

Tourism in Tanzania: status, trend, and existing growth potentials

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Key Messages

- ☐ Tourism plays a significant role in livelihoods & poverty reduction, directly employing over 1.4 million workers and contributing 17% to GDP.
- ☐ Notwithstanding a near 75% decline following the global outbreak of the COVID-19 pandemic, receipts from international arrivals doubled between 2012 and 2023.
- ☐ Synergies between tourism and other sectors can be leveraged to facilitate much needed structural transformation of the economy.
- ☐ Tapping the potential domestic market can make tourism sector more resilient.

Introduction

Over the years, Tanzania has witnessed some notable developments in the tourism sector. Despite a temporary decline experienced in 2020 and 2021-at the peak of COVID-19-foreign earnings from international arrivals grew steadily from USD1.7 billion in 2012 to USD 3.4 billion in 2023 (URT, 2022; BoT, 2024)¹. This trend mirrors the growth trajectory of international arrivals which rose from approximately 1.1 million visitors in 2012 to 1.8 million in 2023 (Figure 1).

Figure 1. International visitor arrivals and receipts in Tanzania, 2012-2023



Data source: Ministry of Tourism and Natural Resources; Bank of Tanzania.

Tourism is important to Tanzania's overall economic performance, people's livelihood, and poverty reduction. Receipts from tourism constitute 27% of the country's total export value, and the sector's contribution to GDP in 2019 was about 17%. The sector provides employment to over 1.4 million workers, most of whom are

¹ Ministry of Tourism and Natural Resources. The 2022 Maliasili Statistical Bulletin; BoT monthly economic review-January 2024

women. Furthermore, poverty rate among rural households with a member employed in tourism is half the overall poverty rate².

Synergies between tourism and other sectors including food and accommodation, entertainment and hospitality, transportation, construction, ICT, and finance offer great potential to bring about the much-desired economic structural transformation. Structural transformation also entails the movement of labour from low productivity sectors to high productivity sectors. The observed movement of labour shows that, between 2014 and 2021 the agriculture sector received a net inflow of labour from the service sector. During this period 7.7% of the employed labour moved from agriculture to services, while 8.5% moved in the opposite direction (Onder, et al. 2023). While data on the movement of labour to and from specific sub-sectors such as tourism is currently unavailable, it is likely that labour moving from the service sector is driven by low productivity informal services.

Effects of COVID-19

Like in many parts of the world, tourism in Tanzania was adversely affected by the spread of COVID-19 pandemic.

Due to global travel restrictions, the number of international arrivals in Tanzania dropped by more than half—from 1.5 million visitors in 2019 to 620,000 in 2020. Consequently, that year Tanzania earned USD 715 million from international arrivals, just above a quarter (27%) of the 2019 receipts.

However, by 2023 the number of international arrivals and foreign receipts had already surpassed the pre-pandemic levels. Compared to the pre-pandemic levels—in 2019, International arrivals and foreign receipts recorded in 2023 had recovered by 118% and 129% respectively. In Kenya, the extent of recovery in 2023 was at 95% from the 2019 international arrival levels (Kenya, 2024). Available data for Uganda shows that international arrivals in

2022 was only 53% of the level recorded in 2019 (Uganda, 2023)³.

The recovery of travel and tourism has helped revitalize domestic economic activities, employment and household income, whilst also boosting overall export earnings. The recovery of travel and tourism, post-COVID 19, has also been witnessed across the globe. An estimated 1.3 billion international tourists were recorded around the world in 2023, equivalent to a 34% increase compared to 2022. This represents an 88% recovery of pre-pandemic levels, with projections suggesting a full recovery by end of 2024⁴.

Despite the huge negative effects of COVID-19, the pandemic also revealed some untapped market opportunities. At the peak of the crisis, when human interaction was highly restricted, many individuals resorted to working 'remotely' away from their usual physical workstations. This type of work arrangement remains popular even today as the world is adjusting back to normality. A recent BBC article covers how these emerging work relations are generating an influx of international visitors into South Africa. As the digital space grows and diversifies modern employment, it creates more flexibility to blend work with tourist activities⁵.

Tanzania visitors' profile

Tanzania receives most of her international visitors from Africa (Kenya, Burundi, Zambia, Malawi, Rwanda), European Union (France, German, Italy), the US and the United Kingdom. More than half the visitors (59%) travel into the country for leisure and holiday, others visit family and friends (14.1%), while others travel for business reasons (12.1%), or to attend meetings and conferences (6.1%). The main purpose of visit varies by visitor's country of origin. Those arriving from African countries often travel to visit family and friends, or for business purposes. Those travelling from Europe, the US and the UK visit Tanzania mainly for leisure and holiday. Tourists travelling to Tanzania for leisure and holiday spend on average USD 274 per person per night, which is

² World Bank Group. 2021. *Transforming Tourism: Toward a Sustainable, Resilient, and Inclusive Sector*

³ Uganda Republic. (2023). Ministry of Tourism, Wildlife & Antiquities. Retrieved from [https://www.tourism.go.ug/single-post/annual-](https://www.tourism.go.ug/single-post/annual-tourism-development-performance-review-report-2022-2023-launched)

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⁴ UNWTO. World Tourism Barometer, January 2024.

⁵ [Cape Town's digital nomads: Where idyllic lifestyle clashes with local needs \(bbc.com\)](https://www.bbc.com/news/health-61888888)

relatively higher than those who are in the country on business (USD 186) or visiting family and friends (USD 125) (URT, 2022).

Four out of ten (40.8%) visitors spend their time in Tanzania enjoying the wildlife experience or engage in beach activities. Tanzania is endowed with a wide range of cultural heritage and nature-based tourist attractions located across different parts of the country. However, most of the traffic flow is concentrated in the northern circuit. In 2022, Arusha, Kilimanjaro, Lake Manyara, Tarangire and Serengeti national parks, all located in the northern circuit, attracted 86% of nearly seven hundred thousand international tourists who visited national parks.

A similar observation was made in 2015, calling for diversification of Tanzania's tourist activities into other geographical locations such as Ruaha and Udzungwa national parks in the southern circuit. A compelling case was made in favour of increasing infrastructure investment to reduce travel costs to the alternative tourist destinations, enough for tourists to realize value for money (World Bank Group, 2015). Diversifying tourist activities is one way to attracting more international visitors into the country and increasing foreign earnings. Some initiatives are already under implementation, for instance, the government developed tourism strategies for the southern corridor (2015) and Njombe region (2018-2022). In addition, the government is implementing a Resilient Natural Resource Management for Tourism and Growth Project (2017-2025) funded by the World Bank.

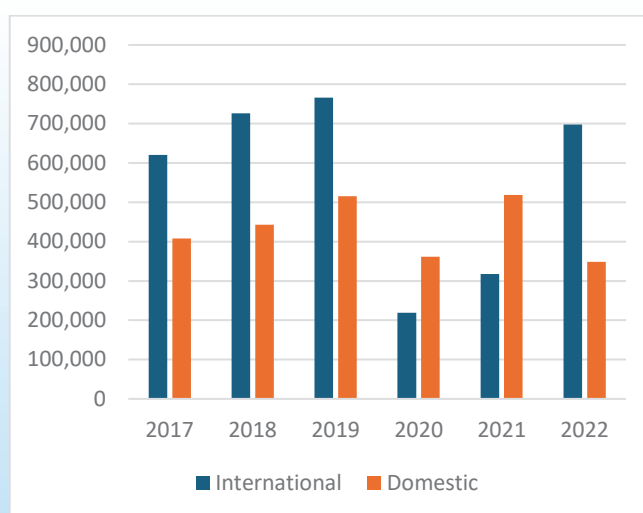
Conclusion and recommendations

Despite a temporary decline during the COVID-19 pandemic, Tanzania's tourism sector has experienced gradual growth over the past decade. The sector contributes significantly to country's overall economic performance, livelihoods, and poverty reduction efforts. Nevertheless, there is still ample room to optimize sector's full potential. We recommend the following actions to build a more resilient and sustainable sector:

Promoting Tanzania's domestic tourism

The COVID-19 experience revealed the importance of developing a strong domestic market for tourism. Figure 2. Shows that, except for 2020 and 2021, Tanzania's national parks received more international than domestic visitors. However, in 2020 and 2021 domestic tourism played an important role of cushioning the effects of the COVID-19 pandemic. While international markets are important for bringing in foreign earnings, domestic markets, can create a buffer against external shocks thus making tourism more resilient.

Figure 2. Number of International & Domestic Visitors at the National Parks; 2017– 2022



Data source: Tanzania Ministry of Tourism and Natural Resources.

Expand international and domestic tourism.

- Enhance accessibility of other tourist attraction areas, other than the northern circuit, and diversify tourism activities. Diversification may also include promotion of conference tourism by investing in state-of-the-art facilities.
- Develop innovative marketing strategies which will keep up with the pace of technological advancements such as popular digital platforms.
- Strengthen efforts to promote the culture of domestic tourism in children and youth through education programs to instil learning, and foster appreciation for one's local heritage.
- Use local influencers such as popular local artists or celebrities as ambassadors to promote domestic tourism through their digital and other platforms. A clear marketing strategy which identifies and communicates their exact roles and incentives needs to be developed.

Forge stronger synergies between tourism and closely linked sectors.

- Increase investment in tourism related sectors (food and accommodation, entertainment and hospitality, transportation, construction, ICT, and finance) to optimize the sector's contribution to economic growth and livelihoods.
- Align tourism related policies to boost sector growth, example by creating incentives to attract international visitors who prefer to blend their work with holiday and leisure. This can be done, by say, simplifying the application processes and issuance of work permits and visas.

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