their package directly from a Tanzania in-bound tour operator, but most book their climb with a tour operator in their home country and the international tour operator then sub-contracts a local operator.

A typical climb package is sold by local tour operators for an average of US\$1,205 for a seven day tour itinerary. This is an all-inclusive arrangement and includes five days on the mountain with a night in a hotel before and after the climb (normally in the neighbouring towns of Moshi or Arusha). In addition to this package cost, interviews with tourists revealed an average of US\$171 of out-of-pocket or discretionary spending is made during the climb – a total in-country spend of US\$1,376 per tourist.

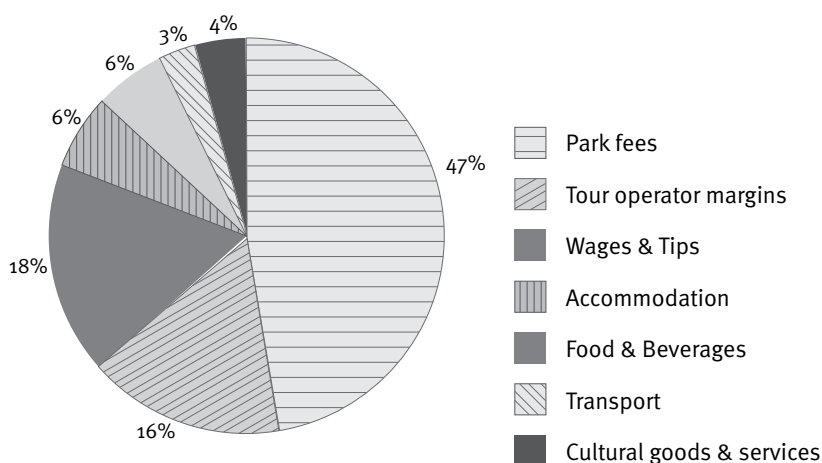
Figure 2 illustrates the breakdown of total (package and discretionary) climber expenditure, based on information obtained from tour operators, accommodation provider and tourist surveys.

The largest single item of tourist expenditure is National Park fees at 47% of the total cost. Each climber pays an average of US\$649 in National Park fees as part of their tour operator package.

The second largest item of expenditure is payments for climbing staff, which amounts 18% of total spending when wages from tour operators and tips from tourists are combined. Mount Kilimanjaro climbing staff receive an average annual income (including both wages and tips) of US\$1,830 for guides, US\$842 for porters, and US\$771 for cooks.

Porters wages vary significantly between different tour operators and routes. Using a large sample in 2007/08, the Kilimanjaro Porters Assistance Project found very widespread abuses of porters working conditions and day rates that vary from US\$3.50 to \$10.60 per day.

Figure 2: Cost components of a typical Mountain-climbing holiday (US\$1,376 in-country)



There are two reasons that climbing staff capture such a large share of the benefits from tourism on Mount Kilimanjaro. Tips from tourists to climbing staff are a very important supplement to the wages received from the tour operator. Tips typically boost climbing staff wages by over 50%. Also, climbing Mount Kilimanjaro is extremely labour-intensive, with a typical group of ten climbers supported by two guides, forty porters and two cooks. We estimate that 35,000 tourists each spending a week on the Mountain generate, albeit irregular and highly seasonal, jobs for about 400 guides, 10,000 porters and 500 cooks.

Kilimanjaro National Park fees

Kilimanjaro National Park fees include a US\$60 daily entrance fee, a US\$40 daily camping fee (or US\$50 daily hut accommodation fee if ascending the Marangu route) and a US\$20 rescue fee.

The third largest item of climber expenditure is the estimated US\$223 margin made by local tour operators on each package sold – calculated as 16% of the package price.

Table 1: Average Mount Kilimanjaro climbing staff pay (wages plus tips)

Staff	Daily wage (US\$)	Daily tip (US\$)	Pay / trip (US\$)	Trips / year	Staff annual income (US\$)
Guide	10.00	5.38	108	17	1,830
Porter	5.00	3.59	60	14	842
Cook	5.00	2.87	55	14	771

Unlike most tourist destinations, hotel accommodation is a minor element of the Mount Kilimanjaro climbing value

chain. This is because climbers typically spend only two nights in hotels – the night before their climb starts and the night after their climb ends. Interviews with tour operators (some of whom run hotels) and hotel surveys indicate that accommodation costs an average of US\$84 for each climber.

The average expenditure on food and beverages is US\$80 per climber (most tour operator packages are priced on the basis that US\$10 per climber will be spent per day).

US\$58 per climber per trip is spent on average on cultural goods and services, including US\$24 on souvenirs, other shopping and donations.

Local transport costs, including airport transfers and the trip to and from the hotel to the Park gate are an average of US\$40 per climber.

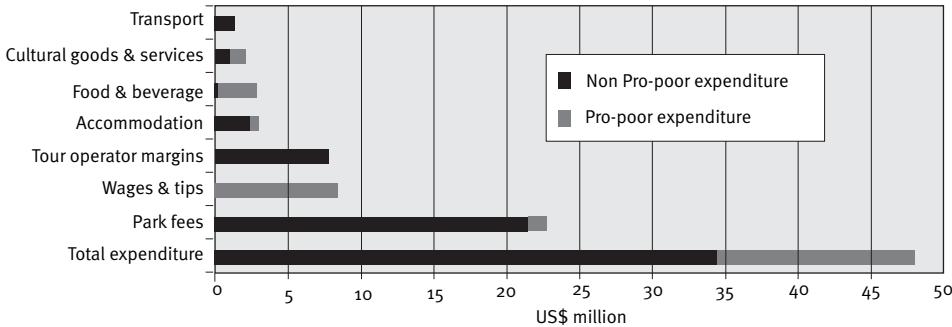
Pro-poor impact of Mount Kilimanjaro

Extrapolating the average Mount Kilimanjaro climber expenditure to the estimated 35,000 annual climbers, the result is a total in-country tourist expenditure of just under US\$50million per year. This is a significant economic input in a rural context.

Of this total, 28%, or over US\$13million, is considered pro-poor expenditure, this is the most successful transfer of resources from international tourists to poor people living around the destination that we have seen in Africa or Asia. The basis for this estimate of pro-poor expenditure is as follows:

- We consider all the wages and tips received by climbing staff to be 100% pro-poor. All guides and porters interviewed were from poor backgrounds. Even though climbing staff wages are high relative to other unskilled employment in rural Tanzania, they are unlikely to raise an average household above the international poverty line of US\$2 per person per day without being supplemented by other sources of income;
- 90% of food and beverage expenditure is considered to be both pro-poor and locally-sourced. Surveys suggest that almost all food consumed on Mount Kilimanjaro is sourced from the local market in Moshi, and the suppliers to this market are overwhelmingly local small-holder farmers;
- 50% of expenditure on cultural goods and services is considered to be pro-poor. Interviews with craft shop retail outlets suggest that poor producers receive approximately 50% of the retail price – a typical retail mark-up for the craft sector;
- 16% of accommodation costs are paid in non-managerial wages and are therefore considered pro-poor;
- We estimate that 5% of National Park fees expenditure is pro-poor. Although TANAPA staff are well-paid, the Authority employs local casual labour for cleaning operations and significant funds are also distributed

Figure 3: Mount Kilimanjaro climber expenditure



through the Authority’s Support for Community Initiated Projects (SCIP) programme (amounting to \$1.4million in 2006). This pro-poor percentage may be higher, and we would welcome input from TANAPA to allow us to revise our calculations; and

- Expenditure on tour operator margins and local transport is not considered pro-poor.

The main direct beneficiaries of the Mount Kilimanjaro climbing value chain are climbing staff, who receive

62% of pro-poor expenditure, as well as non-managerial accommodation staff. Indirect beneficiaries of the Mount Kilimanjaro climbing value chain include those who benefit from TANAPA’s Support for Community Initiated Projects programme and those providing food and beverages and cultural goods and services to the climbers.

Boosting the pro-poor impact of Mount Kilimanjaro

This analysis provides a clear basis to assist policy-makers, tourism stakeholders, development partners and the public to focus on changes to the value chain that are most likely to benefit the poor. For instance, whilst transport and tour operators margins have very limited pro-poor impact, this is unlikely to change because of the inherent characteristics of the activities. These operations are vital to the functioning of the value chain but are not a rich source of latent pro-poor impact.



Accommodation is also not a rich source of pro-poor impact, beyond the wages paid to non-managerial hotel staff. The 16% of accommodation turnover which is accruing to the poor is relatively high by international standards – so the scope for increase is likely to be limited.

Cultural goods and service sales are relatively pro-poor and retail margins of 50% are very typical – so there are only two ways to increase the pro-poor impact.

One is to increase the share of the poor from each US\$ sale by, for example, seeking a direct linkage between craft producers and tourists. Under this scenario, craft producers assume the additional role of retailers and capture this retail margin for themselves. In the context of the Mount Kilimanjaro tourism product, where tourists spend most of their time up the Mountain and two nights resting in a hotel, the prospects for bringing producers and tourists together are limited.

More promising might be a different kind of initiative to increase the volume of craft sales through improving hotel and airport craft outlets. The rationale for this is that craft spending amongst Mount Kilimanjaro climbers is currently low and the current provision has room for improvement.

Park fees are already a means of transferring resources from tourists to poor communities through the TANAPA Community Initiative Support Projects programme. There is potential for development specialists to work with TANAPA to ensure that the development impact of these community funds is maximised.

There is also a more subtle pro-poor impact through the cross-subsidy that Kilimanjaro, as a financial viable National Park, is providing for other protected areas which are not able to recover their operating costs through entrance revenue. Through this internal cross-subsidy TANAPA ensures that all protected areas under TANAPA are maintained. The key pro-poor issue relating to Park fees is the need to ensure that the funds ear-marked for community projects are spent effectively. This is an area where there is potential for TANAPA to work with other stakeholders in development to complement each other’s skill sets and ensure the development impact of these community funds are maximised.

Almost all the food and beverages consumed by tourists in hotels and on Mount Kilimanjaro are sourced from small-holder farmers in the Kilimanjaro area. The scope to increase this already excellent pro-poor result is therefore limited.

Finally, payments made to climbing staff as wages and tips account for over 60% of pro-poor benefits from the Mount Kilimanjaro climbing value chain and so should be the focus of attention. In May 2008, the Tanzanian Government announced a significant increase in the daily minimum wage for guides, porters and cooks to US\$20, US\$10 and US\$15 respectively – roughly double the existing average wage. Tour operators raise concerns about the change being introduced without consultation or a planned lead-in period, the result of which being that tour operators were unable to pass on their additional costs (about US\$130 per tourist) for already contracted packages – reducing their margins by approximately 60%. This event clearly signals the need to Government, tour operators, climbing staff, hoteliers, development interests and other stakeholders to recognise their shared interests in the viability of tourism at Mount Kilimanjaro. Initiating participatory stakeholder processes in tourist destinations often requires skilful outside facilitation from an external agency who is able to act as a ‘honest broker’.

From a pro-poor perspective, the minimum wage initiative should be welcomed. If all other elements of the climbing package are unchanged, this 10% increase in average package cost would raise the pro-poor share of destination tourist expenditure from the current 28% to approximately 35%. However, there are ways that this progressive initiative could be undermined that need attention:

- Tour operators generally pay wages for the whole climbing team to the head guide for distribution amongst the team the guide recruits. Not infrequently, guides will take kick-backs on wages that should be handed to their porters and cooks. Some tour operators have ended this practice by requiring that wages and tips are distributed at their offices at the end of each trip – ‘best practice’ that should be extended across all service providers;
- Porters cite experiences where some tour operators and guides overload porters at the Park gates at the start of climbs – where loads are subject to a 25kg maximum – in return for a share in the wages saved. The recent increase in the minimum wages and the new directives from the MNRT may sharpen the financial incentive for this kind of malpractice;
- Minimum wages may be ignored by employers in a rural area where US\$2 a day for seasonal agricultural labour is the norm. While undertaking hotel surveys it became clear that minimum wage legislation in the accommodation sector, enacted before the proposals for climbing staff were announced, is not widely implemented; and
- Porters claim that some tour operators withhold wages from climbing staff.

With a relatively weak regulatory framework, the best-intentioned Government initiatives can be undermined by actors in the tourism value chain who have more economic power than the porters (i.e. just about everyone). The key issue to address is the lack of economic power of the porters. One of most effective ways to begin to tip the power imbalance is for representative bodies such as the Porters and Guides Associations to be strengthened so that they – not bodies acting on their behalf – can begin to address abuses against their membership. Engaging with and empowering these Associations may be the most important action point to increase the pro-poor impacts of mountain-climbing at Kilimanjaro.

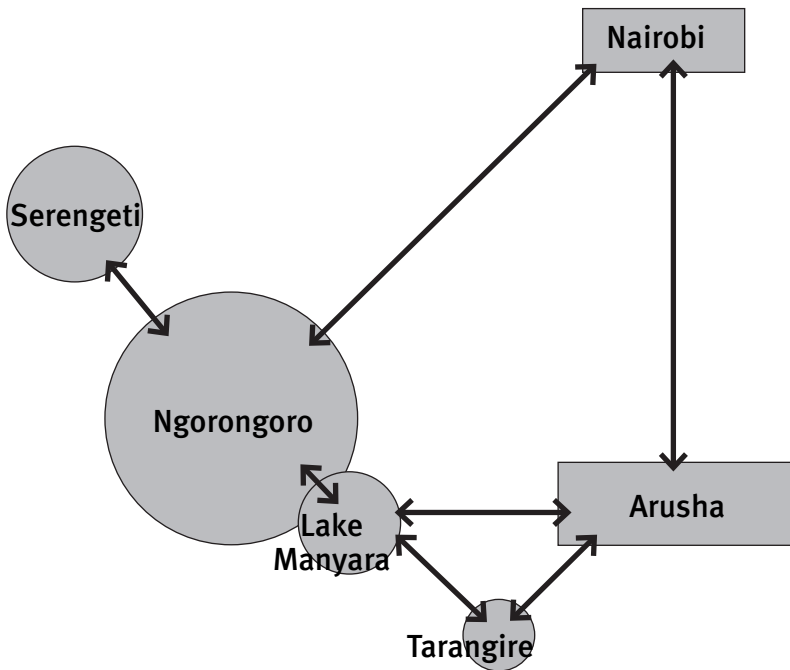
Northern Safari Circuit value chain

The Northern Safari Circuit, stretching from Arusha to the Serengeti National Park in Northern Tanzania, is one of the most valuable strips of tourism real estate in Africa. It accounts for more than half of Tanzania’s total foreign earnings from tourism and in addition is one of the few destinations in Sub-Saharan Africa, outside of South Africa, which operates at a scale to attract mainstream international tour operators.

In 2006/07 almost 700,000 people visited the National Parks in Tanzania, and of these, 415,000 were non-residents. Although National Parks are located throughout Tanzania, there is a clustering of tourist flows along the Northern Safari Circuit. We estimate that about 300,000 foreign tourists travel on safari packages in this part of Tanzania each year.



Figure 4: Northern Safari Circuit routes and ratio of visitor numbers



The Northern Safari Circuit comprises Serengeti, Lake Manyara and Tarangire National Parks and the Ngorongoro Conservation Area (which contains the Ngorongoro Crater). There are several entry points to the circuit, the most common being Arusha and Nairobi, Kenya.

Ngorongoro Crater is managed by the Ngorongoro Conservation Authority (NCA) and is independent of TANAPA. Unlike the National Parks, where the colonial administration relocated all residents, the Conservation Authority was established as a unique experiment which aimed to cater for wildlife conservation needs and humans on the same land.

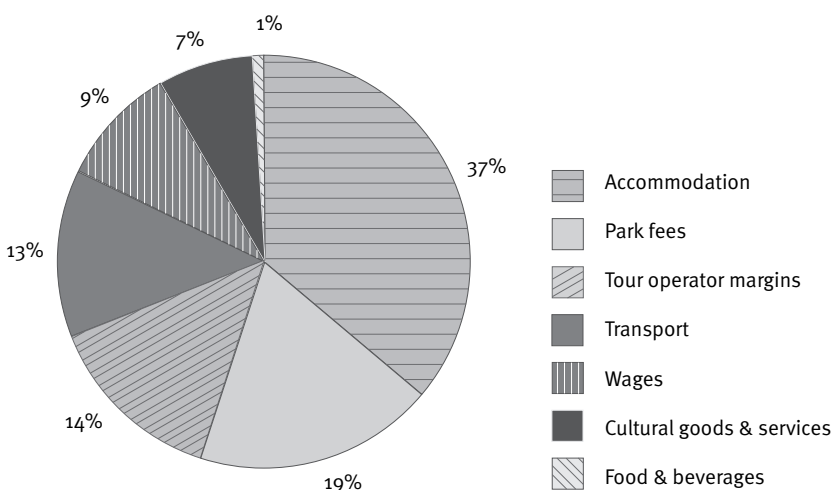
The Ngorongoro Crater received around 360,000 visitors in 2007, 70% of whom were non-residents. Given rapid recent growth, it is likely that visitor numbers to the Ngorongoro crater for 2008 will be at least 400,000, with an estimated 300,000 non-resident visitors. About 80% of all non-resident visitors to National Parks are on a safari package, suggesting around 300,000 international tourists on Northern Circuit Safari packages in 2008.

It is a challenge to survey a tourist destination which is 300km long and involves 300,000 international tourists, visiting multiple combinations of three National Parks, one Conservation Area and a multitude of hotels, lodges and tented camps. This is why we sampled tourist activity at two points along the circuit (Lake Manyara and Ngorongoro) and at Arusha – the point of origin for most Northern Safari Circuit packages.

Tracing the tourist dollar on the Northern Safari Circuit

Tour operator surveys revealed a remarkable variety of safari tours involving different durations, locations, accommodation, degrees of exclusivity and price tag. Amidst this almost infinite variety is a fairly standard safari package lasting six days and five nights. The average price charged by a local tour operator for this standard safari is US\$1,600. As with climbing packages at Kilimanjaro, some local tour operators retail some

Figure 5: Cost components of a typical safari holiday (US\$1,826 in-country spend)



safari packages directly to international tourists, however, wholesaling packages to international tour operators in the source markets is a much more common distribution channel. The average discretionary spend per tourist is US\$226.

Based on the information obtained from the tour operator, accommodation and tourist surveys, Figure 5 traces the tourism dollar for the Northern safari circuit.

Unlike Kilimanjaro, the largest cost component of the Northern Circuit safari tourists is accommodation – averaging US\$141 per tourist per night. This reflects the high level of demand for bed space, particularly around the Ngorongoro Crater, which featured in all safari packages.

Park fees are the second highest cost to tourists. Results suggest that each safari

tourist package includes an average of US\$345 in fees per safari.

The third largest cost to tourists on the typical Northern Safari package price is represented by tour operator margins. At 14% of the typical safari tourist expenditure, this margin is very similar to that observed in Kilimanjaro. This result suggests that, even though there are some very large local tour operators serving the safari market, the market appears to be competitive. There are several established and sizeable tour operators based in Arusha, which own several hundred safari vehicles and employ several hundred support staff, including driver guides and mechanics. Two of the safari tour operators surveyed account for 10% of the total Northern Safari Circuit market.

Transport costs are a significant element of the Northern Safari Circuit value chain – as one would expect given the mileage undertaken by specialist 4x4 safari vehicles. The labour intensity of the Northern Safari Circuit value chain is low compared with Mount Kilimanjaro climbing value chain.

Tourist discretionary expenditure on crafts and other cultural goods and services is very much higher than for mountain-climbing tourists at US\$134 per tourist.

Three safari tour operators surveyed purchased tourism services from the Cultural Tourism Program (CTP), either in Arusha or Mto-wa-Mbu. These usually include a guided tour through the community and lunch hosted by a community member.

Table 2: Northern Safari Circuit National Park fees

Fee per 24 hours	US\$
Serengeti entrance fee (over 16 years old)	50
Lake Manyara/Tarangire entrance fee (over 16 years old)	35
Vehicle permit (up to 2,000kg)	40
Camping permit (public campsite)	30
Camping permit (special campsite)	50
Camping permit (premium campsite)	100

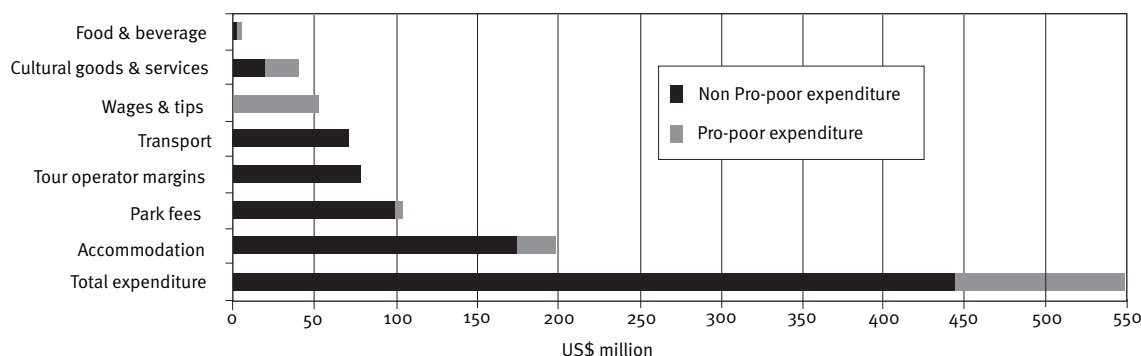
Table 3: Ngorongoro Conservation Area fees

Fee per 24 hours	US\$
Entrance fee (over 16 years old)	50
Vehicle permit (up to 2,000kg)	40
Crater service fee (per vehicle)	200
Camping permit (public campsite)	30
Camping permit (special campsite)	50

Pro-poor impact of the Northern Safari Circuit

Extrapolating the cost elements of the individual tourist safari to the estimated 300,000 annual Northern Safari Circuit tourists, the result is a total in-country tourist expenditure of just under US\$550million per year.

Figure 6: Northern Safari Circuit tourist expenditure (extrapolated upwards for 300,000 tourists)



We estimate that 18% of total safari tourist

expenditure is pro-poor expenditure, which amounts to just over US\$100million per year. The basis for the estimates of pro-poor expenditure is as follows:

- We estimate that 12% of all tourist expenditure on hotels and accommodation is pro-poor;
- We estimate 5% of park fees revenue to be pro-poor. This is based on the estimate of US\$1.2m disbursed by the Ngorongoro Crater Conservation Authority to the Pastoral Council (representing the local communities living within the protected area) each year and the US\$1.4m disbursed by TANAPA on community projects 2006/7;
- All tourist expenditure on wages and tips for the driver guides is considered pro-poor expenditure;
- At least half of all expenditure on cultural goods and services (including the CTP), and food and beverages, is considered pro-poor;

- Expenditure absorbed by tour operator margins and transport costs is not considered pro-poor.

The Cultural Tourism Programme has been highly successful, attracting around 30,000 tourists a year to the total 25 enterprises and generating up to US\$0.5million for poor communities. However, this achievement is dwarfed by the pro-poor benefit flows from Northern Safari Circuit tourists.

The direct beneficiaries of the Northern Safari value chain are driver guides and non-managerial accommodation staff. Indirect beneficiaries include those supplying local hotels and restaurants with local produce (food) as well as those providing cultural goods and services.

Boosting the pro-poor impacts of the Northern Safari Circuit

As with mountain-climbing tourism, this analysis suggests that there are areas which are unlikely to be a good source of additional pro-poor impact. Transport services and tour operators are critical parts of the tourism value chain but are not, in themselves, inherently pro-poor. The same conclusion is true for the wages and tips paid to driver guides – but for the opposite reason. Payments to driver guides are already 100% pro-poor. Unlike the Kilimanjaro climbing teams, driver guides are relatively well-paid with monthly gross wages in the region of US\$167 to US\$333 – so the need to increase their level of remuneration is much less critical.

A pro-poor strategy for the Northern Safari Circuit value chain should focus on park fees, food supplies, cultural goods and services and accommodation.



In addition to the TANAPA SCIP programme, the NCA is transferring very significant resources from tourists to the 62,000 Maasai living in the Ngorongoro Conservation Area. The bulk of this transfer is a reallocation of the Park fees, but there is also income generated for the community from tourists visiting cultural sites and watching local dance troupes at hotels. It is particularly important that this redistribution mechanism works effectively because of the scale of resources involved (reliable estimates suggest NCA is redistributing US\$1.2million of fee income alone each year to the Pastoral Council for the benefit of the Maasai) and the obvious need of the local beneficiary community, and this is an area where the NCA may benefit from the support of a dedicated development organisation.

Unlike Mount Kilimanjaro, where almost all food is sourced locally, only about half the food eaten by tourists on the Northern Safari Circuit is supplied by local small-holders – the remainder is purchased from wholesalers in Arusha or Dar es Salaam. These wholesalers distribute some food stuffs which are imported and for which there are local alternatives. This represents a clear welfare loss to the Tanzanian economy. Discussions with hoteliers and wholesalers suggest that small-scale producers are being bypassed due to issues such as quality, reliability dependability of agricultural supplies. However, hotels demonstrate a diversity of procurement practice and some top-end establishments successfully buy almost all their food from the local area. This suggests real potential for a linkage study to strengthen the supply chain between the agriculture and tourist sectors.

Our analysis suggests that there are at least 3,500 small crafts and souvenirs stalls meeting tourist demand on the Northern Safari Circuit. These stalls generate a livelihood for around 28,000 workers (7000 retailers and around 21,000 crafters) – considerably more than the formal employment generated by accommodation providers serving both the Northern Safari Circuit and Mount Kilimanjaro climbing value chains. It is not clear whether there potential to increase craft and souvenir expenditure on the safari circuit – existing expenditure is already reasonable (US\$118 per tourist per trip) and there may be limited scope for increasing it. However, the quality of most craft retail outlets is quite low and the sector has received little support in the past. It is well worth exploring whether craft spend can be increased on the Northern Safari Circuit because, if it can, it will have significant pro-poor impact.

Accommodation is unlikely to ever be a huge source of pro-poor impact on the safari circuit. However, given the scale of accommodation spending (US\$200million per year) and the fact that 12% of this turnover is pro-poor, even a small change in this percentage would translate into a significant pro-poor impact. A number of hotels on the Northern Safari Circuit have adapted strategies deliberately designed to empower local

communities. These range from building schools and roads to preferential recruitment for local community members. Whilst these are relatively modest actions, the aggregate effect on poor communities of all hotels on the Northern Safari Circuit adopting these practices would be significant. So, working with hotels to spread this ‘best practice’ to a greater number of accommodation suppliers would be a positive initiative.

A lack of skills is often a barrier to poor people accessing better-paid jobs in hotels. In addition, the ubiquitous problem reported by hospitality employers in accessing skilled labour increases the cost of doing business. It also potentially threatens to trigger the response from employers to import skilled labour from the more-established tourist industry in Kenya – which could reduce the already limited pro-poor impact of accommodation on the safari circuit. For these reasons, government should be supported to review the accreditation of very low quality private sector hospitality training providers and the operation of the vocational education scheme. The Vocational Training and Education Authority curriculum is designed to provide additional resources to tourism industry training but is widely-regarded by the industry to be failing to deliver.



Reflecting the rapid growth in safari tourism, there is an accommodation building boom underway in the Northern Safari Circuit. New build accommodation provides the opportunity to ‘build in’ pro-poor benefit streams into the development. For instance, developers can be encouraged by development control authorities to demonstrate their linkages to the local community whilst the planning application is being considered. Seemingly inconsequential decisions, like choice of building materials or provision of an area for cultural performances, can have an important impact on future pro-poor benefits. Where new accommodation is being built or redeveloped inside National Parks or on Government or community land, international experience from Southern Africa demonstrates that innovative community-private sector partnerships could generate large and sustainable pro-poor benefit flows.

Tracing the tourism dollar beyond Tanzania

The main focus of this analysis has been to explore the Tanzanian part of the tourism global value chains – which stretches from the international tourists’ country of origin to Northern Tanzania. The reason for this is simple: Tanzanian stakeholders cannot directly influence the value chain overseas. In addition, tourism research has often been so preoccupied by the extent of the value captured by international interests, that the host country is forced into the unhelpful role of powerless ‘victim’ of globalisation. As demonstrated in this report, the opposite is true. There are many very practical steps which Tanzanians can take to strengthen tourism and its links to poor people in their Country.

However, as a result numerous high-profile stories of extravagant rates of ‘leakage’, many people genuinely believe that developing country destinations benefit little from tourism because these benefits are captured by the countries of origin. To explore this issue, we examined the cost of Mount Kilimanjaro climbing and Northern Safari Circuit holiday packages sold to international customers in the main source markets in Europe.

Approximately 38% of a Mount Kilimanjaro climbing holiday package sold in Europe (including flights) accrues within Tanzania. When

Table 4: Tracing the Mount Kilimanjaro tourist’s dollar

	US\$	%
International package including flights	3,150	
Total out of country expenditure on package	1,945	62
Total within country expenditure on package	1,205	38
Total tourist expenditure including discretionary spend	1,376	41
Pro-poor expenditure	389	

Table 5: Tracing the Safari tourist dollar

	US\$	%
International package including flights	3,019	
Total out of country expenditure on package	1,419	47
Total within country expenditure on package	1,600	53
Total tourist expenditure including discretionary spend	1,892	63
Pro-poor expenditure	345	

a tourist’s discretionary spend is included, the in-country share of total package cost rises to over 41%. 12% of total tourist expenditure (including the international package cost and discretionary spend) is pro-poor.

Out of the total Northern Safari Circuit holiday package sold in Europe (including flights), 53% of expenditure accrues within Tanzania. When a tourist’s discretionary spend is included, the in-country share of total package cost rises to over 56%. 11% of total tourist expenditure (including the international package cost and discretionary spend) is pro-poor.

To some people, the fact that Tanzania is only capturing about half of the global value chain in holiday packages sold in Europe may sound like exploitation. For a long-haul tourist destination (where the flights normally constitute about 40% to 50% of total package costs) this is to be expected. To a Tanzanian selling that other great export commodity, coffee, it would sound like a dream. A recent global value chain analysis of coffee produced in Tanzania shows farmers growing coffee on the slopes of Mount Kilimanjaro can expect to receive 4.1% of the final retail price of coffee sold in supermarkets in Europe. Even taking into account the basic processing, packaging and transportation to the export harbour, Tanzania only captures 8% of the final retail price of a bag of coffee. 92% of the retail value of coffee is absorbed by the coffee roasters, wholesalers and retailers that are based in Europe. So, each US\$1 spent on a package holiday to Tanzania in Europe generates about three times the pro-poor impact (11% for safari to 12% for Kilimanjaro compared with 4% coffee) and five times the value for Tanzania (41% to 53% compared with 8%) compared with US\$1 spent on a bag of Tanzanian coffee in Europe.

Concluding remarks

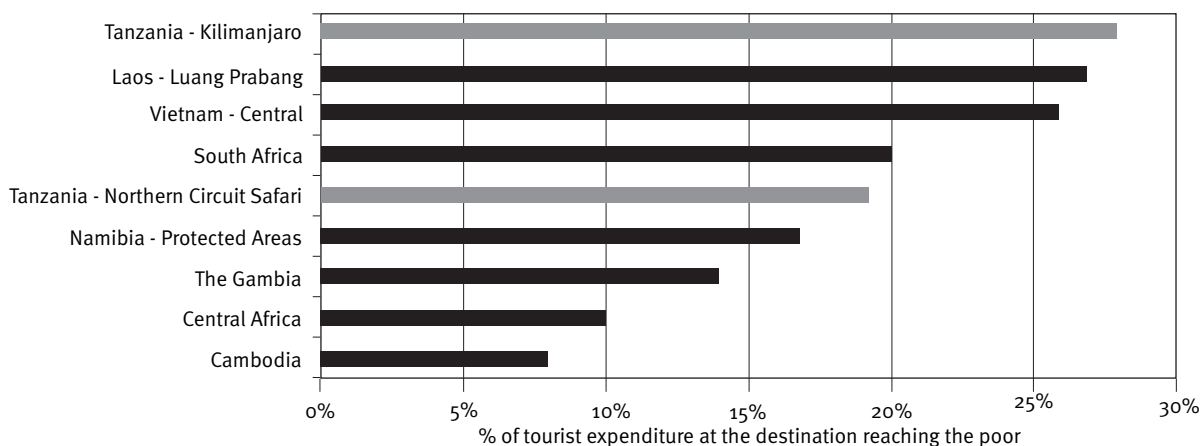
Climbing Mount Kilimanjaro is more pro-poor than visiting the Northern Safari Circuit in terms of the percentage of in-country spending that reaches the poor (28% and 18% respectively).

Both types of holiday perform well in terms of their ability to transfer tourist spending at the destination into income for the poor, especially when compared with middle-income African countries with a similar tourist product and when compared with the vibrant local economies in South East Asia. The Mount Kilimanjaro climbing value chain has the highest proportions of pro-poor expenditure as a percentage of total in-country tourist expenditure of any tourist destination studied to date by ODI.

The total pro-poor impact of Kilimanjaro (US\$13million) is dwarfed simply by the numbers of tourists who go on safari in Northern Tanzania (US\$103million). The implications of this are that, if the aim is to use tourism to help lift people out of poverty at scale, then mainstream tourism should be the primary target for pro-poor interventions. A small, incremental change in the distribution of benefits in a large tourist flow can have a larger pro-poor impact than a large change in a niche tourist product.

This exercise has identified activities in-country that are most susceptible to change, most likely to have a pro-poor impact and, in addition, are most realistic.

Figure 7: Pro-poor tourist expenditure by tourist destination



Summary of the 'Tracing the Tourism Dollar' Stakeholder Workshop

Held at Kibo Palace Hotel in Arusha on 29th October 2008

The key findings of the study were presented to participants (from Government, parastatals, development partners, tour operators, hoteliers, private sector associations, academics and community groups) with the aim of:

- Validating the findings of the study;
- Discussing the implications of the study for pro-poor tourism development strategies; and
- Agreeing a way forward.

SNV presented a summary of the study findings.

Validating the findings of the study

Participants endorsed the study overall. They highlighted the uniqueness of the approach and the holistic view of the tourist industry. In particular, the way in which the study looks beyond the economic contribution of tourism and examines how local people benefit from tourist activity was appreciated.

Implications of the study

The discussion focused around six key areas:

- **How can Porters and Guides Associations be strengthened to improve service levels and benefits?**
Porters are a poor target group. Training was suggested to enhance the skills of the leadership of the associations to improve management and organisation skills. The membership of organisations should receive support to improve language skills, customer care, health and hygiene and entrepreneurship. The associations should receive financial support from external sources as well as members. Government support in the form both of recognition of the associations and also enforcement of the regulations relating to wages and working conditions on Kilimanjaro is a priority.
- **How to improve TANAPA and NCAA support to communities?**
Whilst participants recognised that management authorities were allocating resources from gate fees to support local communities, it was felt that more could be done to contribute to poverty reduction. It was suggested that the percentage share of park fees allocated for local communities should be increased; the accountability and transparency of park revenues should be raised; authorities should gain a clearer understanding of community interests, values and roles and support initiatives to encourage this aim.
- **What can be done to improve the quality and availability of food supplied by local producers to tourist hotels?**
Improve farmers skills in technical areas (i.e. irrigation, packaging, etc) and market requirements. Improve coordination between smallholder organisations to improve the interface with the market. Support farmers with better physical and credit infrastructure.
- **How to improve the quality of hospitality training?**
It was agreed that the current state of tourism training is very poor. This can be improved by effective regulation to ensure that the proliferation of tourism training institutions do not dilute the quality required by qualifications. The lack of qualified trainers can be addressed by introducing a qualification framework and accreditation system and improving the training of trainers. In addition, the remuneration of trainers should be increased to attract more competent staff. In addition, the curriculum should be improved to better align with the needs of the market. Although many hotels are providing in-house training, this should be formalised, improved and integrated within a national accreditation and qualification system. Starting from school aged children, a more positive attitude towards hospitality and tourism should be inculcated amongst the youth.

- **How to improve the quality and volume of crafts and cultural services to tourists?**
It was suggested that support should be provided to enhance the marketing, promotion and branding of cultural services. Crafters should work more closely with associations and better understand the needs of the market, in terms of quality, innovation and diversity.
- **What policy issues need to be addressed in order to further pro-poor tourism in Tanzania?**
Sustainability should be emphasised in the National Tourism Policy. There should be a more harmonised and transparent approach to the transfer of resources from park fees to local communities – a Task Force should be set up to investigate this issue. The awareness and participation of a broader range of stakeholders in the tourist sector should be encouraged. Specifically, the involvement of the private sector should be encouraged and support to SMEs should be enhanced. A trust fund should be established to fund local communities from the tourist sector. National economic surveys should include greater consideration of the tourist sector and the creation of tourism satellite accounts was suggested.

Way Forward

Workshop participants, and readers of this report who were not able to participate in this workshop, are encouraged to submit their comments and suggestions to the two SNV tourist advisors who work in Arusha and are identified on the front cover - Birgit Steck or Elibariki Mtui.