TOURISM INVESTMENT OPPORTUNITIES IN SOUTHERN AFRICA

Presented by Francis Mfune, Executive Director, RETOSA
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WHO IS RETOSA?

The regional Tourism Organisation of Southern Africa (RETOSA) is a permanent body and legal entity of the Southern African Development Community (SADC) responsible for tourism growth and development.

Vision and Mission: To develop tourism through effective marketing of the region in collaboration with public and private sector institutions in all the 15 Member States.
Southern Africa, is a resource-rich continent with developmental headroom, large ultimate market and economic potential.

The sub-region has become a tourism and economic powerhouse of the African continent.
A warm welcome to an abundance of collaborative investment opportunities
ORGANISATION OBJECTIVES

- Using tourism as a vehicle for regional socio-economic development
- Ensuring equitable distribution, balance and complementary development of tourism in the region
- Improving the quality, competitiveness and standards of service of tourism in region
- Aggressively promoting the region as a single but multifaceted tourism and investment destination
- Facilitating intra-regional travel for the development of tourism through advocacy to harmonization of tourism infrastructure and services (the UNIVISA)
The Southern Africa Region in brief

Population
257 million people

GDP
US$465 billion in 2009 and estimated to reach US$ 536 billion in 2010

Tourism Contribution to GDP
2.5% to 10% for most member states

Global market share;
arrivals – 2% as of 2009 (less than 1/3 of Spain’s arrivals) but growing at 6.5% per annum

Spanish receipts – 1.4%, with a growth rate of 13.8% per annum between 2000 – 2008

Spain as supplier of arrivals to Southern Africa
70 000 arrivals in 2008 (compared to 930 000 from the UK, 708 000 from France and 217 000 from Italy)
Figure 1: Tourism Yields – Share of Arrivals vs Receipts 2008
Investment opportunities in Southern Africa in general

Vast opportunities in the areas of

- Infrastructure development and services ie. airport and roads upgrades and construction, communication and support services etc.

- Natural endowments: minerals, oil, abundant raw materials for manufacturing and value addition.
Transfrontier Conservation Areas (TFCAs)

- Upgrading and improvements to parks, National Park Concessions mainly for wildlife based activities, accommodation and hotels
- Conference facilities, Leisure resorts, water sport, lodges and Heritage attractions
- Tour operations, travel and transportation services
- Community-based tourism activities
- Joint ventures with existing players
DEFINITIONS

Transfrontier Conservation Area (TFCA):
Is an area straddling across two or more international borders where the natural and cultural resources are collaboratively managed by the governments/authorities involved.

Transfrontier Park (TFP):
Is an area where two or more protected areas are adjoined and collaboratively managed across the international borders.

Note: TFCA is commonly used in both cases.
### OBJECTIVES OF TFCAs

<table>
<thead>
<tr>
<th>ECOLOGICAL</th>
<th>SOCIO-ECONOMIC</th>
<th>GOVERNANCE</th>
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<tbody>
<tr>
<td>Enhance biodiversity</td>
<td>Promote growth of the tourism sector specifically cross-border tourism</td>
<td>Deepening regional integration and cooperation</td>
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<td>conservation through</td>
<td>Increasing the economies of scale for economic activities such as ecotourism, and natural resource based enterprises.</td>
<td>Promote peace and harmony</td>
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<td>cross-border planning</td>
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<td>and management of</td>
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<td>shared ecosystems.</td>
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<td>Re-establish ecological</td>
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<td>functions such as seasonal migration routes for wildlife that were disrupted by fences along political borders.</td>
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<td>Promote basin-wide</td>
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<td>approaches to the</td>
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<td>management of</td>
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<td>international rivers and</td>
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<td>wetlands</td>
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People are often linked across borders by kinship, language and culture.
WHY INVEST IN SOUTHERN AFRICA

Southern Africa is an attractive investment destination offering various lucrative investment opportunities.

The investment climate of the sub-continent is characterised by
- A macro economic environment that is stable with multi party democratic political systems, peace and a region that is resolute to fighting corruption
- Investment incentives and guarantees (duty, tax exemptions and capital allowances)
- Generally un-restricted repatriation of after-tax profits
- A commitment to the philosophy and practice of market liberalization policies. The region is now a free trade area and taking steps towards a Common Market and Monetary Union.

- Ongoing donor and government support for expanded infrastructure development (electricity, water supplies, transport and communication).

- Strong private/public sector advocacy groups such as National Chambers of Commerce and National Investment Promotion Agencies.

- Easy entry of visitors to the region. A majority Member States of Southern Africa do not require Visas from citizens of most European countries prior to entry – Visas are issued at ports of entry.
- Most countries have removed monetary barriers such as the requirement to pay airport taxes in foreign currency

- Abundant skilled and unskilled labour

- Almost still untapped natural and cultural resources i.e. oil, gold, diamond, wildlife and a rich African cultural heritage

- The Southern Africa countries are invariably signatory to many international Treaties and Protocols, including the European Union/Africa Caribbean Pacific (EU/ACP), Africa Growth and Opportunity (AGOA), the Trade Related Intellectual Property Rights (TRIPS), membership to the UNWTO, WTO, Everything But Arms (EBA) market initiatives to the European Union (EU), Canada Market Access Initiative, Chinese Market Access Initiative, and Japanese Market Access Initiative
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TFCA DEVELOPMENT STRATEGY

- In 2005 tourism Ministers of 9 SADC countries of Angola, Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe endorsed a TFCA strategy for 2010 FIFA World Cup and beyond.

- The main objective of the strategy is to increase the tourism potential of Southern Africa through consolidation

- It is capitalizing on the opportunities presented by the 2010 Soccer World Cup to the tourism industry, in terms of increased tourist arrivals as well as increased media focus
TFCA DEVELOPMENT STRATEGY

- **The first phase** focuses on seven TFCAs including Ai-Ais-Richtersveld; Kgalagadi; Kavango-Zambezi; Great Limpopo; Greater Mapungubwe; Lubombo; Maloti-Drakensberg.

- **The second phase** TFCAs still being developed include Iona-Skeleton Coast (Angola and Namibia); Liuwa Plain-Kameia (Angola and Zambia); Kariba (Zambia and Zimbabwe); Lower Zambezi-Mana Pools (Mozambique and Zimbabwe); Chimanimani (Mozambique and Zimbabwe); Luangwa-Nyika (Malawi and Zambia); Niassa-Selous (Mozambique and Tanzania) and Maiombe Forest (Angola, DR Congo and Congo)
<table>
<thead>
<tr>
<th>TFCA /TFP</th>
<th>COUNTRIES</th>
<th>STATUS</th>
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<tbody>
<tr>
<td>Kgalagadi TFP</td>
<td>Botswana, RSA</td>
<td>Agreement signed 1999</td>
</tr>
<tr>
<td>/Ai-/Ais – Richtersveld TFP</td>
<td>Namibia, RSA</td>
<td>MoU Signed 2000 Treaty signed 2003</td>
</tr>
<tr>
<td>Maloti-Drakensberg TFCA</td>
<td>Lesotho, RSA</td>
<td>MoU signed 2001</td>
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<tr>
<td>Great Limpopo TFP</td>
<td>Mozambique, RSA, Zimbabwe</td>
<td>Treaty signed 2002</td>
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<tr>
<td>Lubombo TFCA</td>
<td>Mozambique, RSA, Swaziland</td>
<td>Protocol signed 2002</td>
</tr>
<tr>
<td>Greater Mapungubwe TFCA</td>
<td>Botswana, RSA, Zimbabwe</td>
<td>MoU signed 2006</td>
</tr>
<tr>
<td>Kavango –Zambezi TFCA</td>
<td>Angola, Botswana, Namibia, Zambia</td>
<td>MoU signed 2007</td>
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IMPROVED ACCESS TO INVESTMENT FOR THE REGION

- Change perceptions
- Build Infrastructure
- Promote responsible tourism
- Private sector Investment promotion
- Lobbying and advocacy
- Institutional Capacity Building
- Tourism support and incentives
## WORLD ECONOMIC FORUM COMPETITIVENESS INDEX

### SADC Average

<table>
<thead>
<tr>
<th>Regulatory Pillars</th>
<th>Business Environment &amp; Infrastructure</th>
<th>Human, Cultural &amp; Natural</th>
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<tbody>
<tr>
<td>SADC Average</td>
<td>97</td>
<td>92</td>
</tr>
<tr>
<td>Mauritius</td>
<td>1</td>
<td>40</td>
</tr>
<tr>
<td>RSA</td>
<td>3</td>
<td>61</td>
</tr>
<tr>
<td>Botswana</td>
<td>6</td>
<td>79</td>
</tr>
<tr>
<td>Namibia</td>
<td>7</td>
<td>82</td>
</tr>
<tr>
<td>Tanzania</td>
<td>10</td>
<td>98</td>
</tr>
<tr>
<td>Zambia</td>
<td>11</td>
<td>100</td>
</tr>
<tr>
<td>Madagascar</td>
<td>16</td>
<td>116</td>
</tr>
<tr>
<td>Malawi</td>
<td>17</td>
<td>117</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>20</td>
<td>121</td>
</tr>
<tr>
<td>Mozambique</td>
<td>22</td>
<td>124</td>
</tr>
<tr>
<td>Lesotho</td>
<td>39</td>
<td>132</td>
</tr>
</tbody>
</table>

Source: WTTC simulated accounts- RETOSA 2010 State of Tourism in SADC study report.
THE IMPACT OF GLOBAL RECESSION

Source: RETOSA 2010 State of Tourism report.
INVESTMENT PROMOTION: ACHIEVEMENTS

4 projects out of 51 have secured investors

- Witsieshoek Mountain Resort (RSA),
- Marie se Draai (Botswana),
- Mabuasehube lodge (Botswana),
- Orange River Canoeing Concessions (Namibia)

**Total estimated value: R120 million (Euros 13.33 million)**

2 projects (in Mozambique) are currently under serious negotiations with investors

- Ponta Chemucane Lodge
- Ponta Dobela Lodge

**Estimated value: €7 million (Euros)**
For more opportunities in Southern Africa check:

Angola www.angola.org/tourism.html
Botswana www.botswanatourism.co.bw
DR Congo www.rd-congo-tourisme.com
Lesotho www.ltdc.org.ls
Madagascar www.madagascar-tourism.com
Malawi www.malawitourism.co.mw
Mauritius www.tourism-mauritius.mu
Mozambique www.visitmozambique.net
Namibia www.namibiaturism.com.na
Seychelles www.sychelles.travel
South Africa www.southafrica.net
Swaziland www.welcometoswaziland.com
Tanzania www.tanzaniatouristboard.com
Zambia www.zambiatourism.com
Zimbabwe www.zimbabwetourism.net

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