

Attracting Investment in Tourism



Tanzania's Investor Outreach Program



World Bank Group
Multilateral Investment
Guarantee Agency

INVESTING IN
DEVELOPMENT SERIES

Multilateral Investment
Guarantee Agency

2006

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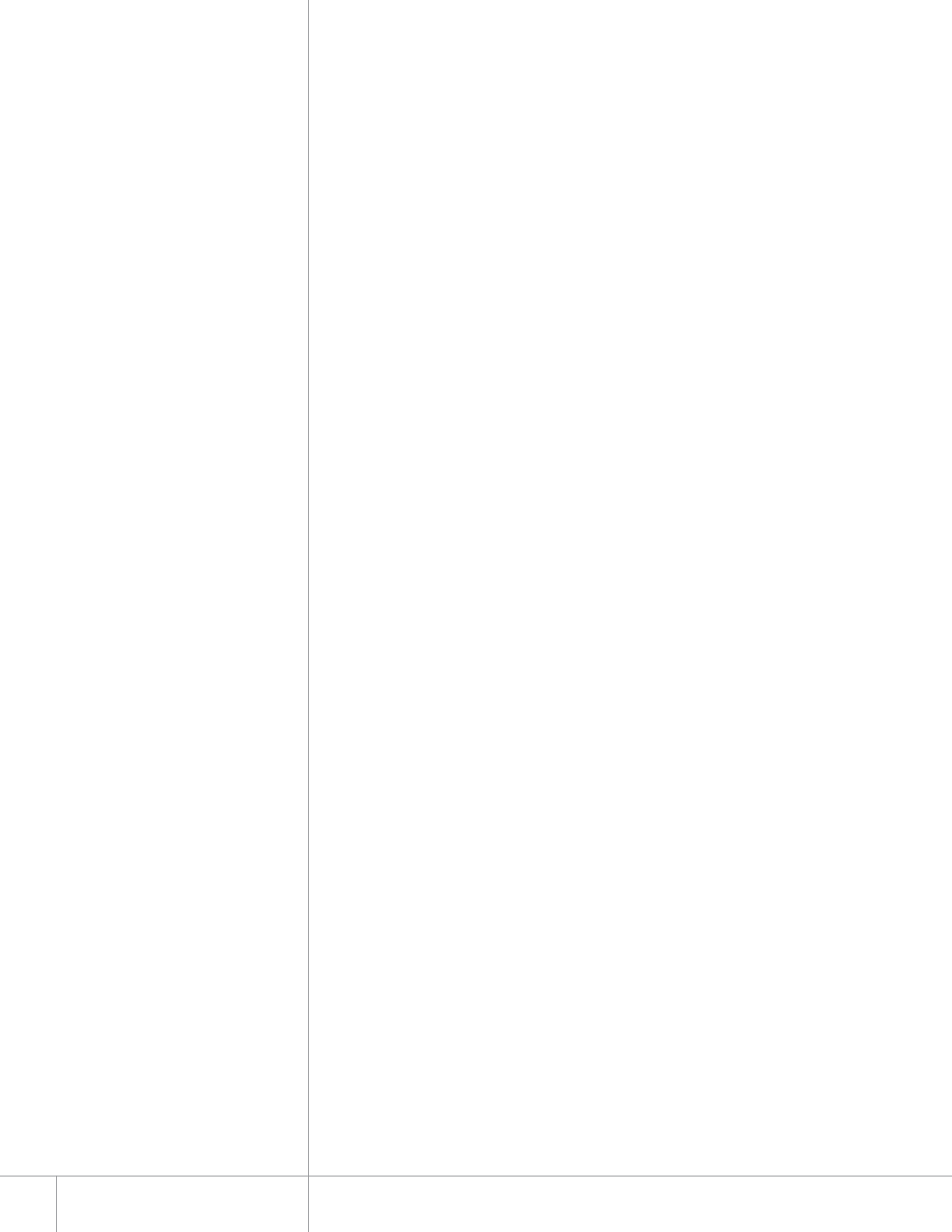
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The *Investing in Development* series of case studies is intended to stimulate discussion and learning regarding investment promotion agencies. It is not meant to provide complete or comprehensive case histories, but rather to highlight important aspects relevant to investment promotion.

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SYNOPSIS

Tourism is one of Tanzania's three leading export sectors, along with mining and agriculture. As the demand for tourism services has increased among World Bank Group member countries, so has the Multilateral Investment Guarantee Agency's (MIGA's) technical assistance focused on attracting foreign direct investment (FDI) in the tourism sector. MIGA has several investor outreach programs in Africa and supports these activities with a research program that benchmarks competitiveness factors for FDI in several sectors. One of the investor outreach programs, the MIGA-Swiss Partnership Program for Investments in Sub-Saharan Africa (MSP) with Tanzania, is financed in partnership with the Swiss government and focuses on improving investment in the tourism industry. This program is showing results that can be traced to replicable investment promotion activities.

The MSP partnered with the Government of Tanzania to organize an investment forum for tourism in 2002, held at the Arusha International Conference Center, and continues to provide follow-up support through an investor outreach program to generate further opportunities for investment. The program has produced a number of investments and related activities (privatizations), including a landmark investment in the Kilimanjaro Hotel in 2003. This case study highlights aspects of the underlying foundation that Tanzania created in targeting tourism as a growth sector, and focuses on key elements of the investor outreach program supported by the MSP. In particular, two interrelated elements illustrate the specifics of Tanzania's practical approach: the investment forum that led to the acquisition and reconstruction of the Kilimanjaro Hotel, and the overall investor outreach process of which the forum was a part. This approach, along with the Government of Tanzania's commitment to the development of tourism, served to attract the interest of several new investors and to help solidify the country's reputation as a serious contender for investment in an intensely competitive sector.

INTRODUCTION

A tradition of hospitality

The Kilimanjaro Hotel in Dar es Salaam, Tanzania opened its doors in 1965 as the Government's main hotel for foreigners visiting the country. It was an imposing building on a prime site in the harbor area, designed to provide appropriate business service within the prevailing political climate of the time – optimism for a future of self-determination after independence. It served the country well for 20 years, but lost its preeminence as the country's leading hotel when Tanzania's fortunes faltered in the late 1980s. The hotel was starved of funding and did not generate the cash flow to carry out renovations or compete with newer, privately owned hotels. It deteriorated quickly, and in 1996, was forced to close its doors. Reduced to a shadow of its former grandeur, the Kilimanjaro was destined to become an ominous presence for nearly 10 years, casting a pall over investment in downtown Dar es Salaam and in Tanzania's tourism sector as a whole.

In a dramatic turn of events and a new socioeconomic environment, the Kilimanjaro reopened as a five-star hotel in August 2005, now owned by the Albwardy Group of Dubai and managed by Kempinski, the internationally renowned hotel operator. As an investment project, the Kilimanjaro is noteworthy both as a bellwether in a historically significant sector in Tanzania, and as a tangible result of the country's recent efforts in investment promotion.

This case study opens with background on the tourism sector in Tanzania: its role in the economy, natural resources and assets, and existing infrastructure in terms of built hotels. Next, the case highlights aspects of Tanzania's strategy and institutional framework for developing tourism and introduces the key public and private sector players in the sector. The next section focuses on investment promotion activity, including the Multilateral Investment Guarantee Agency's (MIGA's) work with the Swiss government in Tanzania, and specifically, the tourism investment forum and investor outreach program. Finally, details of the Kilimanjaro Hotel reconstruction, as a project and product, help illustrate how Tanzania met the needs of a particular type of investor. Ultimately, the high-profile nature of the Kilimanjaro project would reinforce the country's overall tourism strategy and investment promotion program, and influence several subsequent investors.

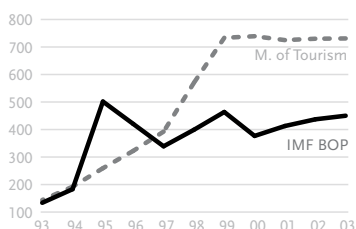
BACKGROUND

Tourism's role in the economy

In the recent past, mining and tourism have been the fastest growing sectors in Tanzania with average growth rates of 10% and 5.5% between 1998 and 2002. This growth has coincided with a relatively strong performance in non-traded sectors such as construction, transport and communications. Agriculture's performance was less notable, with growth declining from 5.5 to 4.0% in 2003, due to droughts in most parts of the country. Agriculture, however, remains the largest sector of the economy, contributing more than 40% of the gross domestic product (GDP), 70% of employment, and a large share of foreign exchange earnings. Total employment in the tourism sector was almost 200,000 in 2004. From an operational point of view, room occupancy was 53% in 2004 – up six points from 2003; the average length of stay was 11 days and the average daily expenditure was US\$188 for visitors on package tours and US\$119 for those traveling alone.

Tourism is a growth sector in Tanzania that creates life-long jobs, including those at managerial levels and for women.

Figure 1
Foreign exchange earnings
from tourism
(US\$ millions)



The trend lines reflect data for tourism receipts from two different sources.

Sources: Ministry of Tourism; International Monetary Fund Balance of Payments (BOP) Statistics

Total foreign exchange earnings from tourism were US\$746 million in 2004, more than from any other sector in Tanzania. (See Table 2-3 in Annex 2: Tanzania Statistical Data.) Tanzania had no foreign direct investment (FDI) in 1990, but it rose rapidly to US\$240 million in 2000 and US\$248 million in 2003, as shown in Figure 1.¹

The rising share of tourism within a national economy is sometimes considered surprising. As growth sectors, manufacturing or agriculture are typically understood, but the role tourism can play as a source of growth, diversification and poverty alleviation is not always recognized. Rather, tourism may be perceived as a volatile industry that creates only menial jobs, and which is dominated by foreigners whose profits stay overseas.

In Tanzania, this characterization is certainly not true. Tourism has been growing steadily (with only slight deviation in 2001) for 10 years. As an industry, it creates life-long jobs, often requiring superior people skills, including specialized positions at the managerial or supervisory levels and careers open to women. Tanzanians own many hotels in Tanzania. The foreign-owned firms bring skills in marketing, finance and management with their investments. Much of tourism’s revenue does remain in Tanzania, and the country has the potential to supply the industry more via locally produced goods. In every year since 1995, foreign exchange receipts² from tourism have been the largest item in Tanzania’s exports of goods and services (30-45%). Within the domestic economy, the trade, hotels and restaurant sector is the second largest sector after agriculture, accounting for 16% of GDP between 1990 and 2003. (See Box 1: What’s Different About Tourism?)

While some uncertainties remain, tourism is now gaining recognition as a valid sector for sustainable development. If managed properly, tourism can contribute jobs and wealth, address social issues and ensure conservation of natural and cultural resources.

Assets and infrastructure

Tanzania is strengthening its capacity to host tourists by improving its built environment and developing its “spirit of hospitality.” Investment in hotels and lodges has accelerated; there has been a wave of privatizations and sales of assets that is now reaping benefits in terms of injection of new funds to improve the standards of hotels in all categories. Private investment in hotels has grown rapidly, with the number of hotels rising from 210 in 1995 to 476 in 2004. Interest in tourism in Tanzania continues to be high among Middle Eastern and South African investors.

Tanzania is the only country in the world to have protected more than 25% of its landmass as conservation areas, and to have developed a far-reaching program of coastal zone management to protect marine and coastal resources. The country is endowed with world-class tourism assets (natural, cultural, historic and archeological) that are in high demand in international tourism markets. Among the best known, including its six World Heritage Sites, are: Ngorongoro Conservation Area, Serengeti National Park, Lake Manyara, Selous Game Reserve, Mt. Kilimanjaro and its national park, Stone Town of Zanzibar, and the ruins of Kilwa Kisiwani and of Songo Mnara. Tanzania has 12 national parks, 17 game reserves, and 50 game controlled areas and marine parks. Additional natural resources include the sandy

beaches north and south of Dar es Salaam, the Spice Islands of Zanzibar, and abundant waters for sport fishing off Pemba and Mafia, all locations rich in the Swahili and Arab cultures that dominated the East African coast from the Arabian Gulf states as far as Mozambique. Olduvai Gorge, in the interior of the Rift Valley, is

Box 1: What's Different about Tourism?

Tourism as a set of services is not like manufacturing. Goods and service have different attributes; tourism is crosscutting and involves many linked final goods.

- 1. The two fundamental transactions for tourism – production and consumption – cannot be separated.** Production and consumption take place simultaneously and in the same place; a tourist must go to the place of production to consume tourism services. Contrast that with goods: goods are produced in one place and almost always transported to another and marketed for sale. In tourism, there is no inventory of final “goods” waiting to be sold, or work in process. Sales are made by consuming fixed assets. It is a cliché in the industry that any room-nights that are not sold are lost forever. Moreover, once produced, the supply of rooms is relatively rigid over time and there is a premium on “getting it right” the first time. To counteract this rigidity and generate revenues, hotels re-invest frequently in equipment and facilities to remain competitive and protect assets. This joint function of being an investment and producing a stream of services is unique to services. Indeed, in tourism, ownership of assets and their management is often separated into owning companies and managing/leasing the buildings. Tourism services also are not a standardized, homogenous set. Their quality varies from place to place: a four-star hotel in Tanzania may be very different from a four-star hotel in New York, or one in Beijing.
- 2. Tourism spans a range of activities instead of being a single good.** Tourism is really an agglomeration of related but separate, crosscutting services: transport, lodging, food service, recreation and attractions. All these services are assembled either individually by the traveler or commercially by a network of wholesale and retail services (tour operators, Global Distribution Systems, and travel agents, etc.) into a “tourism package.” Tourism products represent “final” commodities, and efficiency through competition in tourism markets has repercussions throughout the supply chains (meats, fish, poultry, dairy and vegetables, etc.) and manufactured goods, such as furniture and equipment. These backward linkages can enhance or reduce the economic returns to tourism and exert an influence on markets. Hotels, for example, require many inputs. To the extent that these inputs are produced locally, they can enhance value added; to the extent that they are imported, they generate leakages of money flowing out of the economy. But there are also forward linkages as products and services are added outside hotels. Handicrafts and shopping are good examples. In the modern tourism sector, the way in which these opportunities add value, or differentiate the product, has an important impact on tourism’s overall success. Where that creativity is lacking or there are no intermediaries (tour operators) to construct innovative packages, tourism is likely to be a shallow industry. An efficient and competitive tourism sector will translate into economy-wide improvement in private sector investment and growth via an improved business climate and improved market discipline.

the site of discoveries of the traces of earliest man. Tanzania also offers interesting culture and crafts, notably the Maasai culture and Makonde wood sculptures.

The growth in tourism and hospitality services in Tanzania is evident at several levels. In terms of capacity, Tanzania has 31,000 rooms with 56,200 beds. A number of new hotels have been built recently, including large international chain hotels³ and many other medium-sized hotels. The travel industry, represented by the tour operators and travel agencies, has been improving the products and services offered in the country. Through the creative packaging of different experiences, tourists can now choose from wildlife and beach vacations, niche products

Map 1
Tanzania's National Parks and Reserves



such as soft adventure, birding and hunting, and regional packages that involve multi-country visits. Tanzania also aims to raise the quality of service to a higher standard by focusing on vocational and managerial training.

THE STRATEGY

The Tourism Master Plan

With financial support from the European Union, Tanzania produced a Tourism Master Plan in 1996 that serves as a roadmap and strategic framework for the sector. The plan was updated in 2002⁴ and is widely circulated in Tanzania, serving as a useful document to guide the sector's growth. The Tourism Master Plan focuses on: enhancement of the Northern Circuit and its extension to the Usumbara Mountains in the east, with the Pangani River and the port of Tanga; a strong Southern Circuit building on the four national parks in that area;⁵

Box 2: Tanzania's Main Natural Resource Attractions

The Northern Circuit, and its extension to the Usumbara Mountains, includes:

- Arusha, the main hub and also home to the International Conference Center, a venue for many world-class meetings
- Ngorongoro Crater, the largest crater in the world with limitless wildlife
- Serengeti Plains, famed for its mass movement of wildlife
- Lake Manyara National Park, home to the tree-climbing lions
- Tarangire National Parks
- Mt. Kilimanjaro, the highest mountain in Africa
- The Usumbara Mountains, to the east of Arusha, providing a temperate mountain climate where the African violet originates

Olduvai Gorge – Southeast of Serengeti, the site of the discovery of the oldest human remains ever found

The Southern Circuit comprises:

- Selous Game Reserve, uninhabited since the early 20th century, with its untamed nature and wildlife
- Ruaha National Park, a gem in south central Tanzania
- Mikumi National Park, within a day's drive of Dar es Salaam
- Udzungwa National Park

The Western areas close to or on the shores of Lake Victoria include:

- Gombe Stream, known for Jane Goodall's work with chimpanzees
- Katavi National Park, less well traveled but with its own charm
- Mahale Mountains on the shores of Lake Victoria

The Islands have a rich Swahili and Arab culture and include:

- Zanzibar, with its well preserved capital, Stone Town, and beautiful beaches in the northeast
- Pemba and Mafia Island with their marine parks provide excellent diving and fishing

Dar es Salaam waterfront includes:

- The Kilimanjaro Kempinski Hotel as an anchor investment

Other major reserves:

- Ugalla River, Uwanda, Moyowosi and Kigosi Game Reserves, less well traveled but with excellent potential for development

Tanzania's strategy called for developing new market segments and "added value" products to complement the country's image as an upscale destination that commands higher rates.

development of coastal zones and the off-shore islands; enhancement of Dar es Salaam and its waterfront; and ultimately, linking the Northern and Southern Circuits via a corridor. It also emphasizes the importance of encouraging niche products, such as soft adventure, birding, better resort facilities and cultural/historical products. The Tourism Master Plan also emphasizes the need for clusters, aggressive management to stay abreast of trends and the importance of differentiating products to add value. A draft tourism plan for Zanzibar was also completed in 2003. (See also Box 2: Tanzania's Main Natural Resource Attractions, and Map 1: Tanzania's National Parks and Reserves.)

Building competitive advantage

In light of the fragility of its natural assets, as well as internal transport limitations, the Government of Tanzania (GOT) has linked tourism development and environmental conservation to ensure sustainability. Tanzania has earned a reputation as a higher priced destination – much more so than neighboring Kenya, which appears to have opted to pursue the mass market in recent years. Tanzania aims to protect this image, but at the same time to extend its appeal to other market segments. Tanzania's strategy is to develop competitive advantage: (a) by adding value; (b) through market segmentation; and (c) through product differentiation. This is an ongoing process that includes opening up new areas in the south of the country, and even extending across the border to neighboring Mozambique.

Demand for Tanzania as a destination for international travelers is summarized in Table 1, below. (See also Table 2-1 and Table 2-3 in Annex 2: Tanzania Statistical Data.) In 2004, international arrivals exceeded those of 2001 (the year of 9/11). Although the country has not matched its peak year of 1999,⁶ the Government expects that 2005 will be another banner year. Leisure travelers account for over 80% of all arrivals by land and air. National parks hosted over 500,000 visitors in 2004, another indication of the level of tourist activity. The 20% of arriving business travelers frequent the business hotels, many in Dar es Salaam, along with an unknown number of leisure travelers. With recent growth in new hotels in Dar es Salaam, occupancies and tariffs have been soft; however, the medium-term prospects are good, especially if the conference and incentive market can be developed.

A measure of Tanzania's competitiveness based on World Travel and Tourism Council (WTTC)⁷ data suggests that Tanzania has plenty of room for improvement. (See Table 2-2 in Annex 2: Tanzania Statistical Data.) Nonetheless, with sound policies and improving management, Tanzania seems set to enjoy continued growth of its tourism sector.

Table 1: Trends in International Arrivals in Tanzania

Year	Total	Arrivals	
		Leisure	National Parks
1996	326,188	219,282	N/A
2001	525,122	341,329	318,419
2004	528,807	458,198	500,266

Sources: Ministry of Tourism and Natural Resources and the National Bureau of Statistics, Tanzania

THE PLAYERS

Project sponsors

The investor. Albwardy Investment,⁸ founded in 1976 by United Arab Emirates (UAE) national, Mr. Ali Saeed Juma Albwardy, is the new owner of the Kilimanjaro Hotel. With a current annual turnover exceeding one billion dirhams (more than US\$270 million), Albwardy Investment retains individual enterprises in the group with an autonomous management team, one company director on the board and Mr. Albwardy as the chairman. The 40 or so companies in the group, many with an ISO accreditation, are in food distribution and logistics, industrial construction and engineering, and leisure and lifestyle in Dubai, Europe and Africa. Before deciding on the Kilimanjaro, Albwardy had been looking to invest in a hotel in Zanzibar (now under construction) and had contacted Christie's in London, one of the largest real estate brokers in tourism. In exploring Zanzibar, the Selous (the Southern Circuit) also came to Albwardy's attention. Ultimately, one of the project consultants in Dubai made contact regarding the Kilimanjaro.

The management company. Kempinski Hotels⁹ is a well-established, internationally recognized hotel management company owned by the Thai royal family (85%) and Bahrain interests (15%). Founded in Germany over a century ago, Kempinski has approximately 40 hotels in 20 countries, located in many of the world's best-known cities. Some of its hotels are grand and others are modern; a few are older hotels with individual charm. In addition to operating many of the world's finer city hotels, Kempinski also operates international resorts. In Africa, it operates hotels in Mali and Morocco and has its African headquarters at a resort in Dubai.

Government

Responsibility for tourism policy in Tanzania lies with the Ministry of Natural Resources and Tourism (MNRT). MNRT's key divisions are: (a) the Tourism Division, responsible for sector policy, planning, supervising the Hotel and Tourism Training Institute and the Tourist Agency Licensing Authority (TALA); and (b) the Wildlife Division, responsible for wildlife management outside designated national parks and for issuance of hunting concessions and licenses. Also, the Tanzania National Parks Authority (TANAPA) leases sites for photographic safari lodges from time to time, within and surrounding national parks. The Department of Tourism has been very active in promoting investment in tourism, particularly in selling the portfolio of state-owned hotels and lodges, working with the Privatization Commission. The Tanzania Tourist Board (TTB), responsible for destination marketing, also plays a role in investment promotion. (*See Annex 3: Tanzania's Institutional Framework for Tourism.*)

The Tanzania Investment Center

The Tanzania Investment Center (TIC) is responsible for investment promotion in Tanzania under the National Investment Act of 1997,¹⁰ and has made substantial progress in becoming a "one-stop shop" for investors. To access the Incentive Code, investors must obtain a TIC Certificate of Incentives.¹¹ The minimum fixed cost of investment for new, rehabilitation and expansion projects is US\$100,000 for projects wholly owned by Tanzanian citizens, and US\$300,000 for all others. Distinctions are made between "lead" sectors (those already contributing to

growth), and “priority” sectors (those the Government wants to encourage). As a lead sector, tourism projects are exempted from import duties during construction and value added tax (VAT) is deferred. In addition, corporate tax is set at 30% and losses may be carried forward for five years. Up until 2003, TIC had approved a total of 422 tourism projects, including new and upgraded hotels, tour companies and travel agents and restaurants. *(For more detail on TIC, see Annex 3: Tanzania’s Institutional Framework for Tourism.)*

Presidential Parastatal Sector Reform Commission

The Presidential Parastatal Sector Reform Commission (PSRC)¹² was created in 1972 to implement the country’s privatizations and to: (a) improve the operational efficiency of public enterprises; (b) reduce the burden on state finances; (c) expand the role of the private sector in the economy; and (d) encourage wider ownership of productive assets. As of June 30, 2004, 309 of a total 359 parastatals had been privatized. Of the 309, Tanzanians own about half, foreigners own 28, and the rest are joint ventures (Tanzanians, foreigners and government). There has also been substantial progress on privatization of state-owned hotels. Among the first to be privatized was the New Africa Hotel from which the state withdrew in three stages more than 10 years ago.

Privatization of hotels in Tanzania was quite slow until the MNRT partnered with PSRC in the late 1990s. The rhythm of hotel privatizations gathered speed and now only three hotels remain in public hands – all involved in court cases. The change of ownership and management of these facilities has improved the quality of tourism services and helped increase the contribution of tourism to the national economy.

The private sector

Government policy recognizes private sector investment as tourism’s engine of growth. The Tourism Confederation of Tanzania (TCT), an umbrella private-sector institution, has 14 industry associations as constituent members. The Confederation is the focal point for dialogue between the Government and the private sector on tourism. *(See Annex 3: Tanzania’s Institutional Framework for Tourism.)*

INVESTMENT PROMOTION ACTIVITY

MIGA in Africa

MIGA has been involved in investment promotion in Africa for some time. Work on tourism originally started under a MIGA program called “Promote Africa” (PA), jointly sponsored with the Government of Japan.¹³ MIGA then launched a successor program co-funded by the Swiss government, the MIGA-Swiss Partnership Program for Investments in Sub-Saharan Africa (MSP), focused on four countries – Tanzania, Mozambique, Ghana and Senegal. The MSP is a four-year program, designed to focus on building capacity in investment promotion agencies (IPAs), particularly by assisting them to undertake focused, well-prepared investor outreach programs. The MSP worked with the IPAs in each of the four countries to prepare, undertake and follow up on investment outreach programs. In Tanzania, the MSP built on earlier work in tourism and helped the IPA, the Tanzania Investment

Center, in cooperation with the Ministry of Natural Resources and Tourism, to prepare a tourism investor outreach program, launched at a major investment conference, with subsequent follow up. The MSP contributed to the privatization of the Kilimanjaro Hotel, among other investments, and continues to support the investor outreach program.

The investment forum

MIGA, in partnership with the Department of Tourism, TIC and TCT, decided that an investment forum would be a strong way of launching a process to encourage higher flows of FDI into tourism and an efficient way of promoting sustainable growth in the sector. (See Box 3: *Setting Up the Forum*.) In general, the group envisaged a forum of some 100 participants with a focused, tight program and a series of site visits for serious investors. The President of Tanzania, his Excellency Benjamin Mkapa, was to lend his support to the conference program, both as keynote speaker and as an interlocutor with prospective investors. (See also Annex 5: *Evaluating the Investor Conference as a Promotional Tool*.)

Coordinating the stakeholders. For the process to succeed, it was essential for the parties putting on the investment forum to work together. To ensure proper coordination, a Steering Committee and a Technical Committee were formed with members representing four key institutions: MNRT (Department of Tourism), TIC, TTB and the Tourism Council of Tanzania, under the chairmanship of the Director of Tourism. The Steering Committee held monthly meetings with MIGA participating from Washington by videoconference. MIGA staff also visited Tanzania on a couple occasions.

The first activity was to determine how best to seek out investors who might be interested in Tanzania. After discussion with the Steering Committee, it was

The initial planning group envisaged a forum of some 100 participants with a focused, tight program and a series of site visits for serious investors.

Box 3: Setting Up the Forum

The investment forum was structured around the following key parameters:

- The concept developed out of the "Promote Africa" program
- MIGA, Department of Tourism, TIC and TCT proposed an investment forum for 100 participants
- A Steering Committee and a Technical Committee were set up:
 - Director of Tourism, Chair
 - MNRT (Department of Tourism)
 - TIC, TTB
 - Tourism Council of Tanzania
- The Steering Committee met by video conference and staff travel
- Two consulting firms were hired to target investors:
 - One familiar with investors in Africa
 - One familiar with investors in Europe and the Middle East
- The forum's date and content were determined:
 - Forum planned to take place in Arusha on October 2, 2002
 - President Mkapa would attend
 - Focused, tight program
 - Site visits

decided to hire two consulting firms, one familiar with investors on the African continent (DCDM) and the other with experience of European and Middle Eastern investors (TRI International). The consultants targeted investors and identified over 400 candidates, both firms and individuals. At the same time, DCDM was actively involved in the design of the forum. (After the forum, DCDM, in cooperation with a Tanzanian firm, DAIMA Associates, provided follow-up support for the tourism investor outreach program.)

The event would take place at Arusha's well-known International Conference Center, which had hosted many conferences attracting world attention.

A stakeholder meeting was then organized to elicit responses from participants on the issues and opportunities facing tourism. (*See Box 4: The Stakeholder Meeting.*) This meeting was held in Dar es Salaam¹⁴ and attracted 100 participants from all over the country. They included both private sector interests, such as representatives from professional associations and individual entrepreneurs, and government officials from MNRT as well as from other interested agencies, such as the Ministries of Finance, Lands, and Public Works, and agencies such as TANAPA (national parks). Among the issues discussed were: perceived high levels of taxation (including prepayment of taxes in some cases and weak procedures for reimbursement of VAT); complicated and costly licensing processes and procedures; and the need for better infrastructure and promotion of the destination.¹⁵

One subject sparked heated debate at the stakeholder meeting. Smaller investors – operators of lodges, small tour companies and restaurants – raised the issue of whether Tanzania really needs big outside investors rather than the small and medium-sized enterprises (SMEs) that typically characterize the tourism industry. This led to an agreement to provide additional support for SMEs in the form of capacity-building sessions on how to prepare a business plan and craft a marketing program. The discussion also led to development of proposals for a guarantee fund and a business incubator scheme, both of which were adopted in a comprehensive, World Bank-financed program to support the private sector.

Box 4: The Stakeholder Meeting

The stakeholder meeting, held in Dar es Salaam, unfolded as follows:

- 100 participants attended from all over the country
 - Professional associations and individual entrepreneurs
 - Government officials from interested agencies
- Several issues were raised
 - Perceived high levels of taxation
 - Complicated and costly licensing processes
 - Need for better infrastructure and promotion
- SMEs questioned whether Tanzania needed foreign investors
 - Agreement to provide additional support for SMEs:
 - Capacity-building on how to prepare a business plan and marketing program
 - Guarantee fund
 - Business incubator scheme

The material from the stakeholder meeting was ultimately included in the sector study produced by MIGA for the forum. Entitled “Tourism in Tanzania: Investment for Growth and Diversification,” it was both a policy-based document and a source of information on investing in tourism in Tanzania. Two thousand copies were printed and subsequently distributed to attendees, donors and other interested parties. The sector study later became a reference for economic work related to the integrated trade policy framework for Tanzania.¹⁶

Planning the conference. MNRT took the lead in organizing the logistics, working with a local conference planner, Tanzania Conference Services, Ltd., while MIGA prepared the documentation, highlighting the opportunities in the tourism industry and covering marketing costs. (See Box 5: Handling the Investment Forum Logistics.) Admission to the conference was set at US\$100 per participant, consistent with the idea that a conference of value is worth a fair admission price. Thus, the bulk of the costs was met by the participants. Registrations for the forum were very slow at first. Indeed, three weeks before the forum, there were still no paid-up registrants. However, in the last ten days, registration was brisk and the initial target of 100 attendees was quickly exceeded, ultimately reaching 280.

During the planning, one of the consultants pointed out that investors would not attend this sort of conference unless specific investment proposals were made available. The feeling was that good investors do not have the appetite for long meetings; they want to get to the “meat” right away. It was decided that the best way to offer specific investment opportunities was to have business plans or feasibility studies ready to share with potential partners and financiers. Then these proposals could be discussed on a sound basis. In fact, business proposals were sought ahead of time but none materialized, except those for big projects that were already on the table. The Wildlife Department, responsible for concessions for hunting, actually awarded several contracts before the forum and thus lost the opportunity to auction lots under competitive conditions.¹⁷

MIGA reached out to other donors¹⁸ who agreed to provide budgetary support and resource persons to speak at the forum. This enriched the content of the final program by providing a more comprehensive perspective on Tanzania for investors. For instance, the World Bank discussed private participation in infrastructure projects, particularly related to weaknesses in infrastructure provision in Tanzania.

The investment forum’s agenda was arranged so that President Mkapa could meet personally with investors, a key benefit noted in advance on the invitation.

Box 5: Handling the Investment Forum Logistics

The logistics for the investment forum were handled as follows:

- MNRT arranged logistics through a local conference planner
- MIGA prepared the documentation, including tourism opportunities, and covered marketing costs
- Two letters of invitation were sent under the signature of the Minister of MNRT:
 - The first one accompanied a flyer announcing the forum
 - The second went with a brochure and more detailed information on Tanzania
 - Telephone follow-up calls were made
- A forum website was set up

The Development Bank of South Africa (DBSA) addressed its Special Development Initiatives – transport corridors designed to attract multiple investment activities. International Finance Corporation (IFC) explained its experience with investing in East Africa. The European Union, which had provided an adviser to the MNRT, presented Tanzania’s Tourism Master Plan and other key documents.

The conference date of October 2, 2002, was set as a function of President Mkapa’s availability. Two letters of invitation were sent under the signature of the Minister of MNRT. The first letter was attached to a flyer announcing the forum, and the second letter was sent with a brochure and more detailed information on Tanzania. Telephone follow-up calls were made. A forum website was also set up that provided a contact point for investor queries. It included general information on Tanzania, background studies including the MIGA sector study and the newly revised Tourism Master Plan, the agenda and potential investment sites. Following the forum, the website was updated and re-launched.

Evaluating the results. Two hundred and eighty delegates attended the forum. The largest group included representatives from existing tour operators, hotels and airlines in Tanzania, as well as Tanzania-based representatives of international firms. About 30 international investors, mostly from Africa, and a handful from Europe, UAE and the USA also attended. The international investors represented tour operators and hotels, and a few financial institutions. (*See Box 6: Admission Fees and Attendance for more details.*)

Several speakers enlivened the forum’s agenda. The President of the Republic, the Honorable Benjamin Mkapa, opened the day with a rousing speech in which he welcomed both foreign and local investors and presented his vision for Tanzania. The President of Zanzibar, the Honorable Rais Karume, delivered his remarks to close the forum. Throughout the program, numerous officials and the Deputy Secretary General of the World Tourism Organization, Dr. Dawid de Villiers, offered their perspectives. In a particularly inspirational anecdote, the Tanzanian owner of

Box 6: Admission Fees and Attendance

Key parameters of the forum’s admission and attendance are as follows:

- Admission was set at US\$100 per participant
- Most costs were met by the participants’ attendance fees
- Registrations were very slow at first, but brisk in the last ten days
- Attendance reached 280, including:
 - Conservation Corporation of Africa, Holiday Inns, Serena Group, Golden Tulip, Legacy Group (now Mövenpick), Protea Hotels
 - 30 international investors (Ethiopia, Kenya, Mauritius, South Africa)
 - A few delegates from Austria, Cyprus, the Netherlands, Portugal, the UAE and the USA
- MIGA contacted institutions that provided funding and resource persons:
 - World Bank
 - IFC
 - Development Bank of South Africa
 - European Union

the Peacock Hotel in Dar es Salaam shared his story of starting from scratch with little education, but a lot of humility and perseverance, to build his business over the course of a lifetime. He recounted how his son went on to earn a university education, the first in his family to do so, and now runs the hotel and participates in tourism associations.

The process at the forum was fairly unique. Rather than the more usual one-on-one meetings between prospective investors and partners, the letters of invitation had suggested that interested investors would be invited to meet the President of Tanzania and representatives of TIC and MNRT. This proved to be a popular decision and serious investors were introduced to the President. Two key meetings related to the future of the Kilimanjaro Hotel. The Government had been negotiating with an investor to buy the Kilimanjaro, yet protracted discussions had continued long after the investor's exclusivity period and the deal was expected to be confirmed at the forum. When the deal could not be confirmed, the President advised the investor's agent that Tanzania considered itself free to proceed with other investors. The next potential investor to meet the President was a director of Albwardy Investments of Dubai. He made a firm offer for the Kilimanjaro and immediately a deal was struck. The Kilimanjaro Hotel was sold for US\$3 million as a sale of assets.

Although there were many factors leading to new investment announcements, the following projects can be traced, directly or indirectly, to the forum. Reflecting an expected total value of over US\$100 million, these projects include:

- Purchase and redevelopment of the Kilimanjaro Hotel (US\$35 million)
- The first investment in Kikoni camp in the Southern Circuit (US\$0.5 million)
- Zamani Hotel, Zanzibar (US\$36 million)¹⁹
- Finalization of sale of Mafia Lodge (an estimated US\$0.6 million)
- IFA Hotels and Resorts (a proposed US\$50 million investment in Zanzibar)

Although not a result of the forum, the French ambassador chose the occasion of the investment forum to announce that France would finance the construction of a US\$4.6 million Hotel School near the State House in Dar es Salaam.²⁰ Parallel financing from the European Union of US\$3.1 million²¹ has been secured for curriculum development and recurrent costs. This was certainly welcome news; the school will meet a pressing need for local training and puts emphasis on Tanzania's quality of service in tourism.

The investment forum also received considerable free publicity through local newspapers and the international media. Three interviews were given on BBC.com: one from Washington in advance of the conference; the second to the consultant preparing the conference; and the third to President Mkapa, a 25-minute session that was handled expertly and served to showcase Tanzania as an investment destination. These contacts were arranged by a group of specialists in New York closely associated with the Africa Travel Association, whose president at the time was the Minister of Tourism for Tanzania.

THE INVESTOR OUTREACH PROGRAM

Creating a process

The investment forum set in motion a flurry of activity that served to further structure Tanzania's investment promotion process for tourism. In particular, the

The forum raised a number of issues requiring follow-up, and helped to set priorities for the investor outreach program.

forum raised a number of issues requiring follow-up, and helped to set priorities for the investor outreach program. To supplement existing capacity in the coordinating institutions, a consortium of two consulting firms was engaged to facilitate the follow-up process.²² Among the pressing issues following the forum, several took shape as actionable guidelines for the program:

- The new Master Plan should be implemented. (*See Box 7: Locations for Tourism Investment and Tourism Products and Characteristics for an overview of the sites for tourism investment and tourism activities.*)
- Expressions of interest from investors should be followed up.
- Information generated at the forum should be made available for a wider readership via a special website.
- Capacity building should include capacity for preparing business plans and for locating facilitation and support mechanisms, and for financing facilities for private investors.
- MNRT would continue to work with the private sector to find solutions to the outstanding issues and problems that had surfaced at the investment forum. Mechanisms for continuous dialogue between the public and private sectors would be strengthened.
- The Government should facilitate the strengthening of the TCT. At the operational level, a Steering Committee and a Technical Committee were formed with members from four key institutions: MNRT, TIC, TTB and TCT. These committees would take responsibility for coordinating follow-up promotion and facilitation of tourism investments.

Program priorities

The investor outreach program was twice advertised in the local press and responses received from local investors were encouraging, including the investment profiles described below. Several key elements helped to shape the program's services in working with potential foreign and domestic investors going forward. Many of these elements can be traced to specific needs identified as a result of the initial stakeholder meeting that kicked off planning for the investment forum. These key program elements include:

Contact database. As noted earlier, two consultant teams identified a list of contacts. This list was subsequently strengthened with the addition of attendees at the conference and other new contacts and inquiries. The resulting comprehensive list covers close to 200 investors, and is available from MIGA. While it is primarily intended as a database for Tanzania, the list is also useful in other countries in Africa, especially those in Eastern and Southern Africa.

Information on financing sources. Avenues of finance for investors in tourism are still perceived as insufficient. For instance, while Tanzania claims over 20 commercial banks, access to credit so far has been limited to a few high-value borrowers with adequate collateral. (Lending on cash flow is not seen as likely in the near future.) Since 2002, however, with financial sector reforms, local banks have become more aggressive and lending rates are coming down; rates of 7-12% are becoming more common, compared to 12-18% rates a couple of years ago. In addition, a few venture capital, leasing, and credit guarantee funds are emerging. IFC recently opened an office in Tanzania and is involved in leasing and support for SMEs.

Box 7: Locations for Tourism Investment and Tourism Products and Characteristics

The potential sites for tourism development in Tanzania are well known and include:

- **National Parks, Game Reserves, and Conservation Areas:** Sites are available for photographic and hunting safaris (in well-separated areas) in and around Tanzania's national parks and reserves.
- **The Coastline and Off-Shore Islands:** Tanzania has an 804-kilometer coastline, mostly of unpolluted beaches and shores with good fishing and diving prospects. Mafia Island is now a marine park devoted to big game fishing and diving. Zanzibar and Pemba islands have beaches and historical settings. The mainland coast also offers many opportunities.
- **Historical Sites and Archaeological Treasures:** Tanzania has a rich heritage of archaeological, historical and rock painting sites, a number of which have been designated as World Heritage Sites (e.g. the Olduvai Gorge, Kilwa Kisiwani, Bagamoyo and Zanzibar's Stone Town).
- **Mountains:** Mount Kilimanjaro, Africa's highest mountain and the world's highest freestanding mountain, and the Usumbara Mountains, have a terrain and climate in stark contrast to those of the coastal areas.
- **Lakes:** The three large lakes with tourist potential include Lake Tanganyika as one of the world's deepest and longest lakes (772.4 meters deep); Lake Victoria as source of the largest reserve of fresh water and the longest river in Africa, the Nile; and Lake Nyasa. All three lakes provide opportunities for water sports.

Tourism Products and Characteristics

Tanzania's tourist product is generally characterized by: its abundance, diversity, reliability and visibility (in the case of wildlife); quality and beauty of its environment and scenery; low tourist density at sites and parks; authenticity and the "unique African experience" and friendliness of the Tanzanian people; safety; and beaches. A standout-feature in Tanzania's tourist product is its ability to offer a wide range and "packagable" experiences and activities. Given this potential, Tanzania promotes the following tourism products:

- **Soft Adventure and Wildlife Safari Products:** nearly 25% of Tanzania's land has been set aside as wildlife and botanical sanctuaries, for conservational, educational, scientific, cultural and recreational purposes;
- **Special Interest Products:** these products include the coastal and island resources for marine-based interest; mountain climbing, hiking and walking; and possibilities for those seeking to pursue aspects of cultural interest;
- **Resort Products:** attractions exist to help develop resorts on the coast and on the islands, in the mountains and by the lakes, which can provide the services and facilities for quality resorts;
- **Cultural and Historical Products:** with its varied culture, Tanzania has the capacity to provide a rewarding and satisfying cultural experience for a wide range of tourists. Programs are underway to further conserve historical sites and areas alongside development of interpretative centers and promotion of cultural activities. A good success story is the Cultural Tourism Program in Arusha, which was developed via a Dutch aid project.

Under the investor outreach program, a series of memoranda on institutions financing tourism projects was completed and made available for investors. It includes 35 international and four local financial institutions.

Investment profiles. The investment profiles have proved vital for keeping in touch with potential local and foreign investors, and for encouraging the maximum involvement of business associations, such as TCT. Through this element, potential investors and local developers (promoters) are kept informed of available investment opportunities and programs. In addition, investors can learn how to strengthen their proposals and meet potential partners.

Following the media advertising in mid-2004 that invited local investors to send in proposals, 38 tourism investment project profiles were compiled and classified into five categories as follows: beach tourism; city properties; wildlife resorts; tour operations; and other. Investments are in the range of US\$100,000 – US\$2,000,000 equivalent. Best efforts were made to ensure that the data supplied is accurate, but a full due diligence process was beyond the scope of the project.

The consultants reiterated the idea that an anchor project would add interest for investors. At an earlier stage, a land reclamation and real estate development on the Dar es Salaam waterfront had been proposed, but was subsequently withdrawn as too politically sensitive. The Aga Khan investments on Zanzibar (refurbishment of Stone Town waterfront; expansion of Serena Inn) were placed on hold until after the presidential elections.

Business assistance and capacity building. The MSP sponsored a workshop for SMEs and provided technical assistance in developing business plans. MIGA developed proposals that were adopted for financing the business incubator and the guarantee fund under World Bank assistance to the private sector.²³ The program also provided support to strengthen tourism-related associations, such as TCT, Tanzania Association of Tour Operators (TATO) and the Hotel Keepers Association of Tanzania (HKAT), which stepped forward to play leadership roles in partnership with TIC, MNRT and government. However, more discussion was required and additional sessions were scheduled to hammer out programs on, for example, linkages and localization of purchases.

Investor outreach. To prepare for investor outreach, a full-day strategy session moderated by experienced international consultants was held in Dar es Salaam. MIGA was present, along with other stakeholders. The session helped formulate a strategy targeted at investment in the context of Tanzania's Tourism Master Plan. Following this session, two outreach missions were completed: attendance at the Mozambique Tourism Investment Forum in Maputo in October 2004; and individual representation for Tanzania at the Arabian Hotel Investment Conference in Dubai in April 2005. The Maputo mission provided an opportunity for tourism investors to interact with like-minded individuals and companies from Tanzania. As a result of the Dubai mission, Tanzania was offered a speaking slot for 2006 and will be the featured country for Arabian investments in sub-Saharan Africa.

Moving forward

The current phase of Tanzania's investor outreach program, in cooperation with the MSP, will soon be completed, although pressing activities await implementation. It is important that the remaining services under the investor outreach

program be realized efficiently and effectively in order to foster continued support, and ultimately to help take Tanzania's tourism to a higher level. Three main areas of planned activities are due to be implemented: information dissemination, new market outreach and capacity building.

Information dissemination. This area of activity includes circulating the investment profiles to potential partners on the list, and updating investors on recent progress in tax reform and the tourism market. Timely data of interest to potential investors is available that needs to be directly communicated to investors by e-mail newsletter and through the project website.

New market outreach. Investment promotion trips to Saudi Arabia, Qatar, Oman, and Kuwait, and possibly Malaysia, are necessary to help broaden Tanzania's base of investment prospects. The regional focus is based on the fact that significant investment capital is currently emanating from the Middle East – close to US\$300 million in sub-Saharan Africa in the past two to three years.²⁴ However, this effort does not recognize that the smaller investments important to Tanzania's overall plan may have little appeal in that market. SME investment could be bolstered through enhanced outreach to investors in the north still open to opportunities in Tanzania; with the Northern Circuit effectively under a moratorium, certain investors may be willing to look to the south.

Capacity building. Now that capacity building has been absorbed under the World Bank-supported private sector development (PSD) operation, opportunity exists to apply appropriate funds to direct investment promotion efforts.

THE KILIMANJARO KEMPINSKI HOTEL

A new level of service

The Kilimanjaro Kempinski opened in August 2005 as a five-star hotel, overlooking the harbor on one of the finest waterfront sites in Dar es Salaam. Its top floor offers an unparalleled, panoramic view. The hotel will have about 180 rooms and suites and no fewer than seven food and beverage outlets, as well as a private beach on the south coast some 15 kilometers away. Restored to its former grandeur with yet a new level of quality in service, the hotel is expected to attract residents of the capital, business travelers and tourists. (See Box 8: *The Kilimanjaro Kempinski Hotel Services, an indicative list of planned quality aspects.*) After a quiet opening, the hotel intends to host a formal gala opening later in the year. The hotel had its first function on August 23, 2005, a commitment that drove management to secure the August opening date. (See also Annex 4: *A Short History of the Kilimanjaro Hotel.*)

During final work on the hotel, one remaining issue related to the electricity grid. Because the new Central Bank building was being constructed next door (a positive for the hotel's business), the existing power network could not handle the increased demand. TANESCO, the power company, constructed a new power line to service the neighborhood. In the meantime, both buildings had stand-by generators, which helped to solve immediate problems.



The "Kili" reopened under new ownership as the five-star Kilimanjaro Kempinski Hotel.

The Kilimanjaro Kempinski aims to be the leading hotel in Dar es Salaam and will levy tariffs slightly above those of other top hotels, which currently charge about US\$135 per night, plus VAT. The hotel's management plans to build a large local meeting and restaurant business, and will keep restaurant and bar prices modest by international standards in Tanzania. Although some investors have found Tanzania a difficult environment in which to operate, this has not been true for Kempinski. The company is drawing high marks for its relations with the community. However, Kempinski did report a problem of pilfering at its work site and had to redouble its efforts in this regard.

Box 8: The Kilimanjaro Kempinski Hotel Services

Known fondly as “the Kili,” this elegant hotel is both a testament to Dar es Salaam’s historical past and its independent future. It is a favored meeting place for locals, as well as visitors to town.

Rooms		Facilities
Guest rooms	180	Internet access
Presidential Suite	1	International LCD TV
Diplomatic Suite	1	Multilingual voicemail
Executive Suites	13	Tea and coffee
Executive Rooms	33	24-hour room service
Deluxe Rooms	132	Laundry/dry cleaning
		Shoe-shine service

Each with:
 Make-up mirror and hair dryer
 In-room safe
 Minibar
 Bathrobes

Hotel Services	
Butler service	Private club
24-hour concierge service	Luggage storage
7 Restaurants and bars	Shops and boutiques
Foreign currency exchange	Florist
Hairdressing salon	Security parking
Travel agent	Limousine service
Emergency services	Car rental
Health and beauty spa	Translation services
Business center	

Private beach club 15 km from hotel
 13 meeting rooms accommodating from 2 to 500 people

Source: Management of Kilimanjaro Kempinski Hotel

NEXT STEPS

A few people have questioned the wisdom of the Kilimanjaro deal, including some who were frustrated at their own earlier efforts to close on the property. However, for the most part the project has been favorably viewed by many people and considered a catalyst for improvement in Tanzania's investment climate and growth in the tourism sector, particularly among the country's supply of high-quality hospitality services.

The Kilimanjaro project certainly focused attention on Dar es Salaam. The Royal Palm, a locally owned hotel managed by Legacy of South Africa (and formerly Sheraton) changed hands. It is now owned by the Kingdom Group of Saudi Arabia and operated under the Mövenpick brand. The Kingdom Group also holds the Four Seasons and Fairmont brands, and it is rumored that the Royal Palm will be refurbished and perhaps rebranded and upgraded to five-star status. There is also word that a new conference facility may be under consideration. If true, this sort of development would create a new dynamic of both synergy and competition among investors for Dar es Salaam to become a conference destination in its own right. At the same time, it is reported that a number of lesser-known hotels outside the city may be having difficulties and are threatened with challenging market conditions. With good cooperation among the key players, short-run excess capacity can be offset by a proactive approach to the conventions and incentive travel business, designed to attract large groups to the city for conventions and corporate meetings.

Tanzania's tourism infrastructure is also improving to handle higher travel volumes. As one example, Dar es Salaam is enjoying better air service than it has for some time. It is served daily by Emirates from Dubai; KLM provides daily service from Amsterdam, while South African Airways/Air Tanzania provide daily service from Johannesburg; British Airways and Swissair each provide service three times weekly from and to London and Zurich, respectively.

As Tanzania moves ahead in its development of the tourism sector and its investment promotion program, several lessons are evident in the experience that ultimately resulted in the Kilimanjaro Kempinski Hotel project and several other investments. First, development of tourism is a cross-sectoral undertaking that required a foundation and plan spearheaded by Tanzania's government in conjunction with several key agencies and organizations. It was only after progress had been made on several concurrent fronts – in creating and supporting a viable strategy for building the sector and coordinating the players – that an investment such as the Kilimanjaro was possible.

Second, the tourism sector and specific investors were proactively targeted and cultivated through a highly customized program geared to the needs of both foreign and local investors. The investment forum was carefully orchestrated with the President's full participation, which helped close the Kilimanjaro deal on the spot. Moreover, the forum was not a one-time, isolated activity; its planning and follow-up activities helped put a framework and process in place to support a sustainable, scalable investment promotion program that could serve more investor markets and prospects over time.

Finally, the competitiveness and growth of the tourism sector in Tanzania depends largely on the quality of its services and the efficiency of other sectors involved, such as agribusiness, for example. A plan is in place to differentiate the Tanzanian

tourism product through quality and added value. While Tanzania's government is not able to provide all the answers or resources alone, with a keen involvement of private sector and foreign capital in partnership, the future for tourism in Tanzania is very bright.

QUESTIONS FOR DISCUSSION

1. What was the role of government in Tanzania's case, and how did the structure facilitate development of the tourism sector? What challenges existed under this structure?
2. What critical "building blocks" had Tanzania established in the tourism sector that provided a foundation for tourism investment? What pieces were still missing?
3. How did Tanzania support large and small tourism investors? Discuss ways to meld foreign and local investment in tourism toward reaching optimal development objectives.
4. How did Tanzania approach tourism investment promotion? Discuss the structure and the strategy in general, and how they specifically related to the positive outcome of the Kilimanjaro investment.
5. How was the investment forum an effective tool in attracting high-potential investors? Compare the forum as a promotional vehicle to other types of marketing activity, and identify specific aspects of the forum that would have been difficult to accomplish through other means.
6. How did the investment forum impact the overall investment promotion process in Tanzania? Cite specific elements of the process that resulted from the experience of the forum.
7. How would you characterize Tanzania's overall marketing strategy in terms of market segments and positioning? What role did business travel play in the scheme?

Annexes

- ANNEX 1: ACRONYMS & GLOSSARY
- ANNEX 2: TANZANIA STATISTICAL DATA
- ANNEX 3: TANZANIA'S INSTITUTIONAL FRAMEWORK FOR TOURISM
- ANNEX 4: A SHORT HISTORY OF THE KILIMANJARO HOTEL
- ANNEX 5: EVALUATING THE INVESTOR CONFERENCE AS A PROMOTIONAL TOOL

ANNEX 1: ACRONYMS & GLOSSARY

Acronyms

DBSA	Development Bank of South Africa
DICDM	De Chazal Du Mé
FDI	foreign direct investment
GDP	gross domestic product
GOT	Government of Tanzania
HKAT	Hotel Keepers Association of Tanzania
IFC	International Finance Corporation
IPA	investment promotion agency
MIGA	Multilateral Investment Guarantee Agency
MNRT	Ministry of Natural Resources and Tourism
MSP	MIGA-Swiss Partnership Program for Investments in Sub-Saharan Africa
NCAA	Ngorongoro Conservation Area Authority
PA	Promote Africa
PSD	private sector development
PSRC	Presidential Parastatal Sector Reform Commission
SME	small and medium-sized enterprises
SWRI	Serengeti Wildlife Research Institute
TAFICO	Tanzania Fisheries Corporation
TALA	Tourist Agency Licensing Authority
TANAPA	Tanzania National Parks Authority
TANESCO	Tanzania Electric Supply Company
TATO	Tanzania Association of Tour Operators
TAWICO	Tanzania Wildlife Company
TCT	Tourism Confederation of Tanzania
TIC	Tanzania Investment Center
TTB	Tanzania Tourist Board
TWICO	Tanzania Wood Industry Corporation
UAE	United Arab Emirates
VAT	value added tax
WTTC	World Travel and Tourism Council

Glossary

Northern Circuit	Includes Ngorongoro Crater, Serengeti Plains, Lake Manyara and Tarangire National Parks and Mt. Kilimanjaro
Olduvai Gorge	Southeast of Serengeti
Maasai Mara	On northeast border of Tanzania, mostly in Kenya
Southern Circuit	Includes the Selous Game Reserve, Ruaha and Mikumi National Parks
Western areas	Gombe Stream, Katavi and Mahale Mountains
Islands	Zanzibar, Pemba, Mafia Island
Other major reserves	Ugalla River, Uwanda, Moyowosi and Kigosi Game Reserves

ANNEX 2: TANZANIA STATISTICAL DATA

Table 2-1: Tanzania Tourist Arrivals, by Continent of Origin

Year	Continent			
	Africa	America	Europe	Asia
1996	141,069	32,184	96,861	56,309
1997	155,909	35,570	107,051	62,230
1998	208,599	47,594	143,229	83,256
1999	271,345	61,908	186,311	108,305
2000	208,959	49,001	157,470	86,601
2001	219,516	45,544	162,225	99,356
2002	252,845	59,077	191,982	73,347
2003	269,922	49,781	191,025	66,144
2004	257,778	53,424	221,865	50,302

Sources: Ministry of Tourism and Natural Resources and the National Bureau of Statistics, Tanzania.

Table 2-2: Tanzania, WTTC Tourism Competitiveness Monitor

	Index Value	Ranking
Price Competitiveness	53	60
Human Tourism	n/a	n/a
Infrastructure	39	97
Environment	43	119
Technology	8	167
Human Resources	18	136
Openness	12	152
Social	24	143

Index Value Least competitive is 0.0; most competitive is 100.0.

Ranking Most competitive is number 1; least competitive is number 212.

n/a Data is not available.

Source: World Travel and Tourism Council Competitiveness Monitor, www.WTTC.org

Table 2-3: Business Trends in Tanzania's Tourism

	1997	1998	1999	2000	2001	2002	2003	2004
International arrivals								
	360,000	482,331	627,325	501,669	525,122	575,296	576,198	582,807
International hotel arrivals								
	345,000	457,331	564,593	479,652	501,081	550,000	552,000	562,332
Vacation and recreation								
	246,000	299,946	383,155	339,596	341,329	358,000	337,000	458,679
Earnings (US\$ millions)								
	392.41	570.00	733.28	739.06	725.00	730.00	731.00	746.14
Average length of stay								
	7.50	7.60	7.70	8.00	8.00	11	11	11
Average daily expenditure (US\$)								
	145.00	155.50	152.00	162.8	172.58	153 ¹	153 ¹	188 ¹
						82 ²	82 ²	119 ²
Number of hotels								
	213	215	321	326	329	465 ^a	469 ^a	476 ^a
Number of rooms								
	7,470	7,500	9,575	10,025	10,325	25,300 ^a	30,600	30,950 ^a
Number of beds								
	13,248	13,400	17,235	17,303	18,284	45,500 ^a	55,500 ^a	56,200 ^a
Total tourist bed nights (in '000)								
	1,479	1,695	2,534	1,888	1,955	2,146	2,153	2,193
Annual room occupancy (%)								
	56.30	59.90	63.7	54.02	58.6	51	47	53
Employees in tourism								
	110,000	132,000	148,000	156,050	156,500	157,200	198,000	198,557

^a - Expansion of data collection area

¹ - Package tour

² - Non-package tour

Sources: Ministry of Tourism and Natural Resources and the National Bureau of Statistics, Tanzania

ANNEX 3: TANZANIA'S INSTITUTIONAL FRAMEWORK FOR TOURISM

In Tanzania, institutional reform started in the early 1990s, marking a major shift from government-led to private sector-led development. The role of government is changing from direct engagement in commercial activities in the tourism sector to policy formulation, regulation, marketing, investment and service promotion, and facilitation of supporting infrastructure.

Responsibility for tourism policy in Tanzania lies with the Ministry of Natural Resources and Tourism (MNRT) on the mainland and with the Ministry of Tourism in Zanzibar.²⁵ (See Figure 3-1, which shows an organization chart of the MNRT, along with its principal agencies.)

Within the MNRT, the Tourism Division is responsible for sector policy and planning, manpower training, classification and licensing of hotels and tourism agencies, and supervising the Hotel and Tourism Training Institute (HTTI) and the Tanzania Tourist Board (TTB). (Figure 3-2 shows the organization of the Tourism Division.) The Research, Training and Statistics Section of the Tourism Division has a training unit, but no dedicated training staff. A working group comprising members of the National Bureau of Statistics (NBS) and the Bank of Tanzania (BOT), with the Tourism Division, is reforming the country's tourism data information system. The Tourist Agency Licensing Authority (TALA) and the Hotels Board are located within the Licensing and Control Section of the Tourism Division. TALA is responsible for licensing and inspecting travel agencies and tour operators, and the Hotels Board for hotel classification, licensing and inspection. The Ministry is currently working on a new tourism law designed to simplify procedures and regulations for tourism, which is expected to be approved before December 2005. Within the MNRT, a number of divisions have responsibilities for the wildlife and natural and cultural assets that draw tourists to Tanzania. The Wildlife Division is responsible for all wildlife management ("reserves") outside designated parks and conservation areas, and also for the issuance of hunting concessions and licenses. Management responsibility is split between the department and five parastatals:

- Tanzania National Parks Authority (TANAPA)
- Ngorongoro Conservation Area Authority (NCAA)
- College of African Wildlife Management (CAWM), at Mweka
- Serengeti Wildlife Research Institute (SWRI)
- Tanzania Wildlife Company (TAWICO)

Within the MNRT, Forestry and Fisheries each has a division responsible for policy and planning. The Fisheries Division is responsible for marine parks. The Antiquities section was recently moved to the MNRT and is responsible for management of the country's cultural heritage and patrimony, and the national museums.

The mandate of the TTB is to promote and develop all aspects of the tourist industry. It is the agency authorized to promote Tanzania by undertaking market research, generating and providing relevant tourist information and promoting Tanzania internationally. Its marketing budget in 2004 was US\$600,000. The Tanzania National Parks Authority (TANAPA) is a management authority (of trustees) for the national parks of Tanzania, created under the National Parks Ordinance. The trustees are under the authority of the Minister. The general powers, duties and functions of trustees are to control, manage, administer and maintain the national parks. Because these national parks are the principal focus of tourism activities in

Figure 3-1: Organization Chart of the Ministry of Natural Resources and Tourism (MNRT) for the Republic of Tanzania

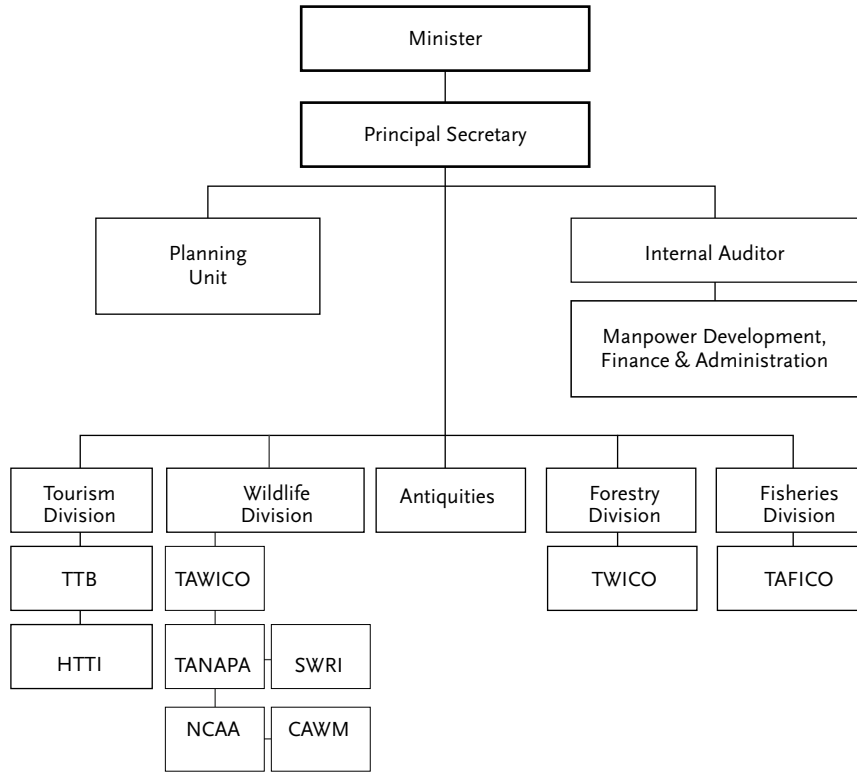
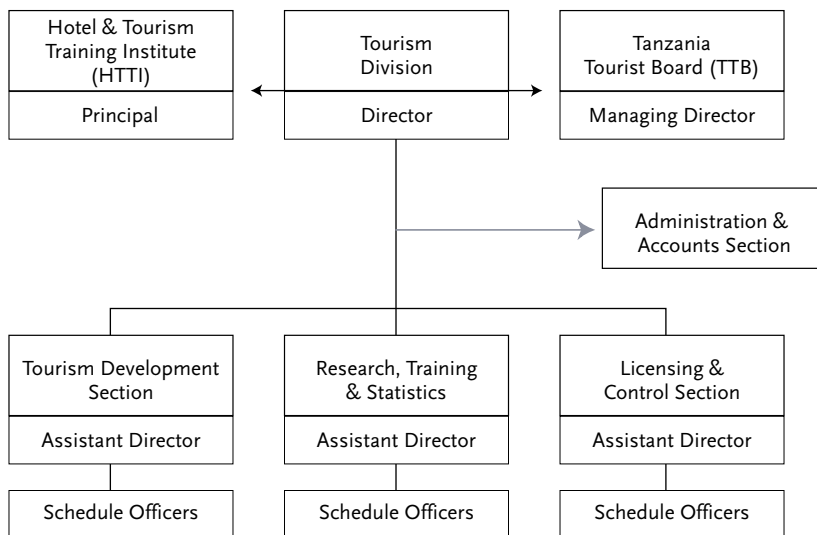


Figure 3-2: Organization Chart of MNRT's Tourism Division



Tanzania, TANAPA is a major institution in the tourism sector. Its responsibilities include:

- Recommending sites suitable for the erection and operations, by other persons, of hotels or other buildings, for the accommodation of visitors, shops or similar undertakings; and,
- Controlling, operating, establishing or managing any such undertaking, or granting concessions or licenses to other person to operate such undertakings in buildings under the control of the trustees or on behalf of the trustees.

Private sector institutions

Government policy currently recognizes private-sector investment as tourism's engine of growth. In recent years, there has been considerable increase in private investment in tourism. Private investment in hotels has grown rapidly, with the number of hotels rising from 210 in 1995 to 476 in 2004.

Tourism Confederation of Tanzania (TCT). TCT was formed as an umbrella private sector institution. The main private-sector tourism associations, discussed below, are the constituent members of the TCT, and the Confederation acts as the focal point for dialogue between the Government and the private sector about tourism interests. The TCT has an Executive Secretary who is strengthening the organization's capacity to represent industry more completely.

Tanzania Association of Tour Operators (TATO). TATO represents the interests of tour operators in Tanzania. About 90% of the licensed tour operators, including many of the larger operators, are members of the Association. Only applicants with a Class "A" TALA license can be full-voting members. All other operators are welcome to join the Association as associate members and receive all the benefits except voting rights. TATO, therefore, handles internal arrangements for a large percentage of arriving tourists.

Tanzania Society of Travel Agents (TASOTA). TASOTA represents the interests of travel agents. Its main concern is the inconvenience caused by non-acceptance of credit cards and travelers' checks in most transactions that tourists initiate in Tanzania.

All African Travel and Tourism Association (AATTA). AATTA is concerned that foreigners dominate the sector, with local investors playing only a minor role in the industry. The Association cites the following examples: hunting is 95% foreign owned; air travel 99%, land 80%, hotels and lodges 80%, and leisure and recreation owned 50/50 by locals and foreigners. The association is concerned that there should be a special mechanism to empower indigenous investors.

Hotel Keepers Association of Tanzania (HKAT). HKAT represents the interests of hotelkeepers and is mainly concerned with the quality of human resources and the availability of finance. Human resource development in the hotel industry is lagging behind the increasing demand for tourism services. As a result, there are critical shortages of trained personnel, particularly at the managerial and supervisory levels. As local investors do not have access to investment finance from financial institutions in the country, most cannot afford to modernize their hotels to meet international standards in the industry.

Tanzania Air Operators Association (TAOA). TAOA represents the interests of air operators in Tanzania, whose chief concern is the requirement for multiple licenses. An air operator must have four different licenses: a business license from the Ministry of Industries and Trade, an Air Service License & Air Operator's Certificate from the Tanzania Civil Aviation Authority, a TALA license from the MNRT, and a Local Authorities' License in the area of operation.

Tanzania Hunters Association (TAHOA). TAHOA represents hunting interests in the policy dialogue with the Government. The Association sets standards for its 20 members and admits as members those who observe TAHOA's code of ethics. Its members represent the larger hunting organizations and, therefore, a majority of visiting hunters. The complex regulations for the hunting concessions are established by the Department of Wildlife. In the case of a member having legal problems because of its hunting operations, TAHOA pays the legal fees, on the grounds that success for the respective member benefits all members by establishing a legal precedent.

Non-governmental organizations and community involvement

The role of non-governmental organizations (NGOs) is to: (a) participate in planning and policymaking as partners in development, (b) participate in community level projects, and (c) promote eco-tourism practices. Community-based conservation (CBC) programs aim at empowering people to manage and benefit from wildlife resources on their lands. CBC is supported by the project, Partnership Options for Resource Use Innovations, which is funded by United States Agency for International Development (USAID) through the African Wildlife Foundation (AWF). Participatory land use planning has been adopted as a way of involving stakeholders in decision-making in respect to land use.

Box 3-1: Tanzania's Major Legislation Governing Tourism

Hotels and Tourism

- New Tourism Bill under preparation
- Hotels Act, No. 22 of 1963
- Tourist Board Act, 1992
- Tourist Agents Licensing Act, Act No. 2 of 69

Investment Legislation

- Tanzania Investment Act, No. 26 of 1997

Land and Physical Planning Legislation

- The Land Act, No. 4 of 1999
- The Villages Land Act, No. 5 of 1999
- Town and Country Planning Ordinances

Regulations for Natural, Wildlife and Cultural Assets

- Wildlife Conservation Act, 1974
- National Parks Ordinances (various)
- Ngorongoro Conservation Area Ordinance
- Antiquities Act
- Marine Parks Act, No. 29 of 1994

Environment Acts

- Tanzania is party to most international treaties

TANAPA has initiated several activities in community involvement, including those in conjunction with the Marine Parks and Reserves Board, USAID/AWF, the Cultural Tourism Program and Japan International Cooperation Agency (JICA). Through TANAPA's Community Conservation Services program, local communities living around national parks derive benefits as incentives for conservation through a special fund.

The UK Department for International Development (DFID) has funded Tanzania's program, "Traveling Fair: Developing and Marketing Tourism Ventures with Southern Communities." The program's objective is to enable coffee-farming communities in two communities in Tanzania with established tourist industries to diversify their income streams by developing sustainable, community-owned tourism enterprises.

Public-private sector interface

The Tanzania Business Council, representing the public and private sectors, supports a public private partnership, along with the Investors' Roundtable, a forum of international investors meeting under the presidency of President Mkapa. The Business Council also conducts separate activities for SMEs and works with local operators. Tourism-related business associations are expected to articulate the interests of the industry and contribute to the formulation and implementation of policies that produce and maintain quality products in a sustainable way. The Tourism Facilitation Committee of the MNRT, involving all parties engaged in tourism, will be strengthened and empowered to play its role in ensuring quality and harmonious development of the industry within the framework of this partnership.

The Tanzania Investment Center

The Tanzania Investment Center (TIC) is responsible for investment promotion in Tanzania under the National Investment Act, 1997 (No. 26 of 1997). TIC has made substantial progress in becoming a "one-stop shop" for investors. While TIC has been dealing with investors up to the point of completion of an application, it has recently begun to emphasize follow-up, to monitor any problems encountered during implementation and operation. Its functions are to: (a) support measures to enhance the investment climate for both local and foreign investors; (b) collate, collect, analyze and disseminate information on investments; (c) consult with other public institutions on investment facilitation; and (d) assist investors to obtain permits, licenses, approvals, consents and other matters required by law.

Incentives for tourism are based on recognition of private property and its protection against any non-commercial risk. Investors must obtain a TIC Certificate of Incentives.²⁶ The minimum fixed cost of investment for new, rehabilitation and expansion projects should be at least US\$100,000 for projects wholly owned by Tanzanian citizens, and US\$300,000 for projects that are either wholly owned by foreign investors or joint ventures. Distinctions are made between "lead" sectors that are already contributing to growth, and "priority" sectors that the Government wishes to encourage, such as manufacturing. Incentives are modulated as a function of these criteria. Tourism is considered a lead sector, and consequently, hotels, tourist transportation and related sectors qualify. Lead sectors are exempted from import duties during construction, and VAT is deferred. Corporate tax is set

at 30% and losses may be carried forward for five years. As is the case in many countries, tourism investment promotion is often carried out separately from other investment promotion by a related tourist agency. In fact, TTB and the Department of Tourism are both active in promoting investment in tourism in Tanzania. Up until 2003, TIC had approved a total of 422 tourism projects, including new and upgraded hotels, tour companies and travel agents and restaurants.

ANNEX 4: A SHORT HISTORY OF THE KILIMANJARO HOTEL

The Kilimanjaro Hotel in Dar es Salaam, along with the Mount Meru Hotel in Arusha, was constructed four years after Tanzania's independence in October of 1961. The Kilimanjaro opened its doors in 1965 as the Government's main hotel to accommodate visiting foreigners to the country. It was an imposing building that set out to provide adequate business service within the prevailing political environment of the time. Funding for the project was provided by Israel and the United Kingdom. The property was built by Soleboneh, an Israeli firm. In the early years, the hotel was also managed by an Israeli firm, Mlonot. The Kilimanjaro had 200 rooms and a staff of 435 at its peak.

In 1972, the Kilimanjaro was taken over by the Tanzania Tourist Corporation (TTC) and set up to consolidate state hotels under one roof. After the first Tanzanian-born manager was appointed in 1983, it continued to be managed by TTC. The World Bank funded a rehabilitation program in 1983.²⁷ From that time, well-trained and competent Tanzanians managed the hotel. Unfortunately, as Tanzania's fortunes faltered in the late 1980s, no funding was made available by the state and the hotel did not generate the necessary cash flow to carry out rehabilitation or renovations. In addition, new hotels brought competition as the political climate moved from one of restrained socialism to a liberal, market-driven economy. For example, local investors, using blocked funds, built a new Sheraton Hotel on Ohio Street that subsequently became the city's premier lodging establishment, and the up-market Sea Cliff Hotel opened on the beach as a business and tourist operation. In 1996, starved of funds and in competition with newer hotels, the Kilimanjaro was forced to close.

The other hotels at the time were Bahari Beach, Kunduchi Beach and White Sands, all hotels that were built along the beach north of Dar es Salaam by Indian entrepreneurs. (These hotels have recently completed major programs of rehabilitation.) None of this latter group was a city center hotel and the Kilimanjaro enjoyed a monopoly as a top-class city hotel location.

A number of other hotels were held by the state under the umbrella of the TTC. These hotels included the New Africa Hotel, Dar es Salaam's oldest city center hotel, and the three TAHI lodges²⁸ in the Northern Circuit, which as early as the 1960s was recognized as an area of outstanding natural beauty and tourist attraction. Management of the TAHI lodges was assured by TTC and subsequently by the French group, Accor. When the Government announced that they were to be sold, the lodges passed through a difficult time until their sale in 2002 to a Tanzanian petroleum chain, GAPCO. The Government of Tanzania intends to sell the remaining hotels in the state portfolio as a matter of policy. The state still has interests in a number of hotels, including the Moshi Hotel, 77 Hotel (Arusha), and the Embassy Hotel (Dar es Salaam), but only because these properties have been hard to sell or are encumbered with litigation.

The Kilimanjaro was the one important hotel remaining in the state portfolio. It was to be sold on a sole source contract, whereas all the other publicly owned hotels were sold under competition. Several attempts to sell "the Kili," as it was affectionately called, had failed for one reason or another. Some of the potential offers were sponsored by industrialists, others by well-known hotel groups (for instance, BESIX, InterContinental, Sheraton and Serena, among others) and some by influential persons seeking a prestige investment. By the time it was sold, several proposals for as high as US\$6 million had been rejected and the value of

the Kilimanjaro had dropped to about US\$3 million. There was uncertainty as to whether the old hotel could be refurbished or whether it would have to be razed and rebuilt from the ground up. Under either scenario, it was clear that substantial investment was required to return the Kilimanjaro either to its original state or to a much higher standard. The Kilimanjaro Hotel was sold for US\$3 million as a sale of assets to Albwardy Investments of Dubai, following a deal struck at the investor forum in Arusha in October 2002.

ANNEX 5: EVALUATING THE INVESTOR CONFERENCE AS A PROMOTIONAL TOOL

An investor conference is a very time-consuming and expensive form of investment promotion, but often is a preferred method among IPAs. The process of marketing a conference (broad dissemination of information, and advertising the event) can be used to focus attention on the fact that investment promotion activity is being undertaken. Ultimately, preparation and follow-up of the conference will distinguish a burdensome waste of resources from an effective conference that reflects the objectives and process of a sustainable investment promotion program. IPAs that do not have the time and resources to expend as Tanzania did in this case often choose an alternate route: they focus on ensuring that their own outstanding conference participation and follow-up are organized by others.

Target the right audience. Generally very few actual potential investors attend such conferences. Most attendees comprise various groups, which draw different value from the event:

- Investment facilitators – lawyers, bankers, accountants – a very important audience (commonly called “multipliers” in the investment promotion world);
- Government bureaucrats, politicians and ministers, to whom the importance of investment promotion in government thinking is reinforced;
- Members of the press, who find a focus for their reporting;
- Large local investors, who need to demonstrate their support for government private sector promotion policy, and often learn useful information on policy shifts and context and investment opportunity areas, and can consolidate their access to government actors;
- Current international investors, who often use the opportunity to import their “Regional Director” or “Director of International Operations” to swiftly develop, or update, their “feel” of prospects in the country, and meet key political and administrative leaders;
- A few (usually less than one percent of attendees) actual prospective foreign investors, who use the opportunity to quickly meet the key players (public and private) and to scan the investment opportunity and environment.

Set specific conference objectives. At its best, an investment conference provides the opportunity for investment promotion intermediaries, government and business representatives to:

- Hone and update their investment message
- Identify and resolve contradictions
- Test perceived areas of national competitiveness
- Update their marketing materials and refresh mailing lists
- Spread the net to catch hovering prospects
- Reinforce the confidence of current investors
- Motivate administrators and politicians and support the public-private sector dialogue
- Update both local and foreign investor prospects on opportunities offered in the economy
- Spread the word on the location’s commitment to investment throughout the society
- Provide a host of new prospects for subsequent follow up.

Understand the pitfalls. In the worst case, a conference is organized on very short notice (less than six months), the country's investment promotion intermediaries devote considerable effort to the planning, and routine business (including investment facilitation) is set aside. Little strategic preparation is undertaken, and the multi-day conference comprises a succession of political and bureaucratic leaders delivering lectures (most running over time) to an audience of administrators and a few local organized business participants and local investors, who use the opportunity to reinforce their political access. After the conference, exhausted investment promotion staff return to deal with routine business, and little, if any follow-up to the event is conducted.

ENDNOTES

- ¹ It is interesting to note that UNCTAD entitles its World Investment Report, 2004, "The Shift towards Services." See: <http://www.unctad.org>.
- ² Earnings for tourism are from the IMF, Balance of Payments (BOP) Statistics; exports of goods and services data are taken from the balance of payments data from the Economic Survey 2004, Government of Tanzania.
- ³ These hotels include: the Holiday Inn Hotel with 152 rooms, Golden Tulip Hotel with 100 rooms, the Mövenpick Royal Palm Hotel with 250 rooms, Courtyard Hotel with 55 rooms, Beachcomber Hotel with 48 rooms, Blue Bay Beach Hotel (Zanzibar).
- ⁴ United Republic of Tanzania, Ministry of Natural Resources and Tourism, Tourism Master Plan: Strategies and Actions, Final Summary Update, April 2002.
- ⁵ Selous, Mikumi, Udzungwa and Ruaha.
- ⁶ 1999 was the peak year with some 627,325, but this may be a statistical error.
- ⁷ World Travel and Tourism Council, London, an international association of chief executives in the travel and tourism industry, which has emerged as the industry's advocate in world fora.
- ⁸ Adapted from the website, www.albwardy.com, and an interview with company officials.
- ⁹ Adapted from www.Kempinski.com.
- ¹⁰ No. 26 of 1997.
- ¹¹ Detailed information about Tanzanian investment incentives can be found on MIGA's website, www.MIGA.org, or TIC's website at <http://www.tic.co.tz>.
- ¹² "Privatisation in Tanzania," October 2004, prepared by the PSRC, United Republic of Tanzania.
- ¹³ This program funded a review of tourism in Tanzania and FDI exchange trips with Asia. See "Evaluation of the Promote Africa Program", an independent study conducted by MIGA for the Government of Japan, Policy and Human Resources Development Fund, June 2002.
- ¹⁴ At the Sea Cliff Hotel.
- ¹⁵ It is interesting to note that in the budget speech of 2005, the Minister of Finance removed the prepayment condition, struck down a number of "nuisance taxes" and introduced reforms to the Tanzania Revenue Authority. At the same time, the MNRT is introducing a new Tourism Law, whose principal goal is to simplify licensing by introducing a single license application process, although there are still multiple licenses.

- ¹⁶ Tanzania, Diagnostic Trade Integration Study, May 2005, World Bank, Washington D.C.
- ¹⁷ A closed bidding process can contribute to an environment in which the same “insiders” bid on all investment projects, foreclosing access to investment opportunities by new entrants.
- ¹⁸ The World Bank, IFC, Development Bank of South Africa and the European Union participated.
- ¹⁹ By Albwardy Investment, the same group investing in the Kilimanjaro Hotel.
- ²⁰ The school will be located behind the Holiday Inn.
- ²¹ €2.5 million; based on conversion rate of 1EUR = 1.255 USD.
- ²² The two consulting firms were DAIMA Associates and DCDM.
- ²³ It was beyond the mandate of MIGA to directly finance the business incubator and the guarantee fund.
- ²⁴ For example: Kilimanjaro, Zamani and Mali Kempinskis, sale of Royal Palm, Dar es Salaam (now Mövenpick); sale of Kampala Sheraton; in Mozambique, Rani investments (Pemba Beach and Indigo Bay hotels), sale of Polana Hotel to Serena (Aga Khan) and its refurbishment.
- ²⁵ The Ministry of Trade, Marketing, Industry and Tourism is responsible for tourism policy and its implementation in Zanzibar. There are three agencies responsible for tourism in Zanzibar: The Zanzibar Tourism Commission, created under the Tourism Promotion Act of 1996; the Zanzibar Investment Promotion Agency (ZIPA) created under the 1986 Investment Act; and the Commission for Land and Environment.
- ²⁶ Detailed information about Tanzanian investment incentives can be found on MIGA's website, www.miga.org, or TIC's website, www.tic.co.tz.
- ²⁷ World Bank Project Completion Report June 29, 1989. The total project cost was US\$20 million, of which the credit was US\$14 million. The project covered rehabilitation of seven hotels and five lodges owned by TTC, equipping of a hotel training facility, technical assistance and vehicles and equipment to enable TANAPA and Ngorongoro Conservation Authority in its anti-poaching efforts.
- ²⁸ The TAHI lodges are: Loba Lodge (Manyara), Serenero Lodge (Serengeti) and the Ngorongoro Lodge (Ngorongoro).

