Generating Tourism Investment in Mozambique

A Case Study
Mozambique

- 20 million
- Capital Maputo
- Arrivals; 770,000 (2007)
  - Portugal (top international)
  - South African (top regional)
- Tourism assets;
  - Beaches
  - 15% PAs
  - Marine
  - Cultural
  - (business)
Mozambique Assets

- Coastal, heritage.
‘Potential’ unrealised

- However, various barriers in place, preventing ‘potential’ translating into investments and growth e.g.
  - Lack of clarity on ‘due process’ in tourism investment deterring investment – negative ‘perception’
  - Access to land (identification, rights, communities)
  - Lack of sub-division rights for secondary developers
  - No concessioning framework for investment in PAs
  - No clear model for community participation in protected areas or other tourism activities
Program Structure

• Program duration initially 3 years
• Followed a 6 phase process

- **Phase 1** - Designing the program, establishing approvals and mobilizing resources
- **Phase 2** - Selects, secures and packages investment opportunities, whilst also identifying barriers to investment
- **Phase 3** - Barrier ‘reforms’ undertaken so ‘clean’ investment opportunities are marketed according to procurement objectives
- **Phase 4** - the transaction is structured and negotiated (prior to entering this phase, investor interest needs to have been secured)
- **Phase 5** - investors (including possible community or state participants) secure finance to realise the investment
- **Phase 6** - investor aftercare is implemented and developmental impacts secured from the investment
Getting started ‘opportunity creation’

• Choosing ‘accommodation products’
  ▫ Mozambique’s asset base, demand and the strategic policy direction of the Ministry clearly pointed towards;
    • Eco-lodge development in Protected Areas
    • Resort development at the coast
• Grounding decisions in existing policy frameworks
  ▫ The Ministry had already identified 18 PATIs (Priority Areas for Tourism Investment) in their strategic plan – but there was so far no action plan to bring them to life. Site Selection was concentrated in these areas.
Site selection

• **Resorts**
  - It was decided to identify 2 types of resort; a coastal resort with golf, and a coastal resort without golf
  - 19 field inspections carried out to shortlisted sites
  - Criteria applied, sites ranked and presented to workshop
  - Two final sites were chosen by the stakeholder workshop and approved by the Minister
    - Crusse-Jamali (in North)
    - Inhassoro (in South)

• **Eco-lodges**
  - The program was asked by Government to include the Maputo Elephant Reserve as one of the sites.
  - A site selection mission was however conducted to assess the suitability of the Reserve and to investigate individual sites, and confirm land availability
  - Two pristine islands in the north of the country were identified as the 2nd site.
Concept Development

Crusse/Jamali – Concept for Site Development

- Concept Sketch to illustrate layout of northern end of Site
- Community Fishing Port and Market
- Day Visitor Restaurant and Beach Area
- To Nacala
- Entrance
- PLANTACAO NAMADE
- 5+ Star ±100 Room Hotel
- Max. 5-10 unit Exclusive Residential Clusters
- Mangrove Forest
- CRUSSE ISLAND ±30 Stilted Chalets
- INDIAN OCEAN Mozambique Channel
- Boutique ±40 Room Hotel
- Ponta Mangaca
- Stilted Island
- Exclusive Chalets
- Boutique Mainland Hotels

Unique attraction opportunities

Private Residential Units

Island-Style Development

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Packaging Sites

• Crucial to the success of the program was creating ‘investment-ready’ opportunities – so not only identifying sites, but ensuring access and removing administrative and other burdens.

• Approached on a case-by-case process at site level as well as national level. What barriers are in place? How does this effect the investment here?

• Some of this centered on securing land-use rights to the sites, bridging the information gap for investors, amending and contributing to the design of new legislation and regulations. Also creating ‘precedents’ for future replication.

• Some examples;
  ▫ Integrated Resort Scheme
  ▫ Management Fees levied from investment in Pas
  ▫ Investment Climate Library
    www.tourisminvest.org/Mozambique/
E.g. Integrated Resort Scheme

- Balance of GoM and Private Sector interests (control and revenue vs. greater security over land tenure and incentives)
- GoM – social development fees (levied from sales), plus registration fees and financial guarantees
- PS – automatic renewal of land tenure (4 x 50), automatic granting of subdivision and transfer rights, incentives (e.g. automatic residents visa).

- Decree ‘Zones of Tourism Interest’ – government can reserve areas for tourism development
- Investment Regulations amended – allows resorts to apply for special economic zone status
Investment Procurement Strategy

- i.e. How to ‘sell’ the investment opportunities – to what kinds of investors and under what conditions?
- Designed a strategy based on;
  - ‘demand’ - results of market testing from operators in region
  - Objectives of Ministry of Tourism and Government
- Strategy included ‘investor profiles’
- Resorts
  - Both would be targeted at Primary Developers (large), with Inhassoro Site on a limited tender, and Crusse on a direct, but structured, negotiation.
- Eco-lodges
  - Popularity of Elephant Reserve suggested a tender for all three concessions. Each of them aimed at a different profile
  - Zambezia Site would be a limited tender – islands first...
Launch event

H.E. Minister Fernando Sumbana
Minister of Tourism, Mozambique
Minister of Tourism launches the Anchor Investment Sites in Dubai

May 3-5, 2008, Speaking during the plenary session “Global Investment Opportunities,” Minister Fernando Soares said “For the first time, I am delighted to reveal the precise details for each of the four Anchor Investment Sites! These sites represent some of the best opportunities for large-scale tourism investment in one of Africa’s most beautiful, pristine and unique destinations.”

The Anchor Investment Sites were selected for their advantages in terms of natural assets, location, access, development potential and proximity to existing attractions. They are all legally secured and available for immediate investment.

IFC Mozambique’s Country Manager Bat controlId said “We are looking for larger scale primary developers and operators with a proven track record of similar developments in other emerging markets that subscribe to environmentally and socially sound development principles.”

The Anchor Investment Sites

Cruise/Jamali Anchor Site
Situated alongside the warm, pure waters of the Indian Ocean, this 1,500ha pristine site of secluded bays and two small islands in Inhambane Province has been selected for development of an exclusive tourism resort. A short boat-trip away from the 15th century UNESCO World Heritage Site of Ilha de Mozambique, this site offers excellent potential for the creation of clusters of boutique hotels, a marina, elevated chalets, tennis courts and a number of select high-end residential units.

Inhassoro Anchor Site
With elevated views access to the spectacular Bazaruto Archipelago, this mainland coastal site in Inhambane Province is a stunning location for large-scale tourism development. Comprising sandy beachfront, dunes and semi-dry woodland ecosystems, this site is located to the north and south by two spring-fed rivers. The site offers a unique opportunity to develop an exclusive integrated resort in a much sought-after, well-established tourism location.

Glú Anchor Site
The Glú Reserve, a beautiful, remote, wild and unpopulated Protected Area in Inhambane province comes hand-in-hand with two small offshore islands some 40km away: Caxuvue and Ilhéu de Fernando Poo. With both components rich in biodiversity and home to some of the most prized species of flora and fauna in the world, this package is perhaps one of the last remaining opportunities for large-scale investment in conservation areas in Africa, as well as a unique opportunity to develop world-class bush-beach eco-tourism.

Maputo Elephant Reserve Anchor Site
Lying between the capital city of Maputo and the South African border, the Maputo Elephant Reserve with its unique mosaic of forests, freshwater lakes, dunes, salt pans and rivers is the site for eco-tourism development in Maputo Province. The 800km² Protected Area is home to rich biodiversity, 300 elephant, and is a breeding ground for the almost extinct sea-lion. Within easy distance of Maputo and the wider Kruger National Park area, this site offers a unique opportunity to integrate luxury coastal tourists into existing tourism circuits.

Next Steps – What is the Anchor Program doing now?
The Anchor Investment Sites
MOZAMBIQUE TOURISM ANCHOR INVESTMENT PROGRAM

Crusie/Jam
TOURISM RESORT

Straddling along the warm, azure waters of the Indian Ocean, this large pristine site of scalloped bays and two small islands in Nampula Province has been selected for development of an exclusive tourism resort. A short boat-trip away from the 17th Century UNESCO World Heritage Site of Ilha de Moçambique, this site offers excellent potential for the creation of clusters of boutique hotels, a marina, sheltered coves, tennis courts and a number of select high-end residential units.

Size
Total size of the site is 1,750ha.

Site description
The site is made up of three small islands, Cruze and Jam, giving way to a tidal lagoon protected by a 4,000ha protected wetland.

Location
The site lies 300m off the coast 10km from Ilha de Moçambique, and 300m from Nualala, eastern Africa's deepest natural harbor, earmarked for the development of a large commercial port. The international airport in Nampula has the second largest landing capacity in the country (after Maputo) and is able to land planes up to a Boeing 717. From the site, high and low voltage power lines can be found approximately 18km and 10-17km away respectively.

Ilha de Moçambique
Ilha de Moçambique, the 15th Century former Arab trading post and later capital of the country, lies just 5 minutes south of the Crusie/Jam Anchorage Site by boat. Featuring a unique blend of European, Arabic and African history, culture and architecture, the small island is one of the country's tourism gems.

Concept development
The characteristics of the site facilitate a variety of developments, including exclusive island lodges, marinas, hotels, restaurants and front line residential development. The protective character of the islands, scalloped bays and shallow coast provide extensive opportunities for safe swimming and recreational water activities, whilst the reefs and coral outcrops are ideal for snorkeling and diving at all skill levels. Excellent potential for game fishing is offered in the neighboring deep water channel, and the adjacent woodland reserve has the potential for future development into a game reserve.
Eco-lodges

- Elephant Reserve;
  - International tender launched Dec 2008
  - Ministry of Tourism received over 100 inquiries over a three-month period
  - Ministry received 15 Expressions of Interest from a variety of domestic, regional, and international investors, 7 of which met the criteria to proceed to the next stage of the process
  - Requests for Proposal (RFPs) and evaluation
  - Approx. $3 million, 50 jobs SECURED
Eco-lodges

- Bell Foundation in partnership with A Hi Zameni Chemucane
  - 50 year concession rights awarded to community
  - Signed 25 yr agreement with 40% shareholding (2 x 500,000)
  - At maturity should receive an annual net income of $550,000 with 60 jobs and 550,000 wage bill
  - Construction is expected to start in 2011.
Eco-lodges

- 2 coral islands (as part of the Zambezia Site)
  - Tendered by INATUR on their own
  - Evaluation complete
  - Winning bidder notified
- Approx $30 million and 250 jobs
Questions...?