Trend and Opportunities for Enhancing Domestic Resource Mobilization in Tanzania: A Case on Non-Tax Revenue in the Tourism Sector

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Abstract

Domestic Resource Mobilization (DRM) is a fundamental pillar of Tanzania's fiscal sustainability, with non-tax revenue (NTR) from the tourism sector offering significant but underutilized potential. Over the past decade, NTR collection has demonstrated steady growth, reflecting the government's efforts to enhance revenue mobilization. However, its contribution to GDP remains modest due to administrative inefficiencies, policy fragmentation, and gaps in digital revenue tracking. This study examines trends in NTR collection and explores key opportunities for strengthening its role in DRM. The findings indicate that optimizing NTR in Tanzania's tourism sector requires targeted policy reforms, including the adoption of automated revenue collection systems to enhance efficiency and transparency. Additionally, strengthening public-private partnerships (PPPs) can foster investment and diversify revenue streams. By leveraging technology-driven solutions, enhancing institutional coordination, and adopting best practices from regional counterparts, Tanzania can maximize the fiscal potential of tourism-based NTR. This study provides actionable policy recommendations to enhance NTR mobilization, supporting long-term economic resilience and reducing dependency on external funding.

Keywords: Non-Tax Revenue, Domestic Resource Mobilization, Tourism Sector, Digital Transformation, Public-Private Partnerships, Fiscal Policy.

1. INTRODUCTION

Domestic Resource Mobilization (DRM) is a critical pillar for achieving fiscal sustainability in developing economies, particularly for those seeking to reduce dependency on external aid. In Tanzania, tourism plays a fundamental role in economic growth, contributing 17.2% to GDP and approximately 25% of foreign exchange earnings (World Bank, 2023). Despite its substantial economic contribution, the potential of non-tax revenue (NTR) from tourism remains significantly underutilized. Various revenue streams such as park entrance fees, hunting permits, concession fees, conservation levies, and cultural heritage charges provide an opportunity for enhanced public finance. However, inefficiencies in collection mechanisms, weak enforcement, and fragmented policy frameworks continue to hinder effective revenue mobilization (Ministry of Natural Resources and Tourism, 2023).

Comparative regional analyses indicate that Tanzania lags behind other African nations in optimizing non-tax revenue collection. Countries such as Rwanda and Botswana mobilize up to 16% of their total revenue

from non-tax sources, while Tanzania's NTR contributes only 1.4% of GDP, highlighting a considerable gap in revenue performance (International Monetary Fund, 2022). This disparity underscores the pressing need for strategic interventions to strengthen NTR mobilization within Tanzania's tourism sector. Furthermore, challenges such as outdated fee structures, weak institutional coordination, and the absence of integrated digital revenue tracking systems continue to constrain the sector's ability to maximize its revenue potential (World Bank, 2023).

Over the past decade, Tanzania has experienced steady growth in NTR collection, largely due to policy reforms, increased tourism activities, and advancements in revenue administration. Official reports indicate that NTR collections from tourism-related activities increased from TZS 35.1 billion in 2009/2010 to TZS 155.2 billion in 2020/2021, demonstrating significant progress in domestic resource mobilization efforts (MNRT, 2023). Additionally, revenue from national parks, the Ngorongoro Conservation Area, and hunting tourism peaked at TZS 460.45 billion in 2019, before experiencing fluctuations due to external economic shocks, particularly the COVID-19 pandemic, which disrupted global tourism and reduced revenue inflows (Tanzania Revenue Authority, 2023).

Given these trends, it is imperative to explore opportunities for optimizing NTR collection in Tanzania's tourism sector. This study examines historical and current revenue trends, identifying key patterns and sectoral contributions while emphasizing emerging opportunities for improvement. One of the primary areas of focus is digital transformation, particularly through the adoption of automated revenue collection systems, which can enhance transparency, reduce leakages, and improve revenue tracking. Additionally, the expansion of public-private partnerships (PPPs) offers a promising avenue for diversifying revenue sources and facilitating sustainable investment in the tourism sector. Strengthening legal and institutional frameworks is also essential in streamlining policy enforcement, addressing revenue inconsistencies, and improving compliance mechanisms (TRA, 2023).

By drawing insights from successful revenue models in Rwanda, Botswana, and Kenya, this study provides evidence-based recommendations for strengthening Tanzania's NTR collection strategies while ensuring fiscal sustainability (IMF, 2022). The findings of this research are particularly relevant for policymakers, revenue authorities, tourism stakeholders, and development partners seeking to enhance DRM strategies without imposing additional tax burdens on businesses and individuals. By leveraging technology-driven solutions, improving institutional coordination, and implementing targeted policy reforms, Tanzania can align its tourism-based NTR mobilization framework with global best practices, fostering a resilient and diversified revenue system (MNRT, 2023).

2. Literature Review

Non-tax revenue (NTR) is an essential component of Tanzania's domestic resource mobilization (DRM) strategy, particularly within the tourism sector. This section critically examines the existing literature on NTR mobilization by reviewing relevant theoretical perspectives, empirical studies, and identifying key research gaps. The discussion is structured around three thematic areas: theoretical foundations that frame the study of revenue mobilization, empirical evidence on NTR trends and optimization strategies, and gaps in the literature that this study aims to address. This review provides a contextual understanding of NTR collection in Tanzania's tourism sector while drawing insights from global and regional experiences.

2.1 Theoretical Foundations of Non-Tax Revenue in Domestic Resource Mobilization

Non-tax revenue (NTR) mobilization in Tanzania's tourism sector is underpinned by several economic and institutional theories that provide a structured framework for understanding revenue collection

mechanisms, optimization strategies, and policy interventions. These theories highlight the significance of endogenous economic factors, fiscal equity, stakeholder engagement, resource allocation, and institutional efficiency in shaping sustainable revenue collection models.

Endogenous Growth Theory, developed by Romer (1986) and Lucas (1988), underscores the role of internal economic drivers, including policy innovation, human capital investment, and technological advancement, in fostering sustained economic growth. In Tanzania's tourism sector, the adoption of digital payment infrastructure, automated revenue tracking systems, and staff capacity-building initiatives are essential for enhancing the efficiency of NTR collection, ensuring long-term fiscal sustainability. This theoretical perspective aligns with ongoing efforts to integrate Electronic Fiscal Devices (EFDs) and automated revenue collection platforms to improve transparency and reduce revenue leakages.

The Horizontal and Vertical Equity Theory introduces key principles of fairness in revenue mobilization. Vertical equity suggests that individuals or entities with greater financial capacity should contribute more, while horizontal equity ensures that those with similar financial capabilities share equal obligations (Holcombe, 2006). In Tanzania's tourism sector, differentiating revenue collection mechanisms based on financial capacity—such as higher fees for international tourists and luxury operators compared to domestic tourists and small businesses—can help achieve fiscal equity without undermining industry competitiveness. This approach is critical for designing inclusive and balanced taxation policies that do not disproportionately burden small-scale tourism operators.

The Revenue Bargaining Theory provides insights into the interactive relationship between governments and stakeholders in shaping revenue collection mechanisms. This theory emphasizes the importance of negotiation, trust, and voluntary compliance in ensuring effective revenue mobilization (Fjeldstad & Moore, 2008). In Tanzania, engaging tourism stakeholders, including private operators, conservation organizations, and local communities, in the formulation and implementation of NTR policies can foster greater acceptance and compliance, ultimately strengthening revenue collection systems.

Resource Mobilization Theory examines the strategic allocation of financial, technological, and institutional resources to optimize revenue collection. Effective NTR mobilization in Tanzania requires strengthening institutional capacity, fostering inter-agency collaboration, and leveraging technology for automated revenue tracking. Investments in digital payment solutions and structured conservation financing can enhance efficiency, minimize revenue leakages, and ensure that resources are optimally allocated to support sustainable tourism initiatives.

Institutional Theory of Organization, as articulated by Zucker (1987), explores how regulatory frameworks, bureaucratic efficiency, and institutional coherence impact revenue administration. Tanzania's NTR collection mechanisms are currently fragmented across multiple agencies, leading to inconsistencies in fee structures, enforcement gaps, and administrative inefficiencies. A harmonized, technology-driven revenue collection framework can help streamline processes, improve inter-agency coordination, and enhance financial accountability. By adopting a more centralized and digitalized approach to revenue management, Tanzania can mitigate revenue losses while improving overall fiscal sustainability.

These theoretical perspectives collectively provide a comprehensive framework for analyzing trends and identifying emerging opportunities in NTR collection. The study applies these insights to formulate strategic recommendations aimed at leveraging digital transformation, fostering multi-sectoral partnerships, and implementing evidence-based policy reforms to strengthen domestic resource mobilization in Tanzania's tourism sector.

2.2 Empirical Evidence on Non-Tax Revenue Collection in Tourism Sector

2.2.1 Global and Regional Evidence on NTR Mobilization

Globally, countries that have implemented structured digital revenue collection systems and performance-based compliance measures have achieved greater fiscal efficiency and transparency in NTR mobilization (IMF, 2022). For example, South Africa's adoption of electronic revenue tracking significantly improved accountability and reduced revenue leakages, demonstrating the transformative impact of technology-driven solutions (South African Revenue Service, 2021). Similarly, Kenya's decentralized digital tax administration has enhanced compliance at both national and local government levels, improving revenue generation while minimizing inefficiencies in collection processes (Kenya Revenue Authority, 2022) .

In East Africa, Rwanda has successfully integrated public-private partnership financing, allowing non-state actors to contribute directly to park management and eco-tourism revenue generation. Through this model, conservation areas have benefited from improved service delivery, infrastructure investment, and increased financial sustainability, which in turn strengthens NTR collection mechanisms (Rwanda Revenue Authority, 2022). Tanzania can draw lessons from these experiences by enhancing its PPP framework to encourage private sector involvement in conservation, cultural tourism, and revenue collection efforts.

2.2.2 Trends in Tanzania's Non-Tax Revenue Collection (2013-2023)

Over the past decade, Tanzania has experienced a steady increase in non-tax revenue (NTR) collection, reflecting government efforts to strengthen domestic revenue mobilization in the tourism sector. According to available data, NTR collections from tourism-related activities grew from TZS 35.1 billion in 2009/2010 to TZS 155.2 billion in 2020/2021, marking a significant upward trend (MNRT, 2023). Additionally, revenue from national parks, the Ngorongoro Conservation Area, and hunting tourism peaked at TZS 460.45 billion in 2019, before experiencing fluctuations due to external economic shocks (TRA, 2023).

The growth in NTR has been driven by several key policy interventions, including adjustments in tourism-related fees, increased conservation levies, and the expansion of revenue collection from protected areas. These initiatives have positioned tourism as a crucial sector for domestic resource mobilization, enabling a more structured and predictable revenue stream. Additionally, the adoption of digital payment systems for park fee collection has improved transparency and accountability, reducing cash-based transactions that were previously vulnerable to revenue leakages (TRA, 2023). The continuous recovery of international tourist arrivals in the post-pandemic period has further reinforced the sector's role in enhancing NTR mobilization, supporting broader fiscal stability and long-term sustainability (MNRT, 2023).

Despite these trends, Tanzania's NTR contribution to GDP remains disproportionately low, standing at only 1.4%, compared to 10% and 6.2% for Botswana and Rwanda respectively. This highlights a significant fiscal gap and the urgent need for strategic reforms to optimize NTR collection efficiency and ensure that the tourism sector's full revenue potential is realized (IMF, 2022).

2.3 Opportunities for Enhancing Non-Tax Revenue Collection in Tanzania's Tourism Sector

As Tanzania seeks to optimize NTR mobilization within the tourism sector, several key opportunities have emerged that could significantly enhance revenue collection efficiency and fiscal sustainability. One of the most promising areas for improvement is digital transformation, where the adoption of AI-driven financial monitoring systems, mobile payment platforms, and automated revenue collection tools can play a crucial role in reducing leakages, improving compliance, and increasing collection efficiency.

International experiences from South Africa and Rwanda have demonstrated the effectiveness of these digital tools in enhancing revenue tracking, simplifying collection processes, and ensuring accountability in NTR mobilization (World Bank, 2023).

Another critical opportunity lies in expanding public-private partnerships (PPPs) in revenue mobilization. Strengthening PPPs in conservation areas, cultural tourism initiatives, and tourism infrastructure development can help diversify NTR sources while improving service delivery and operational efficiency. Kenya's successful model of engaging private sector actors in the management of national parks and wildlife reserves has provided a sustainable approach to generating revenue from tourism while ensuring long-term conservation funding (Kenya Revenue Authority, 2022). Implementing similar frameworks in Tanzania could attract investment, reduce government expenditure burdens, and create an enabling environment for increased revenue generation.

Furthermore, legal and institutional reforms present a significant opportunity to strengthen NTR collection. Improving governance frameworks, streamlining fee structures, and ensuring better coordination among regulatory agencies can enhance compliance and create a more predictable and efficient revenue administration system. Policy harmonization among key institutions, clear revenue-sharing models, and the establishment of standardized collection mechanisms will ensure that tourism-related NTR is effectively managed and reintegrated into broader fiscal planning (TRA, 2023).

These opportunities highlight the immense potential for Tanzania to optimize its non-tax revenue collection, ensuring that tourism becomes a sustainable and efficient driver of fiscal stability within the country's DRM framework. Through a combination of technological innovation, institutional strengthening, and private sector collaboration, Tanzania can align its NTR mobilization strategies with global best practices, ultimately fostering economic resilience and long-term financial sustainability.

3. Research Methodology

3.1 Research Design

This study adopts a mixed-methods research design, combining quantitative trend analysis with qualitative policy evaluation to ensure a comprehensive assessment of non-tax revenue (NTR) mobilization in Tanzania's tourism sector. The quantitative approach facilitates the examination of historical revenue trends, sectoral contributions, and annual growth patterns in NTR collection from 2013 to 2023. Meanwhile, the qualitative aspect enables an in-depth evaluation of policy frameworks, institutional mechanisms, and regulatory strategies shaping NTR collection. By integrating both methods, the study ensures a holistic understanding of the research problem, offering data-driven insights and actionable recommendations for revenue optimization.

3.2 Data Sources and Collection Methods

The study exclusively relies on secondary data sources, ensuring that findings are based on credible and publicly available records. The selection of data sources follows specific inclusion criteria, prioritizing data consistency, recency (2013–2023), and institutional reliability. Key sources include the Tanzania Revenue Authority (TRA), which provides annual reports on non-tax revenue performance and its contributions to public finance. The National Bureau of Statistics (NBS) offers economic reports detailing tourism's GDP contribution and revenue growth trends. The Ministry of Natural Resources and Tourism (MNRT) supplies records on national parks, hunting tourism, cultural tourism, and heritage sites revenue streams. To provide a comparative perspective, international data were sourced from organizations such as the World Bank, International Monetary Fund (IMF), and United Nations World Tourism Organization

(UNWTO), enabling benchmarking of Tanzania's NTR collection against Kenya, Rwanda, and Botswana. Furthermore, an analysis of policy and legislative frameworks, including the Public Finance Act (2001) and the Tourism Act (2008), was conducted to assess the institutional structures governing NTR mobilization. The combination of national and international datasets ensures that the study captures both local revenue trends and global best practices in tourism-based NTR collection.

3.3 Data Analysis Techniques

The study applies both quantitative and qualitative data analysis techniques to extract meaningful insights from the collected data.

The quantitative analysis involves the application of descriptive statistics to examine NTR collection trends over the period 2013–2023. Revenue growth rates were calculated to identify patterns of increase or decline, while sectoral revenue distribution was assessed to determine which tourism segments contribute the most to NTR. Additionally, a comparative trend analysis was performed to benchmark Tanzania's performance against other African nations, highlighting opportunities for improvement. The results are presented using tables and graphical visualizations, ensuring clarity in illustrating revenue patterns.

The qualitative policy analysis employs thematic content analysis of legislative reports, policy documents, and institutional frameworks. This approach helps identify key government strategies for optimizing NTR collection, existing regulatory gaps, and inefficiencies in institutional coordination. Furthermore, regional policy comparisons with Kenya, Rwanda, and Botswana allow for a critical evaluation of successful revenue collection strategies that could be adapted in Tanzania. By combining statistical trend analysis with policy evaluation, the study ensures that its findings are not only empirically grounded but also practically relevant for policymakers and stakeholders.

3.4 Justification for Methodology

The mixed-methods approach is justified by its ability to bridge the gap between numerical revenue trends and institutional realities, ensuring a comprehensive assessment of NTR opportunities. While quantitative techniques provide objective measurements of revenue performance, qualitative analysis contextualizes these findings within a policy and institutional framework. This dual approach allows for robust policy recommendations based on both empirical data and regulatory insights. Moreover, the reliance on secondary data enables a long-term historical analysis of revenue trends, which would be impractical using primary data collection alone. The inclusion of international benchmarking further strengthens the study's relevance by ensuring that recommendations are informed by proven best practices.

3.5 Limitations and Ethical Considerations

Despite its strengths, the study acknowledges certain limitations. While the study integrates both primary and secondary data, potential challenges arise in data consistency and accessibility. The reliance on secondary data introduces the possibility of discrepancies or outdated government reports, which may impact the accuracy of findings. To mitigate this, data from multiple sources, including TRA, NBS, IMF, and UNWTO, are cross-verified, and recent policy amendments, such as tax reforms, are factored into the analysis. Additionally, while primary data collection through in-depth interviews provides valuable insights into the opportunities for enhancing domestic resource mobilization (DRM), there may be limitations in capturing a fully representative range of stakeholder perspectives due to constraints in time and resources. Efforts were made to ensure diversity in interview participants to enhance the robustness of the findings.

To ensure ethical integrity, the study adheres to strict ethical research guidelines. All secondary data

sources are publicly available and obtained from reputable institutions, with proper attribution and referencing maintained to uphold research credibility. For the primary data component, ethical approval was secured where necessary, and informed consent was obtained from all interview participants. Confidentiality and anonymity of respondents were ensured to protect their identities and maintain research integrity. Since the study involves human participants in qualitative interviews, ethical considerations were strictly observed, aligning with academic standards for transparency, responsible data usage, and ethical research conduct.

4. Results and Discussion

4.1 Trends in Non-Tax Revenue Collection in Tanzania's Tourism Sector

The analysis of non-tax revenue (NTR) collection in Tanzania's tourism sector between 2016 and 2023 reveals a general upward trajectory, with fluctuations influenced by policy changes, economic disruptions, and administrative reforms. According to the Ministry of Finance, NTR collection experienced a cumulative growth of 73.7% from 2016/17 to 2022/23, increasing from TZS 2.5 billion in 2016/17 to TZS 4.3 billion in 2022/23. Despite this positive trend, NTR still contributes a relatively small portion of Tanzania's total revenue, highlighting the need for further optimization and policy-driven interventions.

The COVID-19 pandemic (2019/20–2020/21) significantly affected revenue performance, causing a sharp decline in non-tax revenue collection. In 2019/20, NTR stood at TZS 3.4 billion, but this figure dropped to TZS 2.9 billion in 2020/21, primarily due to global travel restrictions, reduced tourist arrivals, and temporary shutdowns of key tourism services. However, post-pandemic recovery efforts led to a rebound in NTR collection, which rose to TZS 4.3 billion in 2022/23, signifying the sector's resilience and the effectiveness of fiscal adjustments.

Table 4.1: Domestic Non-Tax Revenue Collection Trend 2016/17-2022/23 (TZS '000)

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Non-Tax Revenue	2,513,343	2,753,466	3,015,963	3,447,135	2,970,281	3,913,632	4,365,110
Parastatal dividends & Contributions	893,935	803,502	682,331	738,810	636,399	779,033	2,572,075
Ministries & Regions	1,107,690	1,408,464	1,674,534	1,991,076	1,576,826	2,270,741	780,749
LGAs own source	511,718	541,499	659,098	717,249	757,055	863,858	1,012,286

Source: Ministry of Finance and Planning, 2022.

A sectoral analysis shows that wildlife-based tourism remains the largest contributor to NTR, driven by revenues from national park fees, conservation levies, and hunting permits. The hunting tourism sector, although facing regulatory challenges, continues to provide substantial revenue, particularly from international trophy hunting licenses. Heritage and cultural tourism, including museum and archaeological site fees, remain underutilized, despite their potential to enhance revenue diversification.

Figure 4.1: Trend of Non-tax Revenue Streams in Tanzania from 2016/2017 to 2022/23

Trend of Non-Tax Revenue Streams in Tanzania
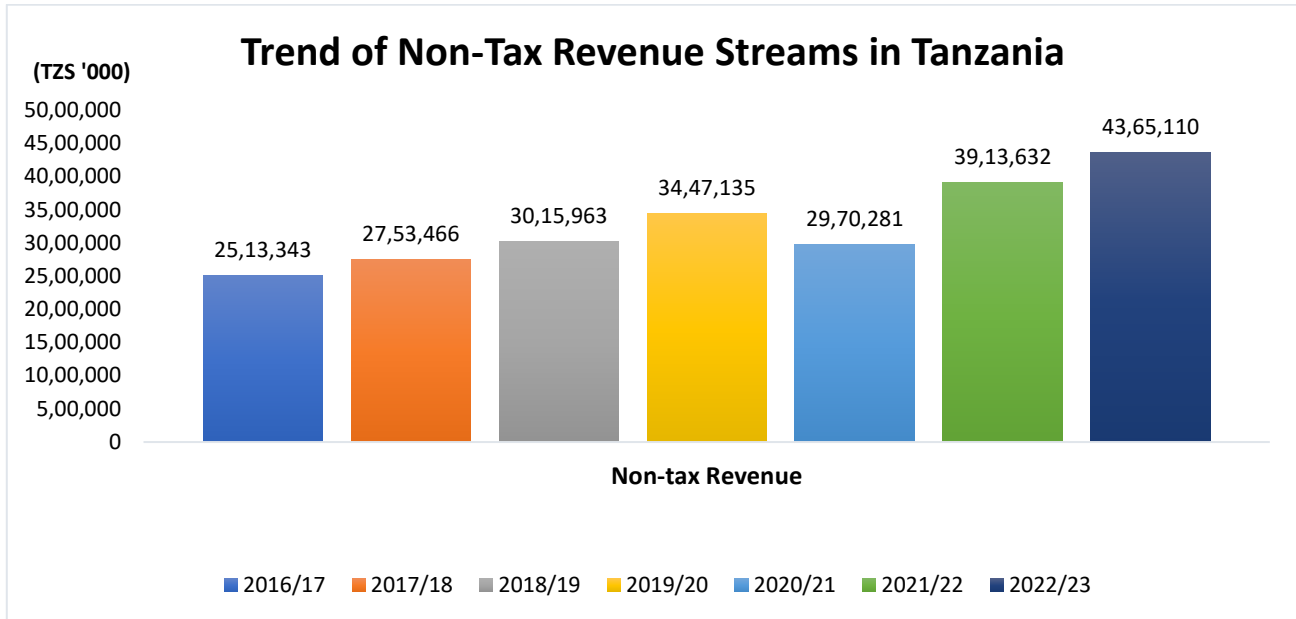
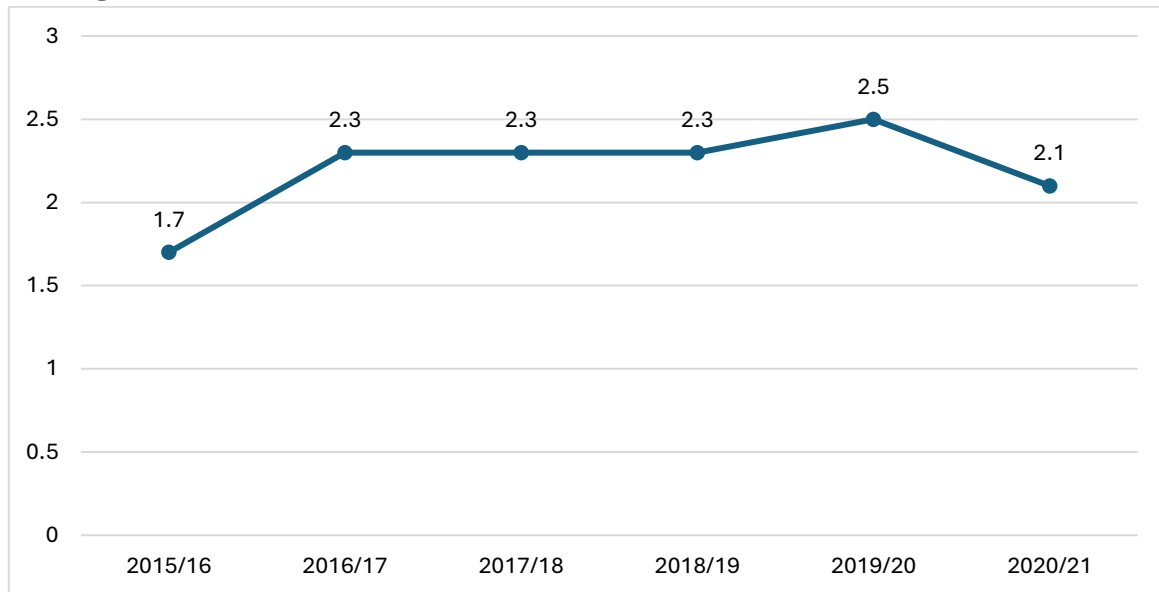**Source: Ministry of Finance and Planning, 2022.**

4.2 Contribution of Non-Tax Revenue to GDP

Despite the steady growth in non-tax revenue (NTR) collection, Tanzania's NTR-to-GDP ratio remains low compared to regional counterparts. In 2022/23, non-tax revenue accounted for 1.4% of Tanzania's GDP, as reported in the original thesis, which is significantly below the 4.5% African regional average.

Tanzania's NTR-to-GDP ratio remains considerably lower than that of Botswana (10%) and Rwanda (6.2%), both of which have adopted structured revenue-sharing frameworks, digitalized revenue collection systems, and conservation-based levies to improve efficiency. Rwanda's Tourism Revenue Sharing Program, for example, reinvests a portion of tourism revenue into local community projects, which has been instrumental in reducing leakages, increasing compliance, and strengthening local support for conservation-based tourism. Similarly, Botswana's conservation financing model ensures that wildlife tourism revenues and hunting permit fees are channeled into national conservation funds, creating a sustainable economic cycle that benefits both the environment and the economy.

In contrast, Tanzania's tourism sector remains heavily dependent on tax-based revenue, with limited formalization of alternative NTR streams such as eco-tourism taxation, cultural heritage tourism, and digital revenue collection mechanisms. The lack of a centralized and automated revenue-tracking system further exacerbates inefficiencies, contributing to leakages and suboptimal revenue mobilization. To enhance NTR's contribution to GDP, Tanzania must adopt structured revenue-sharing agreements, expand digital payment integration, and streamline institutional coordination among agencies responsible for tourism revenue collection.

From a theoretical perspective, Endogenous Growth Theory suggests that internal revenue mobilization mechanisms can drive sustainable economic development by reducing dependency on external funding sources. Applying this framework, strengthening Tanzania's non-tax revenue administration—through regulatory reforms, digital payment adoption, and diversification of tourism revenue streams—could significantly enhance economic self-sufficiency and GDP growth.

Figure 4.2: Trend of non-tax revenue in Tanzania from 2015/2016 to 2020/21


Source: Ministry of Finance, 2022

Empirical evidence supporting these arguments can be drawn from Figure 4.2, which provides an overview of historical trends in NTR-to-GDP, which highlights the potential of integrating structured revenue management strategies and leveraging global best practices which will be critical to ensuring that Tanzania maximizes its tourism-based NTR potential in the long run

4.3 Opportunities for Enhancing Non-Tax Revenue Collection

Tanzania's tourism sector presents several opportunities for optimizing non-tax revenue (NTR) collection, many of which remain underutilized. By implementing strategic policy reforms, leveraging digital innovations, strengthening institutional frameworks, and enhancing community participation, the country can significantly improve its NTR mobilization efficiency while ensuring fiscal sustainability.

One of the most promising areas for improvement is the digitalization of revenue collection systems. While Tanzania has made progress in adopting electronic fiscal devices (EFDs) and digital payment platforms, further expansion into mobile-based transactions, blockchain-based revenue tracking, and automated licensing systems can significantly enhance compliance and transparency. Countries such as Kenya and Rwanda have successfully implemented real-time revenue monitoring systems, which have minimized revenue leakages and enhanced the efficiency of tourism-related fee collection. By expanding e-ticketing and automated fee collection across national parks, cultural heritage sites, and hunting tourism, Tanzania can improve revenue predictability while reducing administrative inefficiencies. The importance of revenue digitalization can is further illustrated on Figure 4.3, which highlights visitor spending patterns based on bed nights per visit and average daily expenditure.

Figure 4.3: Average Number of Bed Nights Per Visit (Days) Vs. Average Daily Expenditures per Tourist (US $) for Package and Non-Package Tour
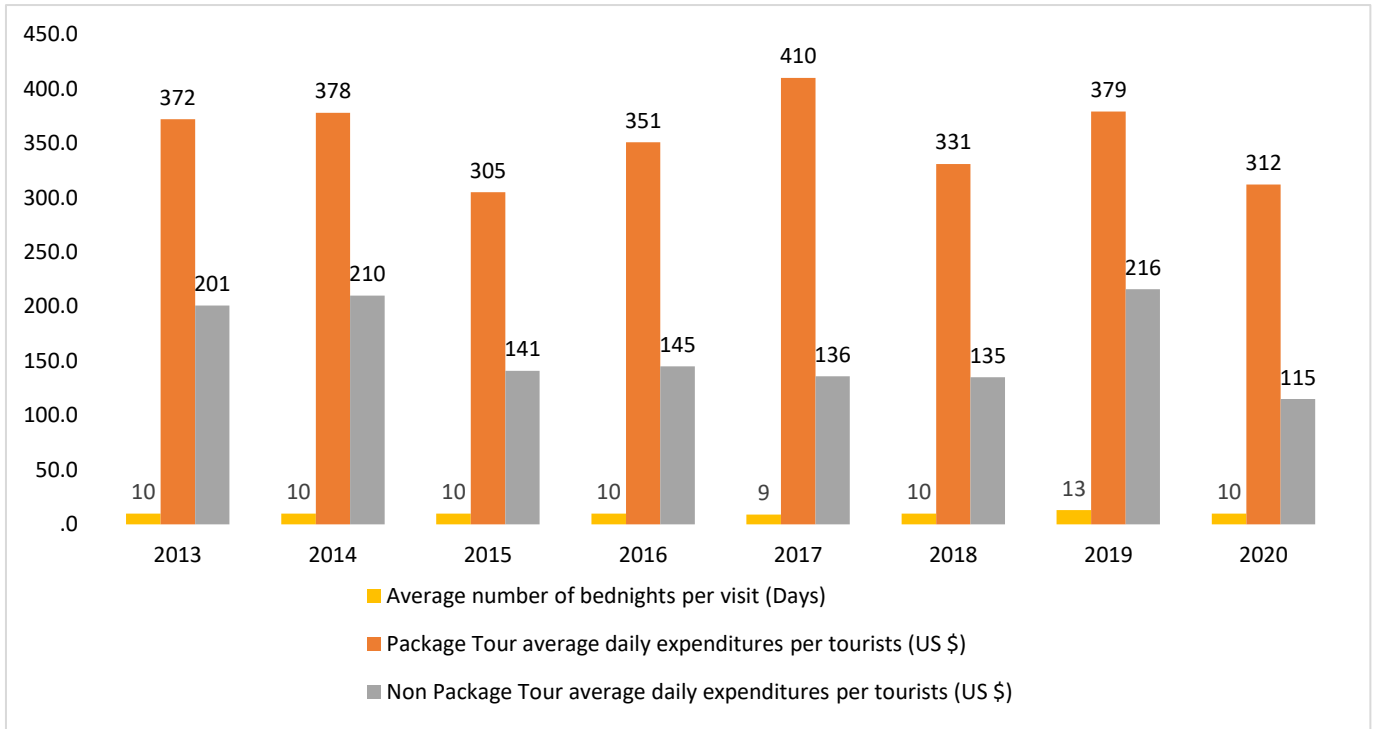
Source: Ministry of Natural Resources and Tourism

Another significant opportunity lies in the diversification of non-tax revenue sources. Currently, wildlife-based tourism dominates Tanzania's NTR collection, particularly through conservation levies, national park entry fees, and hunting permits. However, cultural and heritage tourism, local tourism, and eco-tourism remain largely untapped revenue sources. Countries such as Rwanda and Botswana have successfully introduced structured levies on cultural tourism and eco-tourism initiatives, which have expanded their revenue base. Tanzania can adopt similar models by formalizing tourism fees for historical sites, indigenous cultural events, and community-based tourism initiatives, ensuring that these sectors contribute to national revenue mobilization.

In further support on this, Table 4.2 highlights trends in hunting tourism revenue from 2015 to 2021, emphasizing the potential for increased revenue collection in this sector.

Table 4.2 Trend of Number of Tourists and Earnings from Hunting Tourism 2015-2021

Year	Number of Tourists			Revenue
	Hunters	Visitors	Total	(Shillings)
2015	608	393	1 001	28 802 391 200
2016	495	297	792	29 136 885 800
2017	473	291	764	19 202 957 607
2018	503	280	783	20 109 785 000
2019	519	483	1 002	20 864 030 536
2020	251	185	436	15 590 640 205
2021	548	101 382	101 930	35 725 991 298

Source: Ministry of Natural Resources and Tourism

Public-private partnerships (PPPs) in tourism infrastructure development also present a viable revenue enhancement strategy. Establishing PPP frameworks for managing national parks, museums, and marine conservation areas can attract private investments while ensuring efficient revenue collection mechanisms For example, Kenya's Tourism Fund model centralizes tourism levies and reinvests them into infrastructure improvements and marketing campaigns. Tanzania can replicate this model by forming investment partnerships with private stakeholders to finance and manage tourism services while ensuring sustainable revenue collection.

Additionally, enhancing institutional coordination and regulatory frameworks is crucial for maximizing NTR efficiency. Fragmented institutional mandates among the Tanzania Revenue Authority (TRA), Tanzania National Parks Authority (TANAPA), Ngorongoro Conservation Area Authority (NCAA), and other agencies have led to overlapping revenue collection responsibilities and inefficiencies. Streamlining regulatory frameworks to centralize NTR collection under a single institutional framework will improve administrative efficiency and accountability. Moreover, implementing a transparent revenue-sharing system—similar to Rwanda's structured revenue distribution model—can improve compliance and ensure local communities benefit from tourism revenues, thereby reducing resistance to formalized fee collection Finally, incentivizing domestic tourism through reduced entry fees, promotional campaigns, and infrastructure investments in lesser-known destinations can expand the domestic tourism market and enhance revenue predictability. Countries such as South Africa have successfully implemented seasonal tourism incentives, which have boosted domestic visitor numbers and generated stable non-tax revenue inflows. Tanzania can explore similar incentives to enhance local participation in tourism-based revenue generation. The role of wildlife-based tourism as a key NTR contributor is well-illustrated in Figure 4.4, which presents the trend of total revenue from the wildlife sub-sector from 2017 to 2021, reinforcing the need for diversification and strategic investment in tourism revenue sources.

Figure 4.4: Trend of Total Revenue from Wildlife sub-sector 2017-2021 (shillings)
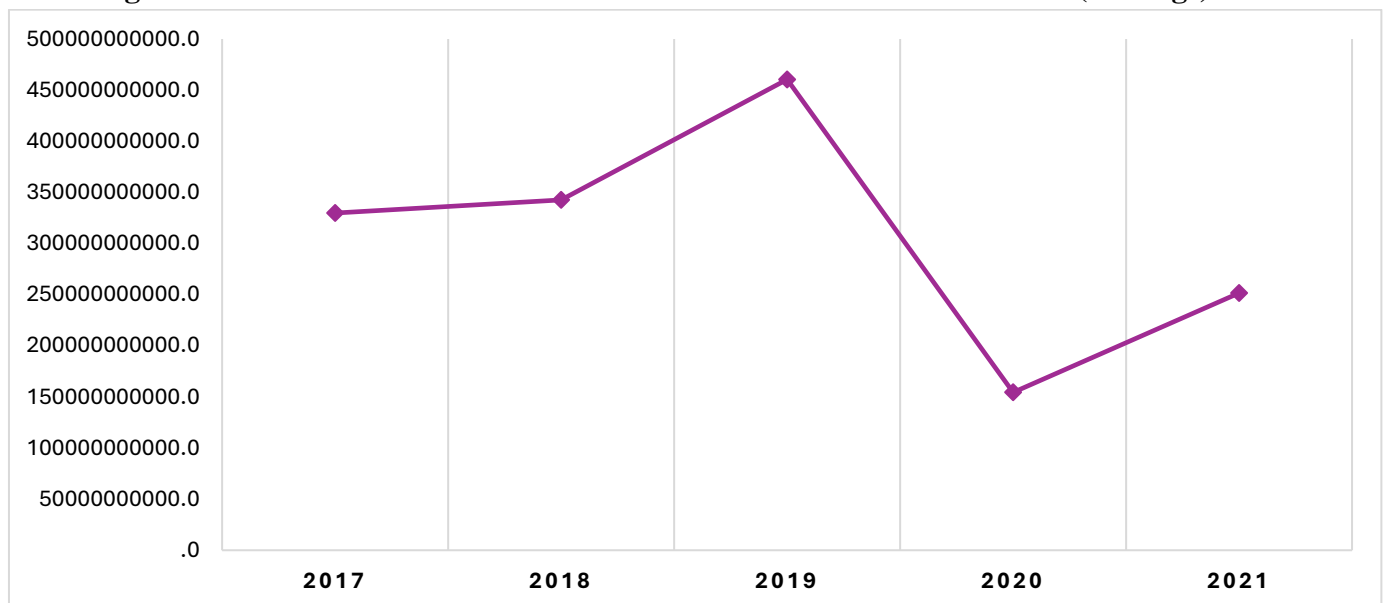
Source: Ministry of Finance, 2022

By leveraging these strategic opportunities, aligning policy interventions with best practices, and adopting digital revenue systems, Tanzania can optimize its tourism-based non-tax revenue collection, ensuring

long-term fiscal sustainability.

5. Conclusion and Policy Recommendations

5.1 Conclusion

This study has comprehensively examined trends and opportunities for enhancing domestic resource mobilization (DRM) through non-tax revenue (NTR) collection in Tanzania's tourism sector. The findings reveal that while NTR collection has exhibited steady growth over the past decade, its contribution to GDP remains relatively low, indicating significant untapped potential. National parks and wildlife conservation fees serve as the dominant revenue sources, yet underutilized streams such as hunting tourism, cultural tourism, and community-based tourism initiatives remain overlooked.

The introduction of digital payment systems has improved revenue collection efficiency, but further expansion into mobile transactions, real-time auditing, and blockchain-based transparency mechanisms could enhance compliance and revenue accountability. Additionally, public-private partnerships (PPPs) for tourism infrastructure development present a promising avenue for expanding revenue streams while reducing the government's financial burden. Comparative analysis with Kenya, Rwanda, and Botswana indicates that Tanzania can significantly enhance its NTR if it adopts a structured approach to tourism taxation, fee enforcement, and revenue reinvestment strategies.

Unlocking the full potential of NTR in Tanzania's tourism sector requires strategic reforms focusing on revenue diversification, regulatory streamlining, and digital innovation. By adopting international best practices, strengthening institutional frameworks, and formalizing revenue-sharing mechanisms, Tanzania can maximize the fiscal benefits of its tourism industry while ensuring long-term sustainability.

5.2 Policy Recommendations

5.2.1 Expanding Digital Revenue Collection Systems

To optimize NTR collection, Tanzania should fully integrate digital payment technologies across all tourism-related revenue streams. The adoption of mobile payment platforms, blockchain-based tracking, and automated revenue auditing mechanisms can improve compliance, reduce leakages, and enhance transparency in non-tax revenue administration. Rwanda and Kenya have successfully implemented centralized digital tax systems that have significantly improved compliance and collection efficiency.

5.2.2 Diversifying Non-Tax Revenue Streams

While national parks and wildlife conservation fees remain the primary contributors to NTR, there is a need to diversify revenue sources by promoting cultural and heritage tourism, domestic tourism markets, and eco-tourism services. The government should consider introducing structured tourism levies on cultural attractions and community-based tourism initiatives, similar to models implemented in Rwanda and Botswana. Figure 4.4, which illustrates the trend of total revenue from the wildlife sub-sector from 2017 to 2021, can provide empirical support for this argument.

5.2.3 Strengthening Public-Private Partnerships (PPPs) in Tourism

Strategic partnerships with the private sector can improve tourism infrastructure, service delivery, and revenue collection efficiency. Establishing joint management frameworks for heritage sites, national parks, and eco-tourism projects would reduce the financial burden on the government while expanding revenue potential. A well-structured PPP model, similar to Kenya's Tourism Fund, could enhance sustainability and long-term investment in the tourism sector.

5.2.4 Enhancing Regulatory and Institutional Coordination

The fragmented management of tourism-related revenue across multiple institutions has been identified as a barrier to efficient NTR collection. Streamlining the regulatory framework and improving coordination between institutions such as TANAPA, NCAA, TRA, and local governments will enhance revenue administration efficiency. Establishing a centralized NTR management system could also simplify fee collection, enforcement, and accountability mechanisms.

5.2.5 Developing Incentives for Domestic and Sustainable Tourism

Encouraging domestic tourism can expand the revenue base while reducing dependency on international arrivals. The government should introduce incentive programs such as discounted entry fees for local tourists, seasonal tourism promotions, and infrastructure improvements in lesser-known tourist destinations. Additionally, aligning NTR collection with global sustainable tourism standards, such as eco-tourism levies and conservation fees, can enhance both revenue growth and environmental conservation efforts.

5.3 Future Research Directions

This study highlights the significant role of non-tax revenue in Tanzania's DRM strategy, emphasizing the need for data-driven reforms, digitalization, and policy innovation. Future research should focus on assessing the financial impact of digital tax reforms on NTR efficiency and examining the long-term effects of PPPs in tourism revenue management. Additionally, further studies could explore the socio-economic impact of cultural and heritage tourism development on local communities to enhance inclusive and sustainable growth in the tourism sector. By implementing these policy recommendations, Tanzania has the opportunity to transform its tourism-based NTR collection into a robust, sustainable, and well-integrated revenue stream that supports economic growth and national development.

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