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PEACE THROUGH TOURISM

COMMUNITY TOURISM – GATEWAY TO POVERTY REDUCTION

# Community Based Tourism in Tanzania: Potential and Perils in Practice

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## **1.0 INTRODUCTION**

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In today's world of disparity between developed and underdeveloped nations, the members of the former are increasingly seeking out travel experiences in the developing world. Developing countries are attracting an increasing share of the global tourism market, with arrivals rising from 20.8% of the world total in 1973 to 42% in 2000. And it is the Least Developed Countries (LDCs) that have had the largest increase of incomes earned from international travel, with an increase of 45% between 1990 and 2000, compared to only a 7.8% in EU countries in the same time period (WTO, 2002). It is in these LDCs that tourism is poised to have the biggest impact on poverty alleviation through four advantages as compared to other growth industries: high potential for linkages with other local enterprises; relatively labor intensive and employs a high proportion of women; potential in poor countries with few other competitive exports; and, tourism products can be built on natural resources and culture- assets that many poor have and can utilize if given the opportunity (WTO, 2002).

It is with these advantages in mind that international organizations and donors have increasingly been supporting sustainable tourism projects. These projects aim to assist rural poor in utilizing their resources at hand, such as cultural heritage and wildlife, to capitalize on the growing international tourism market. Through developing tourism as a mechanism of poverty alleviation the gap between developed and developing countries is bridged both economically and socially by bringing together people of varied cultures and backgrounds. However, despite tourism's potential as a rural poverty alleviation tool its success is highly dependent on the protection of the natural and cultural resources that drive tourism, as well as the need to maximize income retained locally. Many countries are struggling to find the

balance of tourism development policies that protect resources and successfully retain and distribute income within and across the country.

Tanzania is a country whose tourism industry over the past decade has been one of the main sources of economic growth, expansion and diversification of economic activity at national, district, and local levels. National tourism earnings have grown by over 10% annually for more than a decade, from \$65 million in 1990 to \$725 million in 2001 (World Bank/MIGA, 2002). Tourism is currently among the most important industries in Tanzania, accounting for 40% of total exports in 1998/99 and 12% of GDP in 2001 (World Bank/MIGA, 2002). Without question, tourism has become one of the prime growth industries in Tanzania, and is one in which the nation has a critical competitive advantage due to its outstanding wildlife and natural resources. By cultivating foreign investment and diversification of tourism products the Tanzanian government has the ability to use tourism as a tool to break the cycle of underdevelopment and poverty and sustain high rates of macroeconomic growth, and in doing so decreases conditions that lead to instability and disharmony. Perhaps more importantly for poverty reduction efforts, tourism has the potential to channel investment directly to the rural communities where poverty is concentrated (URT 2002b). This can be done through community-based tourism (CBT), which consists of tourism activities carried out on community lands in partnership with local people. CBT is important not only for rural poverty reduction efforts but also in terms of diversifying the tourism industry itself. While tourism in Tanzania has been largely focused on the wildlife and scenic resources within protected areas, there is a strong need to expand and diversify the tourism product if growth in this sector is to continue. Significant constraints to tourism remain in Tanzania, however, and these must be better addressed if macro and microeconomic goals are to be met.

## 2.0 Tourism and National Growth

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The tourism industry is substantial and growing contribution to the national economy during the past fifteen years has led to the industry's becoming a principal focus of poverty reduction efforts. When opening the International Investment Forum in October 2002 at Arusha, President Benjamin William Mkapa reinforced such ideas in his keynote speech, calling for "a heightened onslaught on poverty, using the weapon of tourism" (URT, 2002a).

This support for tourism as a poverty reduction tool is fully justified; there is little doubt that the macroeconomic growth required to combat poverty will only happen if high-potential sectors such as tourism lead the way. Essential to the role of tourism in national growth is the *competitive advantage* that Tanzania possesses with respect to tourism resources. The country's extraordinary wealth of natural resources- particularly wildlife, mountains and forests, coral reef and marine life, and an undisturbed coastline have the potential to drive tourism growth. These are natural endowments unique to Tanzania- there is only one Serengeti, one Ngorongoro Crater, and one Mount Kilimanjaro. No matter how skillful other countries around the world are in their policies or marketing strategies, they cannot obtain the richness that Tanzania possesses through bio-geographic fortune.

However, a comparative advantage is only that- an advantage not a guarantee. Whether or not tourism grows to meet the ambitious targets set by policy-makers, such as the 10% annual increase aimed for by the National Tourism Policy, depends on whether or not policies and strategies are implemented which sustainably manage these unique resources and allow investment to flourish (MNRT, 1998). Above all else, there are two essential requirements for sustaining tourism growth: promoting an enabling business environment for the private sector and ensuring that natural resources are managed sustainably.

Providing a positive environment for tourism investment requires ensuring the functioning of the rule of law, streamlining and clarifying investment procedures and policies for taxation and licensing, and improving government accountability and transparency. Although considerable progress in this effort has been made in some respects, in others current trends are worrying. Security, for example, is one issue that must be tackled if tourism is to continue to grow and contribute to poverty alleviation. Growing crime rates in areas such as Arusha and Dar es Salaam must cause concern among all tourism stakeholders. The policy-makers should take note of the negative effects on tourism that out-of-control violent crime has had in neighbouring Kenya. Another persistent problem facing investment is taxation. Despite extensive discussion of the problems excessive tax rates pose to growth in private investment, Tanzania continues to represent a punitive taxation environment to potential foreign investors. Within the tourism industry, this is exacerbated by a system of proxy taxes being levied under the guise of costly business and operating licenses. These combine to hamper the efforts of most tour operators to compete effectively on the international stage against other strong wildlife destinations.

Contemporary trends in the management of some of the key natural resources, which provide the basis for tourism in Tanzania in the first place are equally worrying. Deforestation in Tanzania is estimated at approximately 91,000 hectares annually, leading to the loss of montane forests and woodlands providing habitats and water catchments (Mariki et al., 2003). Wildlife populations show signs of depletion in many key dispersal areas and savanna range lands outside of core protected areas (Poole and Reuling, 1997; TWCM, 1999; TWCM, 2000). The integrity of Tarangire National Park, for example, is threatened by the loss of extensive dispersal areas and migration corridors outside its boundaries through spreading agriculture, charcoal burning, and bush meat poaching (TCP, 1997). Coral reefs

and marine ecosystems are threatened by over-exploitation, open access use, and haphazard development. While these issues are often framed within the context of biodiversity conservation, they are of utmost importance for tourism activities and thus poverty reduction. In many places around the country, tourism growth is tangibly threatened by escalating natural resource degradation. If resources are not sustainably managed, tourism cannot contribute to national economic growth in the ways currently advocated by policy-makers.

### **3.0 LINKING TOURISM TO THE RURAL ECONOMY**

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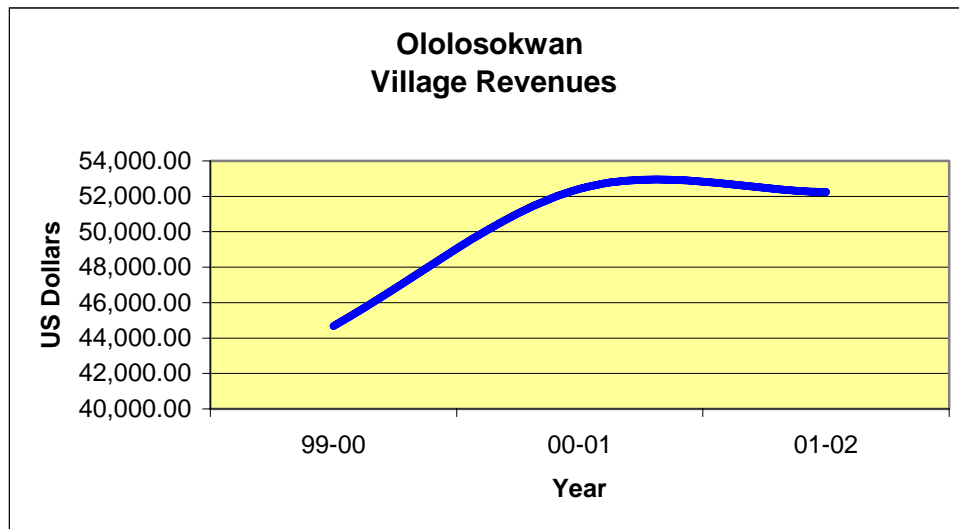
While urban centers in Tanzania are growing quite rapidly and infrastructure and social services have improved, the rural areas where poverty is concentrated remain marginalized. Inequality between urban and rural areas is increasing, and the links between macroeconomic growth and local, microeconomic improvements are unclear (URT, 2002b). Tourism currently concentrates benefits among urban elites and entrepreneurs, foreign investors, primarily urban employees, and the central government in the form of taxation and revenue collection. Local communities, often the very people living alongside the natural resources on which tourism activities depend, have not become major participants in or beneficiaries of tourism activities. If tourism is to continue growing and is to be an effective poverty reduction tool, then this must change, and local opportunities and benefits must grow substantially.

Community-based tourism (CBT) refers to tourism that involves local communities, occurs on their lands, and is based on their cultural attractions and the natural assets found in their areas. The importance of CBT to the overall development of the national tourism industry and rural poverty alleviation is reflected in the prominence of CBT within various

planning and policy documents. The Rural Development Strategy identifies tourism as a key tool in rural poverty alleviation, advocating that “the rural economy is linked to the new engines of economic growth, particularly tourism,” in order to stimulate “pro-poor growth” (URT, 2001). The Tanzanian Tourism Development Programme (TDP) states that “Community based tourism is now considered as key by many development organisations in the implementation of poverty eradication” (TDP, 2002). Tanzania’s Integrated Tourism Master Plan advocates developing CBT in the northern part of the country on village lands in areas such as Lake Natron (TDP, 2002). The Wildlife Policy of Tanzania also supports CBT by advocating the placement of “future major tourist developments outside [protected areas] (PAs) in order to reduce negative impacts and enhance benefit sharing with local communities” (MNRT, 1998).

CBT has developed rapidly in recent years as the tourism industry seeks to broaden and diversify its product beyond that available in National Parks and other protected areas. Partnerships or joint ventures whereby local villages receive payment in exchange for access to their lands are multiplying in the northern part of the country. CBT is now widely practiced in areas such as Ngorongoro, Monduli, Simanjiro, Babati, Mbulu, and Karatu Districts. These activities provide a new source of communal income through tourism joint ventures, as well as a source of employment and a limited market for local goods. Seven villages in Loliondo Division, for example, now earn over US\$100,000 annually from several ecotourism joint ventures carried out on their lands. All of these revenues are governed by contracts between the villages and the tourism companies based on the villages rights under the Local Governments Act of 1982 and Village Land Act of 1999 (Nshala, 2002; Gastorn, 2003). This communal income has increased from virtually nothing only five years ago, and CBT gains have not been as severely affected by the external shocks upon the

tourism industry as one might suspect. In Ololosokwan Village, one of the seven Loliondo communities referred to above, tourism revenue has grown each year since the initiation of these activities in 1999 (see Figure 1). This is a testament to the high demand for CBT products and its potential to fuel growth in the tourism industry in general.



**Figure 1:** Income to Ololosokwan village, in Arusha region from payments by companies using areas set aside for tourism and wildlife. (Source: Wildlife Working Group)

CBT represents a diversification of the tourism product by integrating nature-based and cultural attractions. For example, Longido village in Monduli District, Arusha region participates in the Cultural Tourism Programme<sup>1</sup>, which includes activities such as mountain climbing, visits to markets and Maasai homesteads. The number of tourists visiting Longido has grown from only 25 in 1995 to nearly 600 in 2000, when the village earned over US\$11,000 from these activities (Matungwe, 2000).

Clearly, the development of these significant and increasingly widespread local sources of revenue holds important implications for rural development and poverty alleviation. The income from tourism represents a growing source of economic

<sup>1</sup> This programme has been developed by SNV (Netherlands Development Agency) and the Tanzania Tourist Board.



diversification for rural communities and a form of economic empowerment, providing a direct implementation of the aims of government documents such as the Rural Development Strategy. Locally controlled CBT activities are essential to link macroeconomic growth and investment in the tourism industry with rural economic opportunities and micro-level diversification.

#### **4.0 CONSTRAINTS TO COMMUNITY-BASED TOURISM**

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While Community-based tourism prospects for poverty reduction are bright based on recent levels of growth and increasing local benefits, it nevertheless faces serious short and long term obstacles, some of which are intensifying. Conflicts exist between CBT in village lands and other forms of resource utilization, such as tourist and resident hunting. At present the main form of legal tourism activities in northern Tanzanian village lands, tourist hunting, is centrally controlled, realizing benefits chiefly at the national level. This central control prevents hunting management according to local agreements (WSRTF, 1995, Leader-Williams et al., 1996). This central control of the hunting industry reflects the general disparity that exists between the Wildlife Policy in Tanzania and the implementation of laws and regulations in practice. These inconsistencies tend to contribute further to confusion and uncertainty among stakeholders.

Despite numerous calls for CBT in government documents and strategies, some of the most effective local CBT ventures are technically illegal according to Ministerial regulations. The Wildlife Conservation (Tourist Hunting) Regulations were issued by the Ministry of Natural Resources and Tourism in September, 2000 and prohibit “*game viewing, photographic safari, walking safari or any wildlife based tourist safari within a hunting block or within any wildlife protected area*” except National Parks and Ngorongoro

Conservation Area without the written permission of the Director of Wildlife (MNRT, 2000). Because of the overlap of hunting blocks with village lands where CBT ventures have been developed, this statute essentially prohibits tourism throughout villages in northern Tanzania. Consequently numerous tour operators engaged in joint ventures with local communities have been informed that their activities are illegal. (Masara, 2000; Jones, 2001). Rather than enabling pro-poor tourism investments, recent years have seen new restrictions on CBT opportunities and increasing challenges to established ventures in ways that directly impact on local economic opportunities.

The issue of local capacity and control must also be more effectively addressed if CBT is to succeed as a poverty reduction tool. Local communities often lack access to market information, knowledge of contracts and other business details, and have limited experience in engaging with tour operators. This can result in arrangements that do not provide local people with a fair return on the value of the tourism products found on their land, and can lead to exploitation that ultimately will degrade Tanzania's tourism products in general. The necessary response to this problem is not, as some stakeholders are advocating at present, to increase regulations and central control over CBT, but to empower communities through information, training, and clearly defined resource rights. Local communities with access to information and training on tourism business ventures, and secure tenure rights to land and resources, will be able to engage with the private sector and exploit commercial opportunities in an equitable way. Increasing regulation, rather than empowering communities, is more likely to undermine CBT activities and limit rural economic opportunities.

## 5.0 CONCLUSION

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The high growth rates recorded by Tanzania's tourism industry during the past decade have been possible mainly because the level of tourism investment during the 1980's was so preposterously low, following years of economic decay and socialist policies inimical to investment. Consequently, stakeholders in the public and private sectors cannot merely assume that these high levels of growth are sustainable without better measures to improve the business environment and ensure natural resource conservation. At the micro-level, employing tourism as an effective rural development and poverty alleviation tool will require financial benefits being directly captured by rural communities.

Community-based tourism, particularly in northern Tanzania, is currently realizing some of these objectives and is one of the main sub-sectors of growth in regional tourism enterprises. CBT helps diversify rural livelihoods and empowers local people to benefit directly from the resources on their lands. But just as tourism growth faces macroeconomic constraints, CBT is hindered by local conflicts between land uses, confusing or contradictory policies and statutes, and limited local capacity for managing tourism as well as weak, local resource rights. Providing more support to CBT through policy and legal mechanisms is essential so that it can realize its potential as a poverty reduction component, as is reducing existing conflicts in a transparent and equitable way. If CBT is not enabled in the short and long term, Tanzania's tourism development may be threatened, and what growth does occur will most likely accrue benefits largely to urban classes at the expense of rural communities. Ultimately this will lead to greater inequality, limited rural opportunities, and the continued failure to link macroeconomic growth with rural poverty reduction.



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