

History, Performance and Challenges of Tourism Industry in Tanzania

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Abstract

The study examines the history of inbound tourism in Tanzania, performance of tourism sector in the post independence era and key challenges which faces the sector. The history shows that the modern inbound tourism such as mount climbing started in the pre-colonial era with explorers and missionaries leading the exercise. The study further shows that the European market is so far the second largest for Tanzanian tourism after African market. This scenario could be attributed to the colonial link between Tanzania and Europe. As regards the performance, the sector has been doing well especially in the period prior Arusha declaration (prior socialism policies) and in the period after trade liberalization. Despite such a performance the sector is not doing well in comparison with neighbor countries such as Kenya. The sector also faces a number of challenges which include among others, revenue leakage, environmental destruction, poor infrastructure, poor research, lack of proper statistics and cultural destruction. The government and other stakeholders need to promote the sector by paying attention to the said challenges.

1. Introduction

The United Republic of Tanzania is the largest country in East Africa and the second largest in the SADC region (MNRT, 1999). It is located in East Africa between latitudes 1° and 11° south of the equator and longitudes 30° and 40° of Greenwich, covering an area of 945, 234 sq kms (MNRT, 1999). The country was formed in 1964 as a union of the two independent states of Tanganyika and Zanzibar (MNRT, 2002). Tanganyika attained its independence in 1961 from Britain, while Zanzibar which was being ruled by the British alongside the Oman sultanate got her independence in 1963 (Ward and White, 1971).

Tanzania has passed through various economic reforms since it stopped socialism and self reliance ideology in mid 1980s having adopted them in 1967. The government started implementing institutional reforms in the early 1990, marking a major shift from the government led economy to a private sector-led economy (MNRT, 2002). Since then there have been significant improvements in the performance of the economy. In 2004, the real GDP growth rate had reached 7.8%, the highest since the start of the economic reforms (MFEA, 2008). In the next three years it declined to 7.1% in 2007 and 7.4% in 2008 (MFEA, 2008). In 2009 and 2010 the growth rate was significantly reduced to 5% and 6% respectively. These reductions might have been caused by the 2008 global financial crisis.

According to the National Bureau of Statistics (NBS) the country's economy is classified in four main sectors. The first constitutes agriculture, hunting and forestry, the second constitutes fishing, the third constitutes industry and constructions and the fourth constitutes services. These sectors have on average been contributing 28%, 1.7%, 19% and 46% respectively to total GDP since 1998 up 2007¹.

Recently, tourism has emerged as an important sector. Even though not explicitly shown as an independent sector in the national accounts, its contribution is inherently captured in other sectors (TTSS, 2001). For example, its contribution can be found in the agriculture sector through earnings from hunting, and in the services sector through earnings by hotels and restaurants, transport and communication and financial services (TTSS, 2001)

¹The figures are based on my own calculations using statistics from the MFEA(2007)

WTTC estimates that in 2006 Tanzania's tourism receipts were valued at US\$986 million,² which is 11 percent of the country's GDP whereas in 2008 tourism receipts were valued at US\$ 1358 million which is 10% of GDP. On average the contribution of tourism to GDP was 10% since 2002 to 2008 (WTTC,2009).With regard to exports, the contribution of tourism revenue generally rose during the years 1986 to 2008, amounting to more than 40 percent in the years 1995 and 1999 (MFEA, 2009). The government views tourism as a significant industry in terms of job creation, foreign currency generation and poverty alleviation (MNRT,1999).The sector is now receiving greater attention than ever before from the government and international agencies (MNRT, 1999).

Tanzanian tourism is predominantly of wildlife nature (MNRT, 2002). The country has 15 national parks which contain various species of wildlife, ranging from mammals, birds, fish, reptiles and amphibians. In addition to the parks, there are 31 game reserves, including the famous Selous game reserve as well as 38 game controlled areas, including the popular Ngorongoro Conservation Area. These sites make up 28 percent of the entire land area of Tanzania (MNRT, 2002).

Apart from wildlife assets, the country also has a variety of historical and archaeological assets which form part of cultural tourism. These include Stone Town in Zanzibar, Bagamoyo, Kilwa and the island of Kilwa Kisiwani, Olduvai Gorge, Isimila (near Iringa) and Tarangire (MNRT, 2002).

Among all the mentioned assets, six of them have received world recognition as being world tourist heritages. These are Ngorongoro Conservation Area, Serengeti National Park, Selous game reserve, Kilimanjaro National Park, Zanzibar, the ruins of Kilwa Kisiwani and the ruins of Songo Mnara (MNRT, 2002).

Apart from the tourist assets, the Tanzanian people themselves are a big source of inspiration to visitors. Tanzanians are a warm, open and friendly people, long known for their generosity, hospitality and wealth of folklore (MNRT, 1999). The country has 126 major ethnic groups comprising of Bantu, Nilotic and Hamitic vernacular languages, traditions and customs which greatly appeal to tourists (MNRT, 1999).Another reason for tourists' admiration of Tanzania is the fact that since independence the country has been politically and socially stable unlike neighbouring countries, such as Rwanda, Burundi and Uganda. In fact Tanzania is a very peaceful country. This view is also supported by most interviewed tourists, who assert that Tanzania is a very safe destination with friendly people (MNRT, 2002).

This study aims to review the country's tourism history, performance and challenges with a view of promoting tourism in Tanzania. By understanding the history the study could suggest answers to questions such as why some markets are more dominant than others or why is it that Africans are less interested in visiting the national parks and other wildlife reserves. By also understanding the performance and challenges the study could give answers to questions such as how is the sector progressing? How is the sector comparing in performance versus other countries and what should be the way out to enhance the sector's performance?

The remaining sections in this paper are organized as follows: Section 2 provides the methodology section 3 addresses the history of tourism, section 4 provides the performance of tourism, section 5 provides the challenges of tourism industry and section 6 concludes the paper while section 7 gives the acknowledgement

2. Methodology

The study use secondary sources of information to achieve its objectives. The history section is achieved using various documentary reviews obtained in book materials, journals and associated electronic websites. The section on performance is achieved through descriptive analysis of data collected from the Ministry of Natural Resources and Tourism. The analysis of the performance is done using graphs. The challenges are provided based on the literature reviews on various articles on tourism in Tanzania.

3. The History of Modern Inbound Tourism in Tanzania

The history of modern inbound tourism activities in Tanzania dates back to the period preceding the effective establishment of colonial rule in Tanzania and Africa in general.

²The statistics given by WTTC on tourism's contribution to GDP appears to be different from those provided by the Ministry of Natural Resources and Tourism in Tanzania (MNRT). According to MNRT, tourism contributed on average 6% to GDP between 1993-1998, 14% in 2004 and 17% between 2005 and 2007. Unfortunately, MNRT does not have a long-term **annual** statistics on the contribution of tourism to GDP. Therefore this study solely uses the estimates as given by WTTC.

Prior to the effective establishment of the colonial rule in Tanzania and Africa in general there came explorers from Europe who came to find out more about the geophysical characteristics of the continent (Coupland, 1968). These explorers, such as Richard Burton, John Speke, Henry Morton Stanley and Johannes Rebmann who were in essence the agents of colonialism, were later on credited by Europeans as the discoverers of key natural tourist attractions, such as, Lake Tanganyika, Lake Victoria and Mount Kilimanjaro (Swayne, 1868). These people could be compared to modern tourists³ in East Africa. At that time the only way to get to East Africa was by ship and Zanzibar was the only reliable port alongside East Africa (Swayne, 1868). Basic necessities for tourists were bought in Zanzibar and brought to the mainland (Swayne, 1868; Hore, 1892).

The only means of transport in the mainland was on foot and/or ox back (Swayne, 1868; Hore, 1892). However, there were indigenous African porters, known popularly as *wapagazi* in Swahili who were specialized in carrying tourist's luggage for money as well as the tourists themselves whenever necessary (Muhammedi, 1971). The *wapagazi* were under an organized group which was accountable to the local chiefs/rulers of a particular area (Muhammedi, 1971). These people could be viewed as the ancient tour operators and guides in Tanzania. Alongside the *wapagazi*, the explorers were accompanied by soldiers hired from the Zanzibar/Coastal areas, where the Zanzibar sultan had influence (Hore 1892, Swayne, 1868, Coupland 1968). Key problems at that time were transport, diseases such as malaria and smallpox, insecurity and illiteracy among the locals (Coupland, 1968). To date some of these problems such as malaria for coast regions and transport problems especially in western regions still persist and can discourage tourists from coming.

These explorers who featured in the 19th century were not the earliest 19th century foreigners to visit East Africa, but were comparatively similar to the modern tourists. The earliest 19th century visitors to East Africa were the Arabs (Jaffe, 1988). Of-course the Arabs came much earlier before the 19th century and between the 15th and the 17th centuries had struggled against the Portuguese over control of the East African coast (Oliver and Gervase, 1963). But the Arabs, who preceded the explorers, came not to see the natural wonders of the land and the people but rather to plunder elephant tusks, slaves and other precious resources. Their engagement in conflicts may not qualify them to be compared to modern tourists⁴.

After the formal and effective colonization of Africa, tourism activities began to be handled and formally organized by the colonial governments. In Tanzania (at that time Tanganyika) the Germans (1885-1918) and later the British (1919-1961) took over the administration, including tourism issues. In Zanzibar (an independent state before the 1964 union with Tanganyika), the Oman Sultanate controlled the Island from the 1650s up to 1890, when Zanzibar was put under British protectorate (Coupland, 1968). From 1913 the island came under the British governing system whereby Governors were appointed to rule the Island until 1963, when independence was granted by the British (Ward and White, 1971). Later in 1964, indigenous Africans took over by force by overthrowing the existing leadership, which was predominantly Arabic and serving Arab interests (Ward and White, 1971).

The formal tourist activities could be credited to the German colonialists, who were the first to formally establish game reserves in Tanganyika; they were followed by the British who took over after World War I. Chachage (1998) as quoted by Kulindwa et al. (2001) gives an account of the formal establishment of tourism under the two colonial masters as follows:

“In 1890s German colonial rule established game reserves and sanctuaries beginning with those in Moshi and Kilimanjaro districts in 1891; later on in 1896 Rufiji, which is now part of Selous game reserve, and west Kilimanjaro were established. By 1908 there were 8 game reserves in Tanganyika. After the British took over, the game reserves were extended to 13 in the early 1920's. The Game Preservation Ordinance of 1921 confirmed game reserves such as Selous, Ngorongoro and Serengeti.

³ The study does not assert that these are tourists, rather comparable to modern tourists based on their purpose of visits and their practices. The only thing disqualifying them from being tourists as per WTO definition is that most of them stayed for more than one consecutive year. In either way, modern inbound tourism activities in Tanzania such as mountain climbing date back to the period of their coming.

⁴ The comparability here is in terms of purpose of visit and practices. Unlike the Arabs and the Portuguese the explorers never engaged themselves in wars with a view of dominating the indigenous or of being remunerated within the visited places. Their war engagement was only for defensive purpose.

Lake Rukwa and Usambara were later included in 1933, while Serengeti and Ngorongoro were further extended in 1936. By 1939 game reserves in the Southern highlands and Tabora were also established.”

Tourism activities under both colonial governments were established to basically serve the rich Europeans who came to visit Africa (Chenjiah, 1998; Kulindwa et al., 2001). This traditional market continued to be dominant during and after independence, and continues to be dominant. Africans had neither the resources nor the interest to tour the parks or sites; this indifference continues to this day. Africans’ lack of interest in visiting tourist sites could have been partly attributed to the colonialists themselves, as they restricted them from using tourists’ assets. For example, under German rule no African was allowed to hunt in the game reserves (Kulindwa et al., 2001).

During British rule an attempt was made in 1938 to form the East African Publicity Association (EAPA) for promoting tourism in East Africa (Ouma, 1969). However, due to the World War II, the organ’s activities were not successful (Ouma, 1969).

In 1947, two years after the end of the world war, an inter-territorial conference was held in Nairobi to discuss ways to improve tourism in East Africa; which led to the establishment of the East African Tourist Travel Association known as EATTA (Ouma, 1969). EATTA was given a ten-year review and in 1958, its activities were reviewed; and deemed as successful. At this time movements for national independence began to flourish. Besides some member countries (Uganda and Tanganyika) felt that EATTA was over-promoting Kenya at the expense of the other two (Ouma, 1969). This feeling led Uganda to establish her own promotion organ in 1956, known as the Tourism Advisory Board, followed by Tanganyika in 1962, which established the National Tourist Board of Tanganyika (Ouma, 1969). The individual countries’ organs operated alongside EATTA until 1965 when the opinion of the majority was that each country should carry out its own promotion activities (Ouma, 1969).

In the period after independence, the general public could not perceive the tourism industry as an important sector (Chenjiah, 1998). Its promotion was viewed as an act of embracing colonial interests in the country (Chenjiah, 1998). This argument might be supported by the fact that, in the early days of independence, nationalistic feelings were very high (Nyangwine and Maluka, 2008) and the roaming back of Europeans could have been perceived as an attempt to recolonize the country. It was also felt that tourism was an economically less viable industry because it was associated with import leakages. This view may be verified by examining the reaction of the Ministry of Information and Tourism (MIT), now Ministry of Natural Resources and Tourism (MNRT) to the debate among UDSM students back in 1972 regarding the viability of the tourism industry. According to MIT (1972), some students were arguing that the industry was economically unviable. Giving a statistical account, MIT (1972) argued that the students’ arguments were more theoretical and unfounded in the Tanzanian case; because the industry was more profitable even after accounting for import leakages.

Despite such views by some academicians and the general public, it was during independence when most of the game reserves were transformed into national parks. As a matter of fact, the first president of Tanzania (at that time Tanganyika) had long ago recognized the importance of tourism for Tanzania and Africa in general (TANAPA, 2002). A speech delivered by the president in September 1961, at a symposium on the conservation of nature and natural resources, came to be known as the Arusha Declaration; in which he stressed the importance of protecting wildlife for the future of our wellbeing (TANAPA, 2002). As a result the government enhanced efforts to protect wildlife and other tourist attractions.

According to TANAPA (2002), between 1960 and 1980, the following national parks attained that status of being national parks having been game reserves: Lake Manyara National Park (1960), Mikumi National Park (1964), Ruaha National Park (1964), Arusha National Park (1967), Gombe National Park (1968), Tarangire National Park (1970), Kilimanjaro National Park (1973), Katavi National Park (1974) and Rubondo National Park (1977). Two more were established in 1980 and 1992. These are Mahale National Park (1980) and Udzungwa National Park (1992). Between 1992 and 2008 three more parks were established. These are Mkomazi National Park, Kitulo Plateau National Park and Saadani National Park. The total number of National Parks is now 15. These National Parks form the core of the tourism industry in Tanzania.

During the first decade after independence Tanzanian adopted socialist policies which led to the nationalization of all major means of production, including tourism. The National Tourist Cooperation was formed to monitor all the tourist activities. However, from the 1970’s, few years after nationalization, up to the mid-1980s the tourism sector did not perform well. There was stagnant growth in both the number of arrivals and revenue.

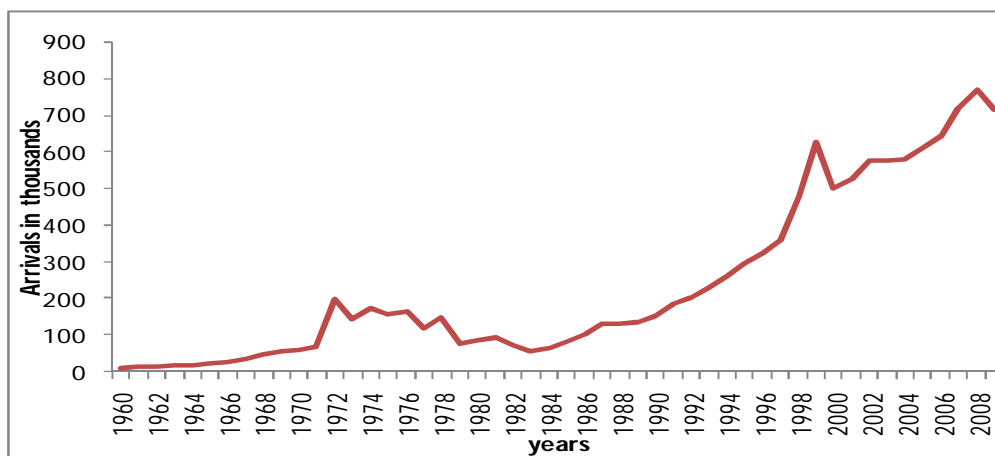
After trade liberalization in 1986, tourism was viewed as an important sector. This led to the establishment of the National Policy on Tourism in 1992 and the enactment of the Tanzania Tourist Board in 1993 (Chenjaj, 1998, MNRT, 1999). Since then, TTB, has been responsible for the promotion of tourism in the country. TTB is an organ, among many others, within MNRT, which is in charge of all the tourism activities, including the maintenance and development of tourism assets (MNRT, 2002).

4. The Performance of Tourism in Tanzania

4.1 The Evolution of Tourist Number of Arrivals and Tourism Revenue

The performance of tourism in Tanzania can be assessed in three main periods based on both the number of arrivals and tourism revenue. First is the period after independence (1961) up to few years after the start of the socialist era (early 1970's). Second is the period between the socialist era (early 1970's) up to the adoption of the free market economy/trade liberalization (1984-86)⁵. Third is the period after the adoption of trade liberalization until now (see figures 1, 2 3 and 4)

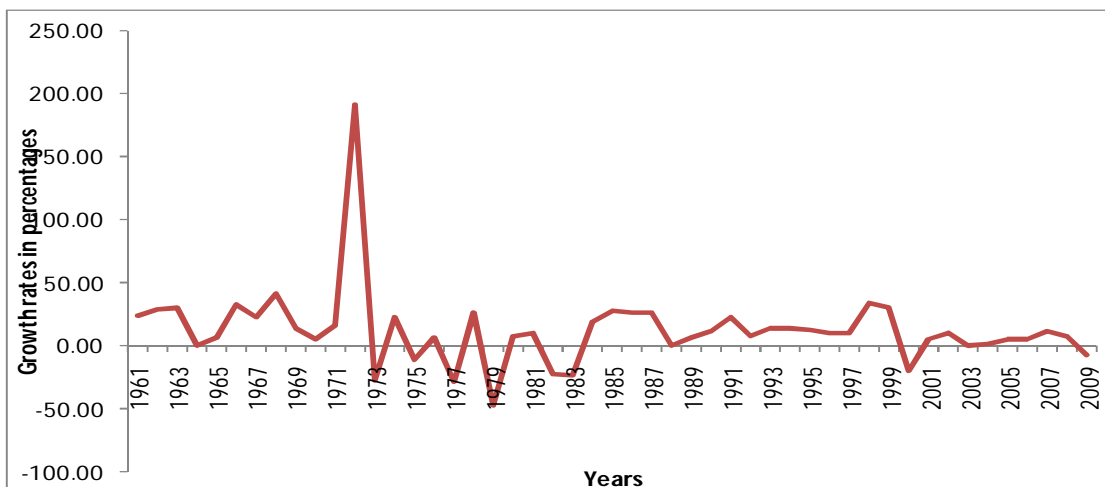
Figure 1: Trend in the Total Number of Arrivals in Tanzania: 1960-2009



Source: Authors' drawing based on statistics from MNRT

Figure 1 indicates the trend in the number of tourist arrivals from 1960 to 2009. The figure shows that the number of arrivals kept on increasing from 1960 to the early 1970's, and later on from 1986, when the country introduced trade liberalization policies until now. The trend in the growth rates can be clearly seen in Figure 2.

Figure 2: Trend in the Growth Rates of the Number of Arrivals from 1960 to 2009

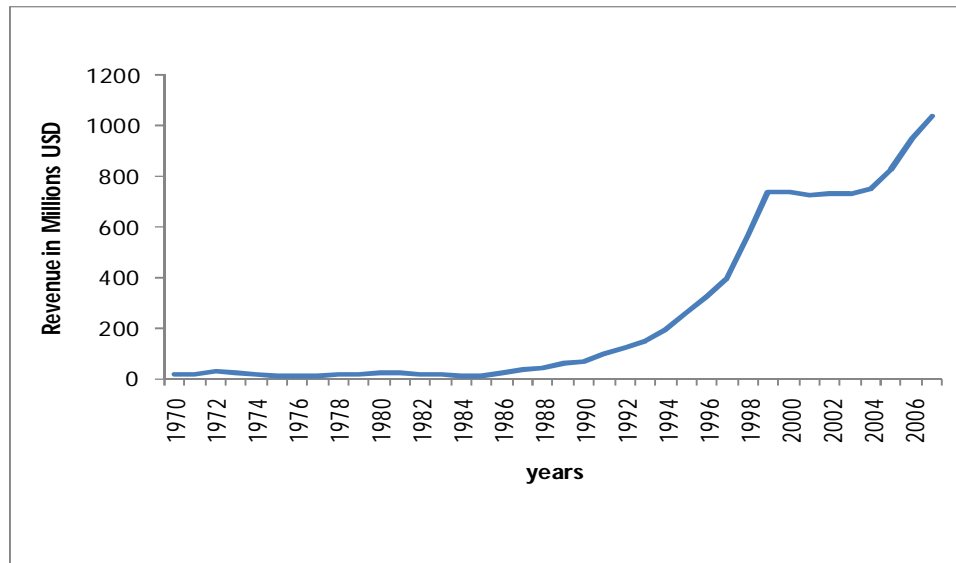


Source: Authors' drawing based on the statistics from the MNRT.

⁵ Trade liberalization policies in Tanzania were partly adopted in 1984 by the first phase government and fully adopted in 1985/86 during the second phase government.

Figure 2 indicates that the number of arrivals has maintained positive growth rates except for a few years especially from the 1970's up to 1983, as well as the year 2009 when the sector was affected by the global financial crisis. From 1985, the number of arrivals grew at an average rate of 11 percent, unlike the negative growth of 8 percent experienced from 1972 up to 1983. A similar situation as regards tourism revenue is depicted in figures 3 and 4.

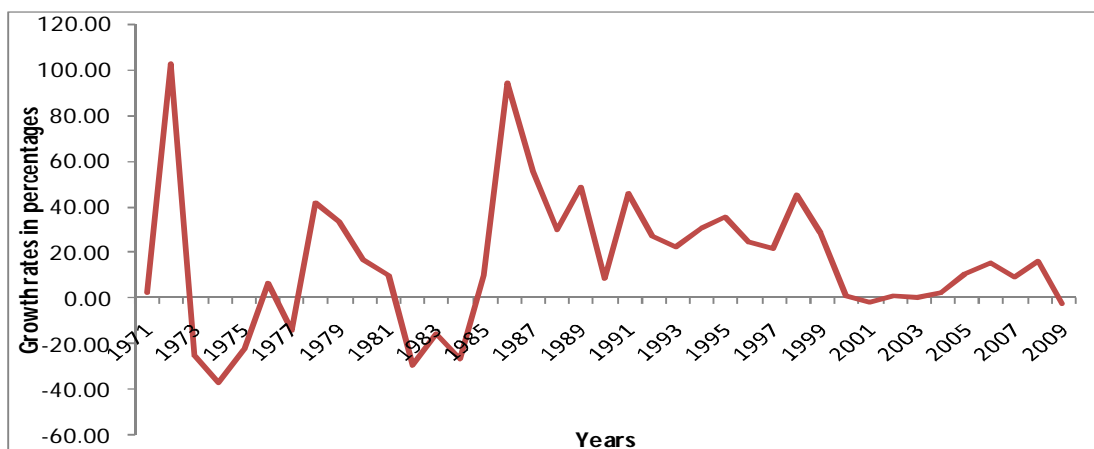
Figure 3: Tanzania's Tourism Revenue in Millions USD: 1970-2007



Source: Authors' drawing based on the statistics from the MNRT

Figure 3 indicates the trend in tourism revenue from 1970 to 2007. The figure indicates that tourism revenue did not do well from 1970's up to 1984. The revenue started rising in 1986 until now. The trend is similar to that of the number of tourist arrivals depicted in figure 1. Again the trend in revenue growth rate can be clearly seen in Figure 4.

Figure 4: Trend in the growth rates of Tourism Revenue from 1970 to 2009



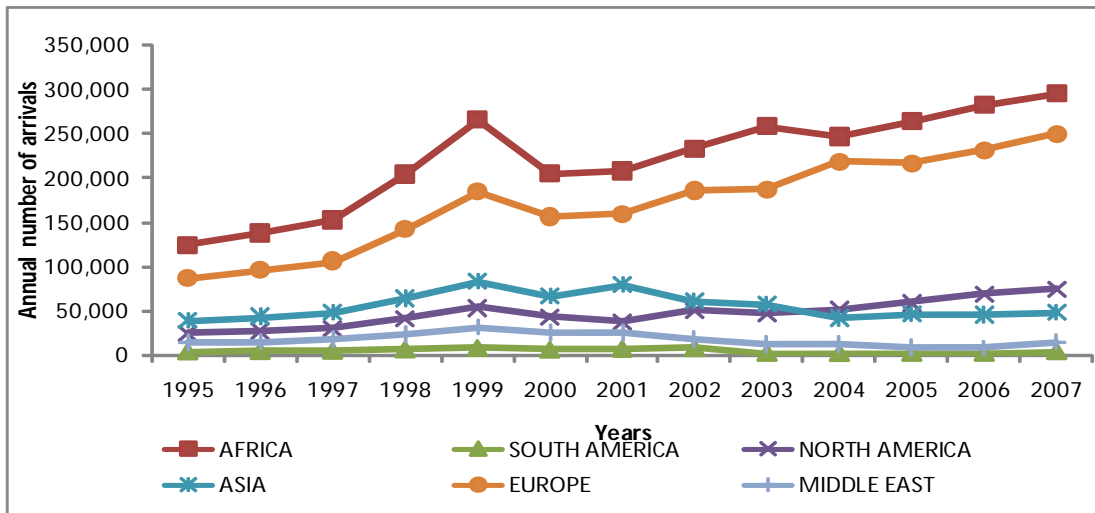
Source: Authors' drawing based on the statistics from the MNRT.

Figure 4 like figure 2 shows that the growth in tourism revenue from 1971 up to 1984 was insignificant as it grew at a negative rate of 2.57 percent. From 1985 to 2008 revenue increased at a rate of 24.13 percent.

The country's tourism performance has over the years been relying on the traditional markets of Europe and America. Most of the countries sending tourists to Tanzania have been in Europe. Others are the United States of America, Canada and some African countries, particularly South Africa

When a comparison of regions is made, Africa leads in sending tourists to Tanzania, followed by Europe, Asia, North America, Middle East and South America (Figure 5)

Figure 5: Arrivals in Tanzania by Region: 1995-2007



Source: Authors’ Drawing Based on Statistics from MNRT

4.2 The Contribution of Tourism to the Tanzanian Economy

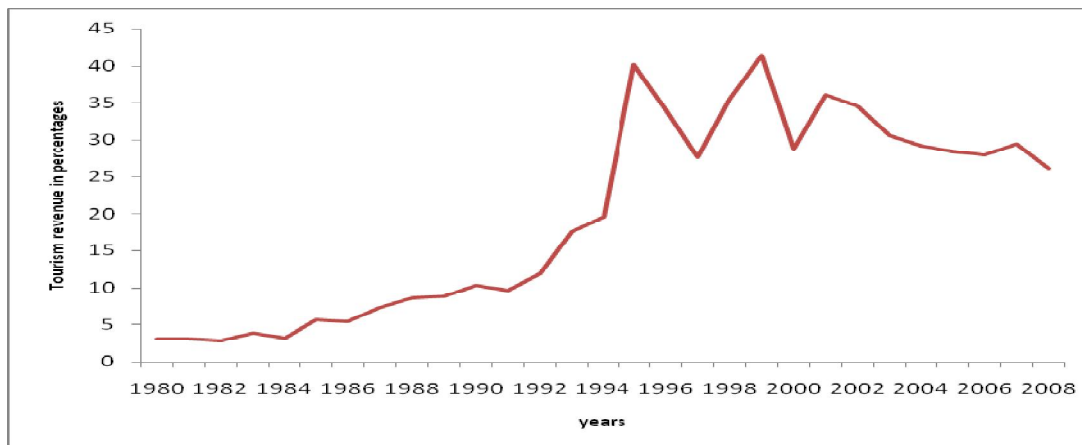
Tourism makes big contribution to Tanzania, by generating foreign exchange through tourism exports, by improving the general productivity of the country, both directly and indirectly, and by creating employment both directly and indirectly. Tourism also strengthens social and political ties with other countries as well as cultural interactions. However, for the purpose of this study only the economic benefits have been explored.

(a) Tourism’s Contribution to Total Exports

Tourism’s contribution to the export sector of Tanzania is remarkably significant. Its contribution increased from 5% in 1980 up to a staggering of 40% in 1995 and 1999 (Figure 6). From 1995 to 2008 its average contribution has remained at an average of 32 %.(Figure 6)

When its contribution is examined in relation to service exports, tourism accounts for almost the entire sector, especially since 1995. In 1995 it accounted for 89% of all service exports. Since then until 2007 its share has remained constant, at an average rate of 70 % (Figure 6). This highlights the importance of tourism to the economy of Tanzania.

Figure 6: Tourism Revenue as a Percentage of Total Exports 1970-2007

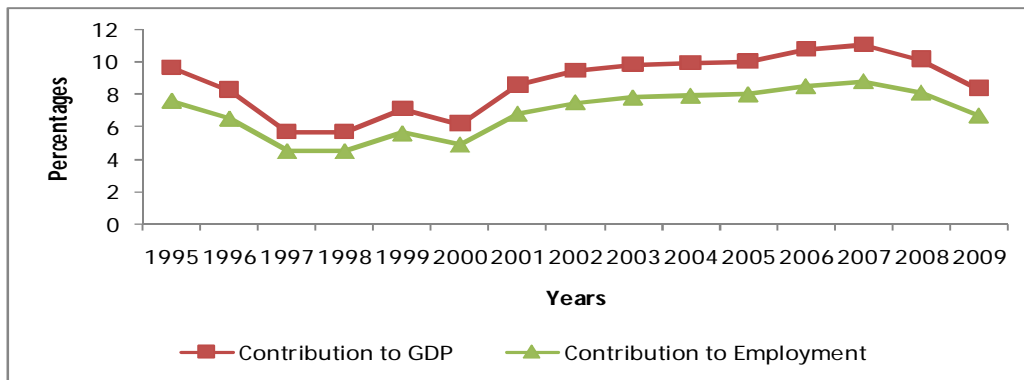


Sources: Authors’ drawing based on statistics from MNRT and WTO

(b) Tourism’s Contribution to GDP and Employment

Figure 7 provides trends in the percentage contribution of tourism to GDP and employment. These figures are taken from WTTC (2009)⁶.

Figure 7: Tourism’s Contribution to GDP and Employment: 1995-2009



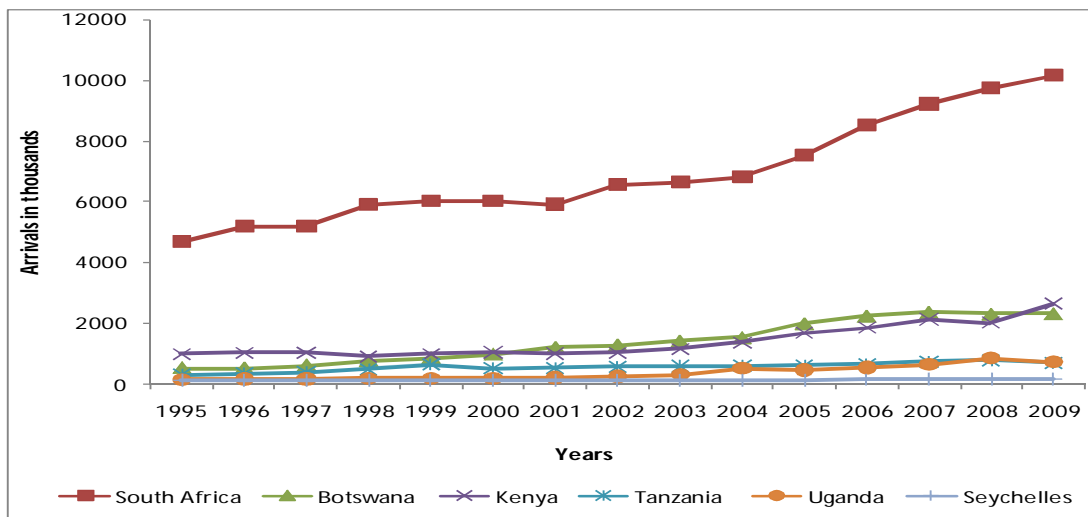
Sources: Authors’ drawing based on statistics from WTTC (2009)

Figure 7 shows that tourism’s contribution to both GDP and employment has been increasing since 1999. According to WTTC (2009), tourism contributed US\$ 1.7 billion in 2007, both directly and indirectly, which is about 11.1% of GDP. In 2008 its contribution increased to US\$ 1.9 billion which is over 10% of GDP. However in 2009 its contribution dropped back to US\$ 1.7 billion which is 8.4% of GDP. This decline is likely to have been caused by the 2008 global financial crisis. On the employment side, it is estimated to have contributed 8.8% of total employment in 2007 and 6.7% in 2009.

4.3 Performance of Tourism in Tanzania Relative to Neighbouring Countries

Tanzania is not doing well in terms of number of arrivals and tourism revenue compared with some neighbouring countries. Comparatively, South Africa leads in the whole of Sub-Saharan Africa in terms of number of arrivals, followed by Botswana and Kenya interchangeably (WTTC 2009). Before its economic crisis, Zimbabwe had been second, next to South Africa, followed by Botswana and Kenya (WTTC, 2009). Tanzania has always been behind Kenya, both in terms of number of arrivals and revenue (Figure 8).

Figure 8: Arrivals in Tanzania Versus Some Neighbouring Countries: 1995-2009

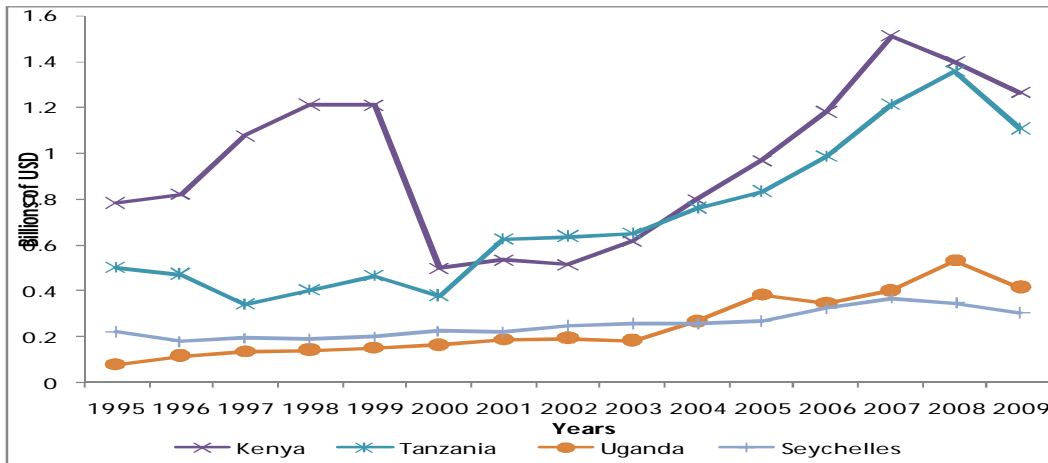


Sources: Authors’ drawing based on statistics from WTTC (2009)

⁶ The figures differ from the ones given by the MNRT. But ideally the trend over time should be the same. This study uses the figures from WTTC because there is no systematic and long-term record of tourism contribution to GDP by MNRT. This lack of long-term records is due to the fact that tourism has never been counted as an independent sector in the national accounts. Efforts are now being made to make tourism an independent sector in the national accounts(see TTSS,2001)

Apart from showing that Tanzania is trailing behind South Africa, Kenya and Botswana; Figure 8 also shows that the country's relative share of the number of arrivals to the region has not been growing. The same picture is observed when comparison is made in terms of tourism revenue. Figure 9 provides this comparison, but South Africa and Botswana are omitted for ease of comparison. The key interest is to show how Tanzania is struggling against Kenya.

Figure 9: Tanzania's Tourism Revenue versus Some Neighbouring Countries: 1995-2009



Sources: Authors' drawing based on statistics from WTTC (2009)

Figure 9 indicates that for most of the years Tanzania has been behind Kenya in terms of revenue, but well above some countries such as Uganda and Seychelles. The reasons as to why Kenya leads against Tanzania could be attributed to the fact that Kenya has more developed infrastructures such as good airports capable of attracting direct flights from abroad and good standard hotels and restaurants. In general Kenya has invested more in the tourism industry than Tanzania.

5. Challenges of Tourism Industry in Tanzania

The tourism industry in Tanzania, as in other countries, faces a lot of challenges. This study has identified twelve main challenges facing the tourism sector, which are accounted in the literature and which should be of a concern to Tanzania.

First, are the environmental challenges to the tourism industry which is a global problem (WTO, 1995; Neto, 2002). The industry faces a number of problems which include pollution of national parks due to tourist activities, such as the wastes discharged from hotels, air pollution from vehicles carrying the tourists and land degradation (Kulindwa et al., 2001; MNRT, 2002, TTB, 2006) as well as the disposal of other waste such as plastic bags. Another serious environmental threat associated with tourism is the depletion of ebony trees, which are used for making carvings for sale to tourists (Kulindwa et al., 2001). This product has been one of the most preferred by tourists from several countries. These trees take a relatively long time to grow and mature compared to other species, implying that if the situation is left to continue the species might become extinct. The environmental threats to tourism in Tanzania and in the neighbouring countries are of greater concern because the tourism industry is predominantly wildlife based (TTB, 2006).

While due attention has been given environmental concerns in Tanzania mainland, in Zanzibar and in the mainland coastal areas such as Bagamoyo, tourist activities have lead to the destruction of mangrove trees through Hotel construction, the discharges of untreated waste from hotels into the sea and beach erosion (Kulindwa et al., 2001).

The second challenge to the tourism industry, as identified by this study, is the lack of empirical studies linking promotion efforts to the growth of tourism. For example, TTB (2006) argues that, besides recent efforts and measures to advertise and sell Tanzania as a tourist destination, the policy has not achieved much in attracting more tourists or in giving incentives for activities relating to tourism for it to flourish. In general there is a lack of rigorous demand studies which encompass a number of factors such as the studies in merchandize trade by Rutasitara (1999) and Nyoni (1996).

The existing studies in tourism industry in Tanzania lack empirical verification of the pillars upon which tourism demand rests. The lack of such knowledge can lead to theoretically correct but practically unfounded arguments with regards to tourism demand. For example, in the face of the 2008 global financial crisis how has the sector been affected? This question can only be answered if there is a clear understanding of what determines tourism demand in Tanzania.

A third challenge the tourism industry faces is what tax policy should be in place for maximizing government revenue without hampering the growth of the sector. This concern is crucial because tourism charges in Tanzania, particularly for accommodation, are relatively high compared with those of neighbouring countries (Kulindwa *et al.*, 2001; MNRT, 2002; TTB, 2006). In view of this problem Kulindwa *et al.* (2001) suggest that the country needs to ascertain the strength of the uniqueness of its attractions by knowing whether or not tourism demand is price elastic.

The fourth challenge facing the tourism industry is competition in the use of natural resources between the tourist parks and the indigenous population surrounding the parks (Kulindwa *et al.*, 2001, MNRT, 1999). The Masai people of Serengeti and Ngorongoro areas are good examples of this competition. These people are normally cattle herders with a great need for the grazing areas, which is at the expense of national parks. While tourism has provided some with employment, it has also caused unemployment among cattle herders. There is a need to know how many people have suffered from unemployment and how many are employed due to the expansion of tourism activities.

A fifth challenge facing Tanzanian tourism is the problem of financial leakage that characterizes many developing countries (Sandbrook, 2008). Boo (1990) cited by Sandbrook (2008) account that 55% of tourism revenue in developing countries goes back to the developed countries through the importation of goods and services demanded by tourists. Most of the goods sold in tourist hotels, particularly alcoholic beverages and luxurious foods, are imported from foreign countries. Furthermore, some of these hotels and tour operating companies are either wholly owned by foreigners or jointly by the Tanzanians. The end result may be that some of the accrued profits also go out of the country. For example Anderson (2013) assert that most resorts in Zanzibar are owned managed and operated by non-locals and that only 16 percent of the resort requirements are sourced within Zanzibar. MNRT (2002) gives a rather surprising account that is different from that of Boo (1990), as it shows that only 27% of tourists' expenditure goes out of Tanzania as leakage. However, MNRT (2002) analysis was based on a few hotels and lodges selected in the Northern circuit. Given the leakage suspicion, there is a need for a comprehensive survey of all tourism investments to ascertain the actual amount of leakage.

The sixth challenge facing the tourism industry in Tanzania is the little benefits of tourism industry to the local population, especially those people surrounding tourist sites. Sandbrook (2008) found that more than 75 percent of the tourism revenue accrued from the local area of Bwindi Impenetrable National Park of Uganda goes out of the area as leakage. Kulindwa *et al.* (2001) also give an account of the same problem in the areas surrounding Tanzanian National Parks. According to Kulindwa *et al.* (2001), although TANAPA has so called Community Based Conservation (CBC) programmes which aim to provide social services to the surrounding community, these programmes have not been exhaustive. Interviewed people argue that the money from these programmes is always inadequate and sometimes it is delayed or not given at all. This problem of lack of benefits for the local population is partly contributed to the fact that tourism is dominated mostly by package tours whereby tourists pay their bills for the respective hotels in advance, via the travel agents and so they spend very little money in the communities they pass through.

The seventh challenge facing the tourism industry is cultural in nature. The coming of tourists has brought in some cultures viewed as destructive. The growth in tourism has led to the construction of refreshment centres such as casinos (Kulindwa *et al.*, 2001) and beach hotels where prostitution is greatly encouraged by the owners of these investments. The study by Mgani (2007) shows how Arusha has succumbed to prostitution due to its being the core town of tourist activities in the Northern circuit. Prostitution has led to the spread of venereal diseases, particularly AIDS. Other problems associated with cultural interference include excessive smoking and drug use.

The eighth challenge facing the tourism sector in Tanzania and Africa in general is the lack of domestic tourism (Andrew, 2008). It is true that inbound tourism is the best in the sense that it brings in foreign revenue, but as we have seen it creates several problems.

Some problems associated with heavy reliance on inbound tourism include the creation of seasonal unemployment during low peak seasons, inflation due to the money being pumped into the country, appreciating country's exchange rate which negatively affects other export industries (Blake, 2008), risking the country in the case of diplomatic conflicts with key source markets; and intermittent political crises such as the Kenyan election of 2008. These problems can be significantly reduced if domestic tourism is promoted. In other countries, such as Australia, domestic tourism forms the core of the industry and contributes quite substantially to GDP (Athanasopoulos and Hyndiman, 2006).

The ninth challenge facing the tourism industry is the lack of proper statistics for recording and subsequent analysis. For example, in the period before 1995, it was very hard to get statistics on the number of arrivals by country. Nevertheless, this problem is gradually being solved. Currently, it is easy to get number of arrivals by different categories, such as purpose of visits, country of origin and mode of transport. However, the most serious problem concerning tourism statistics at present is not the number of arrivals but rather tourists' expenditure. It is very hard to capture the amount that tourists spend owing to the fact that tourism transactions are now handled by private commercial banks, and private bureau de change which do not observe Bank of Tanzania (BOT) regulations, requiring them to give an account of which transactions relate to tourism and which do not. This is a global problem, but much more of a problem in developing countries, where individuals/business enterprises do not observe the rules and regulations. In recognition of this problem, TTSS was formed so as to estimate, among other things, the annual revenue from tourism

The tenth challenge facing the tourism industry in Tanzania is the country's poor infrastructure. Improvement in the infrastructure and the general performance of the economy matter a lot in attracting tourists. The infrastructure issue is broad. It covers lack of direct international flights to the country, quality accommodation, good tarmac roads, and quality tour operators and guides (MNRT, 2002). The poor quality of these factors has a negative effect both on attracting more arrivals and on their per capita spending. The problem is more dominant in western and southern areas of the country (TTB, 2006), which has led to the concentration of tourist activities in the northern part of the county, leaving other areas unexploited, despite their immense wildlife and cultural resources (TTB, 2006).

The eleventh challenge is the communication problem facing most Tanzanians, this including mastery of the English language. The study views this problem as peculiar to Tanzania, and denies local communities from interacting directly with tourists with a view to tapping their expenditure. More generally, there is a shortage of skilled manpower for the tourism industry, such that investors have been employing skilled labour from neighbouring countries such as Kenya (TTTB, 2006).

The last challenge facing the tourism industry in Tanzania as well as in most developing countries is uncertainty about health. This problem can be viewed in two ways. One concerns the prevalence of tropical diseases, such as malaria, which is a dangerous disease for visitors from non-tropical areas. Tropical diseases are very hard to eliminate; and malaria in particular has proved to be the most difficult to deal with. The second is the danger that tourists themselves bring; this includes HIV/AIDS.

6. Conclusion and a Way Forward

The study has given the current status of tourism sector in Tanzania. Two major issues were found. First tourism demand is doing well based on both number of arrivals and revenue. Second when compared with neighbouring countries tourism demand is not doing well, especially bearing in mind the country's vast tourism assets. The challenge ahead therefore lies in the sustainability and promotion of the sector. The sustainability and promotion of the sector is a call for the government of Tanzania and other stakeholders to address the discussed challenges such as poor infrastructure, environmental pollution, revenue leakage and others.

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