

DEVELOPING THE TOURISM SECTOR

THE SEATIP INITIATIVE IN MOZAMBIQUE

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Challenges Facing Africa

- Many years of effort have shown little result
- Markets for African companies are stagnant
- With increased globalization, competition from other regions has increased
- Companies have failed, unemployment has risen and borrowers have been unable to pay their debts on schedule

Engines of Growth in Africa

- Historical focus has been to encourage new investment in mining and agribusiness for comparative advantage reasons
 - However, production of minerals worldwide is greater than demand, and prices have fallen steadily in real terms
 - Agriculture too subject to the whims of weather and price controls, and best carried on by small family businesses with as little debt as possible
 - Manufacturing suffers from small internal markets and long transport routes

The Attraction of Tourism

- Tourism is an obvious candidate for IFC support.
 - Destinations are unique, unlike commodities, so competition not such an issue
 - Tourism both a domestic and an export activity; with the foreign consumer coming to experience the service
 - predominantly a private sector activity
 - relatively labor-intensive
 - In a number of countries, especially the island economies, no other obvious economic activities so capable of employing large numbers of people

Mozambique

- One of the world's poorest countries
- Virtually undeveloped
- Culturally unique
- Huge tourism potential – long Indian Ocean coastline and extensive game parks
- How to develop while safeguarding the natural beauty and capturing economic benefits for the nation and the communities involved
- Government asked IFC to help

SEATIP — South East Africa Tourism Investment Program

- Follows on from Bank Group work on the Transfrontier Parks
- Supported by funds from Netherlands and IFC
- Based in Maputo, staffed by regional and local consultants
- Reinforce, not duplicate, other donor efforts

SEATIP Goals

- SEATIP:
 - helps the existing, fragmented private sector to organize, through a forum for discussing specific issues with local, regional and national government
 - represents the opportunities in Mozambique to potential international and regional investors, and help them through the domestic formalities
 - promotes the development of a regional approach, involving “tourism circuits” taking in neighboring countries - in the south, the Maputo area, the Kruger Park and St. Lucia coastline in South Africa, and the connection through Swaziland).

Extending the SEATIP model

- Other promotion in Central Mozambique (with Zimbabwe) and the north (with Malawi, Zambia and Tanzania)
- Identifying barriers to efficient circuits (transport links, facilities, activities, bureaucracy), and remedies
- Marketing circuits in the industry, eg Indaba
- Scope for similar work in other countries, for example, Namibia, Botswana and Madagascar.

How Governments can Help Promote Tourism

- Governments are quite active in tourism promotion, from web site design to taking stands at international and regional tourism exhibitions, and even opening offices in major demand centers
- In our view, the most important things governments can do for tourism are to:
 - Get the legal and economic framework right, namely a fair legal code, transparent and efficient judiciary, and sound interest and exchange rate policies
 - Develop a stable civil society so that crime, especially violent crime, is low and visitors feel secure
 - Cooperate with neighboring countries and regional groupings so that border crossing is swift and predictable and, in the case of international visitors, does not require multiple visas

Concluding Remarks

- IFC aims to work with committed partners who share our ideals. A good sponsor is an essential attribute of a successful investment
- IFC wants to create developments which will be a force for good and will bring benefits for the community and the host nation. For IFC, the sustainability of our investments over time is a core value which, we believe, makes us an attractive partner for committed investors
- Our objectives and goals are that our developments meet the highest standards for guest and staff safety and comply with strict environmental guidelines
- In all of our activities, not just for tourism, we are an open and transparent organization and we invite public scrutiny of and comment on our work.
- To learn more, please visit www.ifc.org.