

UNITED NATIONS DEVELOPMENT PROGRAMME



PROJECT INITIATION PLAN

Country:	United Republic of Tanzania
Project title:	RFF: Green Growth and Innovation Disruption for the Tourism Sector <i>Tag Line: Building forward better a green and more inclusive Tanzanian tourism sector</i>
Expected Outcome(s):	Improved capacity of tourism ecosystem actors to pursue a resilient, gender responsive and inclusive recovery.
Expected Outputs:	1. Selected tourism ecosystem actors adopt digital tools and technological innovations for improved operations, marketing and promotions. 2. Selected youth and women owned MSMEs are better integrated and more competitive in the value chain of the tourism industry on mainland and Zanzibar.
Initiation Plan Start/End Dates:	Jan 2021 – June 2022
Implementing partner:	UNDP

Brief Description

This project is in line with the outcomes of UNDAF II and the UNCT Socio-Economic Response Framework and is consistent with the principles of the UN Framework for the immediate socio-economic recovery to COVID-19. This means that this project will invest in the tourism sector (which has been affected heavily by the pandemic) for the economic development of the country.

This support package will include financial and non-financial assistance for MSMEs operating in the horticulture and creative sectors, in particular, to ensure they are able to cope with the challenges and seize the opportunities brought about by the pandemic. The project will target MSMEs owned by the most vulnerable groups such as women and youth and help them tackle issues of quality standards, technological adoption, innovation of products and access to capital. These target groups will access support through their umbrella organizations (such as the Tanzania Association of Tour Operators) to implement some of the proposed interventions as specified in the workplan of this proposal. The selection criteria for these target groups will be MSMEs facing business closure, those facing loans defaults, those reducing employees and those which have formally or informally closed their operations. The point of reference for informing the selection of target groups will be the recovery plans for the tourism sector for both Tanzania mainland and Zanzibar, the rapid socio-economic impact of COVID-19 in Tanzania and other national strategies which specifies the most affected value chains in the tourism sector.

Program Period: Jan 2021 – June 2022 (18 Months)

Atlas Project Number:

Atlas Output ID:

Gender Marker:

Total resources required: 1,500,000

Total allocated resources: 1,500,000

Unfunded budget: N/A

In-kind contribution

I. Purpose and Expected Output

The Context

The adverse socio-economic impacts of COVID-19 hit Tanzania mainly through external channels and this exposed the high vulnerability of the country to external shocks. Real GDP growth is expected to fall to about 4 percent this year and further decelerate to less than 3 percent next year – compared to a pre-crisis projection of nearly 6 percent.

Trading partners' also have faced difficulties which adversely affected the country's current accounts, reducing forex earnings and domestic tax revenue, and the collapse of international travel led to the decline in tourism. For example, in the months between March and July alone there was an 81% decrease in number of tourists which caused a loss of USD789.26 million in foreign exchange and of about three quarters of the jobs in the sector.¹ These estimates do not take in consideration the impact on indirect and induced jobs. Tourism accounts for 17.5 percent of GDP and 35 percent of export receipts² and directly employs nearly 1 million people.³ The sector experienced a 76% decline in total,⁴ a rate that is in line with the impact experienced by the industry globally.⁵ This reduced contribution to GDP greatly compromised the fiscal space required to finance basic social services and infrastructure.

The sharp decline in arrivals entailed the closure of businesses along the value chain in the tourism industry including hotels, tour operators, tour guides, local and international airlines, local transporters, food suppliers and traders. This meant loss of jobs and livelihoods opportunities especially for unprotected workers and informal businesses, mostly youth and women owned.

In response to the COVID-19 shocks, the Government of Tanzania introduces some measures aimed at both cushioning the impact on the most affected sectors and increasing their resilience to future shocks. Examples of such measures include:

- (i) involvement of some airlines in the export of flowers, vegetables, and fish directly from Mwanza and Kilimanjaro airports;
- (ii) financial support to cover the salaries of those employed in the tourism sector after reopening the country's airspace and removing restrictions to tourism operators;
- (iii) coverage of a higher share of operational costs and development expenditure of the Tanzania National Parks Authority (TANAPA), Ngorongoro Conservation Area Authority (NCAA) and Tanzania Wildlife Management Authority (TAWA), heavily impacted by the sharp decrease in number of visitors due to the pandemic.

¹ MNRT, UNDP, Comprehensive COVID-19 Recovery and Sustainability Plan for Tourism Sector in Tanzania, 2020/21-2024/25, September 2020.

² IMF (2020) IMF Country Report No. 20/203

³ UNDP Rapid Socioeconomic Impact Assessment in Tanzania, June 2020

⁴ <https://allafrica.com/stories/202009090073.html>

⁵ UNCTAD, COVID-19 AND TOURISM, Assessing the Economic Consequences, July 2020.

On the other hand, UNDP's responded to the COVID 19 shocks by reprogramming its unspent and uncommitted resources from existing projects and different sources. A total of USD 1,167,500,000 was committed to help the country respond to the COVID-19 pandemic. The ongoing response in the tourism sector includes the following projects:

- (i) **Integrated Tourism in Zanzibar.** Through this project, UNDP is contributing to an improved and more inclusive value chain within the tourism industry by increasing the competitiveness and integration of MSMEs, especially informal ones, owned mostly by women and youth.
- (ii) **Formulation of a comprehensive COVID-19 recovery plan for the tourism sector.** The Ministry of Tourism and Natural Resources (MNRT) requested financial and technical support from UNDP to 'develop a comprehensive COVID-19 response plan for the tourism sector'. In particular, MNRT requested assistance in ensuring that the formulation process be inclusive as possible and that the plan aimed at delivering a stronger, more resilient sector which can adapt to and withstand shocks such as those caused by the COVID-19 pandemic. The UNDP Country Office responded positively to this request and provided the required assistance. The plan was published in September 2020.
- (iii) **Strengthening TATO's capacity to respond to the pandemic.** The Tanzania Association of Tours Operators (TATO) requested assistance from UNDP in responding to the pandemic by putting in place an ambulance service and health centers that could serve sick tourists. UNDP agreed to this request and assisted TATO in establishing this service.

Rationale

The rationale of this project is to contribute to building a more resilient, gender responsive and inclusive tourism sector which can withstand future shocks. This is due to the fact that, if we assist selected tourism ecosystem actors, especially youth and women owned MSMEs, in the adoption of digital tools and other innovations that enable greater integration, competitiveness, resilience and greener outcomes, then the overall value chain of the tourism sector will be better functioning, more inclusive and gender responsive and finally capable to recover from the current crisis and withstand future shocks.

The Recovery Plan indicates two areas of intervention in which UNDP Tanzania proposes to intervene: (i) supporting the digitalization of the sector actors and (ii) supporting product diversification and technological uptake by MSMEs. Through these two areas of interventions, the project will support actors' access to digital tools necessary for adding value to tourism products, developing new products, and enabling adoption of a new modus operandi. Digital tools will ultimately transform the tourism industry, its enterprises, products, and experiences, including its business ecosystem. They will enable their adaptation to the 'new normal' in operations, marketing and promotions and increase their competitiveness.

These two areas of interventions will help the sector to diversify its products based on the market segmentation. In addition, product diversification will be a key step to increasing the industry's resilience and capacity to adapt in the face of future shocks (e.g. pandemics, natural disasters). The project will therefore focus on creating new avenues for value addition in the sector and introducing products that are easier, cheaper and more sustainable to deliver. It is also anticipated that a good part of the project resources will be dedicated to capacity building efforts targeting sector actors as recommended by the comprehensive COVID-19 recovery plan for the tourism sector. The project will

benefit from the lessons learned through ongoing interventions supporting horticulture, creative industry and MSMEs and take the advantage of the Accelerator Lab given its innovative contents.

Expected output

- i. **Output 1.** Selected tourism ecosystem actors adopt digital tools and technological innovations for improved operations, marketing, and promotions.

Key activities:

- 1.1 Enable access by selected tourism ecosystem actors to digital tools and other technological innovations.
- 1.2 Train selected tourism ecosystem actors in the adoption and use of digital tools and other technological innovations.

- ii. **Output 2.** Selected youth and women owned MSMEs are better integrated and more competitive in the value chain of the tourism industry on mainland and Zanzibar.

Key activities:

- 2.1 Support selected youth and women owned MSMEs with a comprehensive package of assistance, to increase their competitiveness and integration in the tourism value chain.
- 2.2 Engage with selected private sector institutions to strengthen their role in delivering a more resilient, gender-responsive and inclusive tourism sector

II. Management Arrangements

DIM. The project will be implemented through the Direct Implementation Modality (DIM) in accordance with UNDP rules and regulations. UNDP will be the Implementing Partner, responsible and accountable for overall management and implementation of the project. In collaboration with other stakeholders, UNDP will undertake oversight and quality assurance of project deliverables as well as periodic monitoring of project delivery. Technical and operational support will be provided to facilitate smooth implementation of the project.

PSC. The UNDP Resident Representative in consultation with the Permanent Secretary of MNRT will form a Project Steering Committee (PSC) as a governing body of the project and will be responsible for decision making under the management of the project through dialogue and consensus. The PSC will convene on a bi-annual basis to receive updates on progress against annual work plans. The PSC will be chaired by the Permanent Secretary of MNRT, and co-chaired by the UNDP Resident Representative. The PSC will include high-level representation from UNDP, TATO, and the private sector.

PTC. A Project Technical Committee (PTC) comprised of the technical focal points from the institutions forming the PSC will support the day-to-day management of the project. It will ensure adequate quality control of key activities. The PTC meetings to be held on a quarterly basis or when deemed necessary.

III. Monitoring

The Country Office will use its own M&E system to ensure there is a result-oriented monitoring and reporting mechanism in place able to produce regular briefing notes on progress and a final report. In terms of financial management and reporting, the Country Office will adhere to UNDP's financial due diligence and public disclosure procedures.

Outcome: Improved capacity of tourism ecosystem actors to pursue a resilient, gender responsive and inclusive recovery.											
Expected Output	List of activities	Time frame						Descriptions			
		2021				2022		Planned Budget (USD)	Budget Source	Overall budget description	Responsible Party
		Q 1	Q2	Q 3	Q 4	Q1	Q2				
Output 1: Selected tourism ecosystem actors adopt digital tools and technological innovations for improved operations, marketing and promotions.	<i>1.1 Enable access by selected tourism ecosystem actors to digital tools and other technological innovations.</i>	X	X	X	X	X	X	200,000	RFF	Consultancy & procurement	TATO, ZNCC, ZATI, ZTC UNWTO,
	<i>1.2 Train selected tourism ecosystem actors in the adoption and use of digital tools and other technological innovations.</i>	X	X	X	X	X	X	200,000	RFF	Consultancy + workshops	TATO, ZTC, ZATI
Output 2: Selected youth and women owned MSMEs are better integrated and more competitive in the value chain of the tourism industry on mainland and Zanzibar.	<i>2.1 Support selected youth and women owned MSMEs with a comprehensive package of assistance, to increase their competitiveness and integration in the tourism value chain.</i>	X	X	X	X	X	X	750,000	RFF	Consultancy fees, procurement, financial assistance & workshops	TATO, TTGA, ZNCC, TAHA
	<i>2.2 Engage with selected private sector institutions to strengthen their role in delivering a more resilient, gender responsive and inclusive tourism sector</i>	X	X	X	X	X	X	200,000	RFF	Technical and financial support	TATO, TTGA, ZNCC

Project Management	Project technical assistance, monitoring and field visits	X	X	X	X	X	X	45,000	RFF	Travel and monitoring related costs	UNDP
	Direct Project Costs	X	X	X	X	X	X	105,000	RFF		UNDP
Grand Total								1,500,000			

Approved By



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Christine Musisi
Resident Representative
22nd Dec 20

