



INVESTMENT PROMOTION FOR TRANSFRONTIER CONSERVATION AREAS (TFCAS)

TECHNICAL CONSULTATIVE WORKSHOP

PROJECT PROPOSAL

## 1. BACKGROUND AND CONTEXT

### 1.1 General Background

SADC member states acknowledge the importance of tourism as a major economic pillar in national development and that if well planned and managed, the sector has a potential to significantly contribute toward poverty reduction and job creation. Luckily, the region possesses world-class tourism resources and assets that are becoming increasingly valuable in today's industrialised world. Current global trends in the tourism markets show growth in a number of key market segments such as Nature-based tourism including ecotourism; Cultural Tourism including Community Based Tourism and Adventure Tourism.

Southern Africa offers the tourism experiences that are being sought by the growing market segment through its well established network of Protected Areas (both terrestrial and marine), Transfrontier Conservation Areas (TFCAs), World Heritage Sites and a diverse range of private and state-owned tourism operations. However, this rich tourism potential is under-developed and therefore it does not contribute enough to the economic well-being of the people. This offer is focusing on TFCAs.

Transfrontier Conservation Area (TFCA) is an area that straddles the boundaries of two or more countries where the **natural** and **cultural resources** are **collaboratively** managed by the Governments and/or Authorities involved. The area may include one or more protected areas as well as **multiple resource** use areas. In case where two or more protected areas are adjoined and **collaboratively** managed across the international borders, the area is referred to as the Transfrontier Park (TFP). The terms are used interchangeably with TFCAs being the common one.

The genesis of TFCA development within the SADC region can be traced to the signing of the International Treaty between Botswana and South Africa in 1999 which led to the establishment of the Kgalagadi Transfrontier Park. Since then significant strides have been made across the region to establish additional TFCAs. Currently there are 18 TFCAs that have been established and/or identified for development throughout the region. TFCAs support conservation of landscapes; they re-establish key ecological functions previously disrupted by limitations of opposing land uses and management principles across the borders thereby enhancing connectivity of habitats. TFCAs are located in rural areas often surrounded by disenfranchised communities with limited employment opportunities. They therefore create employment opportunities through tourism, rehabilitation of ecosystems and investment.

## 1.2 Problem Statement

Lack of investments in tourism facilities and supporting infrastructure has been identified as a major barrier to tourism growth in the SADC region. This can be which can be ascribed to the two major factors namely:

- Lack of packaged and ready-to-go investment opportunities; and
- Limited awareness among the investor community about tourism investment opportunities available.

There is therefore a need to develop a pipeline of bankable investment projects and engage in concerted efforts to promote them to potential investors to secure funding for development and/or operation.

The benefits of tourism investment and infrastructure development cannot be overstated. They include enhancing tourism product strengths, job creation, delivering of a sustainable triple bottom line competitive advantage and addressing regional development and infrastructure priorities. The key tools for raising awareness and promoting investment opportunities to potential investors include publicly marketed investment forums and/or conferences; investment missions and direct solicitation of strategic investors.

In an attempt to address this challenge and enhance the attractiveness of TFCA destinations, Boundless Southern Africa, in collaboration with TFCA practitioners has embarked on a process of identifying, packaging and promoting investment opportunities in TFCA. A pipeline of 51 bankable tourism accommodation investment projects in TFCAs has been developed and a major investment conference was held in October 2008 to kick-start the investment promotion efforts. Since investment promotion is a process and not a once-off event the promotion efforts have been sustained through the use various avenues such as investment forums, direct solicitation of strategic investors and the use of web-based resources. So far eleven (11) projects valued at USD 25 million have secured investors. The objective of this activity is to improve the supply and quality of tourism experiences and complementary services.

The implementation of the investment programme for TFCAs in southern Africa as described above has generated a number of lessons that need to be taken into consideration in order to enhance the success of this activity going forward. Some of the key lessons include the following:

- Investment projects in TFCAs are unique so there is a need to find a formula bespoke of investment projects in these areas. The unique features of projects in TFCAs include but not limited to the following: (a) Most of projects are relatively small i.e. safari lodges as opposed to tradition hotels usually located in urban setting; (b) TFCAs are located in geographically remote areas. This presents challenges with regards to access, developmental and operational costs as well as other logistics; (c) Development in Protected Areas including TFCAs is often subjected to stricter environmental requirements as projects are to be located in ecologically sensitive areas with specific conservation objectives so developers have to conform to a set of environmental compliance procedures.

- There are a number of hospitality investment promotion activities and conferences that take place on regular basis in the region or elsewhere e.g. Hospitality and Investment Conference Africa (HICA), the Africa Investor Conference, SADC/EU Investment Seminars under the ProInvest Programme. Boundless Southern Africa has utilized these avenues to promote investment projects in TFCAs. However, these events do not necessarily address specific needs of investment projects in TFCAs as a distinct sub-sector (Safari) within the broader Tourism Hospitality Investment Promotion portfolio.
- Projects that are small in size do not offer attractive returns and hence not attractive to investors. Perhaps a better approach would be to cluster a set of projects as one opportunity (a collection of lodges situated in different but strategic geographical areas) in order to increase their investment value. The lodges in a collection model would enhance visitor experience and offset some operation costs due to economies of scale. This could constitute a suitable business model for TFCAs
- Local/regional investors that have experience in the business environment and are looking for an opportunity to expand are suitable candidates for investment projects in TFCAs.

There is therefore a need to collect intelligence on the market requirements, trends, incentives and barriers in relation to investing in in tourism related accommodation establishments in protected areas including TFCAs as well as to take a closer look on the salient features of successful projects in safari sector. The information gathered will be used to re-design the investment promotion approach for TFCAs and increase the success rate. It is against this background that this technical consultative workshop is being proposed.

## 2. PROPOSED PROJECT

### 2.1 Wider objective

To overall objective of the investment promotion initiative is to increase investment in tourist facilities and supporting infrastructure in order to enhance tourism attractiveness of TFCAs

### 2.2 Specific Objectives

The objectives of the proposed workshop are to exchange information and experiences, share lessons and identify best practices on safari tourism investments southern Africa's protected areas including TFCAs. Key areas of focus to include but not limited to sustainable investment in lodges, supporting infrastructure, human resources, and community involvement and equity issues. This information will be used to re-design the investment promotion approach for TFCAs as well as influencing the process of packaging investment projects in appropriate format (i.e. attractive to investors and in a suitable business model).

The workshop will bring together representatives of the public and private sectors together to facilitate positive dialogue and learning from each other. Private sector will be given an opportunity to clearly state what the typical basic industry requirements are, how can SADC Secretariat and affiliated bodies such as RETOSA and Boundless Southern Africa, Members States, financing institutions and other international cooperating partners can lend support to tourism businesses; roles and responsibilities public sectors v/s the private sector in this space, balancing of social and environmental considerations associated impacts. Public Sector will get a unique opportunity to benefit from the wealth of experience and lessons that have been learned by the most successful sustainable tourism operators in southern Africa over the past 20 years.

In respecting intellectual property of each company, we will not use the workshop as the avenue for discussing respective concrete investment options and strategies. Companies are at liberty to provide the information they are comfortable to share in enriching the discussion and intended result of increasing tourism investments in TFCAs

## 2.3 Methodology

The workshop will follow a three pronged approach featuring three distinct stages: pre-workshop, the workshop and post workshop.

### 2.3.1 Pre-Workshop

This stage includes actions to be completed prior to the workshop. Specific activities include:

- Identification of thematic areas of the workshop
- Draft workshop programme
- Identify key people to address these thematic areas
- Selection of participants
- Invitation of participants and speakers
- Secure venue including payment
- Travel and accommodation arrangements for participants (reservation, purchase of tickets, pay for accommodation, subsistence allowance etc.)
- Prepare necessary documents for the workshop
- Identify and engage a facilitator. This individual or firm will be responsible for organizing the workshop, facilitating the workshop and for preparing the report.

### 2.3.2 The Workshop

The workshop is a platform to connect face to face with tourism companies, financiers and government stakeholders including TFCA practitioners to exchange information and experiences; share lessons and demonstrate to private sector public sector's commitment and support to investment in protected areas. The engagement will facilitate the process of identifying best available practices on safari tourism investments southern Africa's protected areas including TFCAs where relevant and inform the process of developing the investment strategy for TFCAs that has better potential to succeed. Issues to be discussed include but not limited to the following: What are investors looking for; drivers of demand; characteristics of successful projects; potential instruments for facilitating investments in tourism related facilities in TFCAs etc. The workshop will be structured as follows:

#### 2.3.2.1 Setting the scene

Context and rationale for embarking on the investment promotion journey in TFCAs - what problem we are trying to address; desired outcomes, benefits to be accrued from investing in tourism facilities in TFCAs etc. Some of the benefits include demonstrate value of natural resources and generate incentive for their conservation, create jobs for local communities, increase visitation by tourists and contribution of the sector to the national economies. This presentation will be delivered by Boundless Southern Africa

### 2.3.2.2 Thematic Areas

A set of presentations to be delivered by investors and financiers covering the following thematic areas:

- What kind of projects they would like to invest in,
- What are the conditions they are looking for,
- What kind of support are they expecting from the governments,
- What kind of good and bad experiences have they have experienced and could share for purposes of learning (Lessons learned)
- What are the salient features of successful projects in safari sector in the region and elsewhere including marketing strategies.
- Examples of some successful business models by e.g. Gondwana collection in Namibia, Serena Hotels in East Africa etc.
- Potential financial mechanisms, instruments and models

Final set of thematic areas to be agreed to in the pre-workshop phase.

### 2.3.2.3 Focused discussions

This is an opportunity for participants to respond to presentations, for governments and investment promotion agencies to inform the meeting about what has been done to create a conducive environment for investment in their respective countries, incentives available for investors, kind of support to be provided, rules and regulations governing investments. We will also solicit input from participants, based on their experience; on approach to be followed for facilitate investments in TFCAs.

### 2.3.2.4 Discussion on way forward

Participants will brainstorm and agree on the way forward i.e. reach agreement on logical steps to be followed and actions to be implemented after the workshop to increase investment in TFCAs.

## 2.3.3 Post Workshop

This phase constitute preparation of the workshop report and implementation of ideas and/or actions generated in the workshop. With exception of preparation of the workshop report, other activities for this phase will be determined by the outcome of the workshop.

## 3. PARTNERSHIPS

The workshop will be co-hosted by Boundless Southern Africa on behalf of SADC and GIZ on behalf of BMZ. The success of the workshop will be determined by involvement of different stakeholder institutions whose levels of engagement will differ depending on the level of their stake in the project. These stakeholders will be identified in the pre-workshop phase.

#### 4. ESTIMATED BUDGET

The estimated total cost of organizing the workshop between **USD60, 000 to 80,000**. Flight tickets and accommodation may increase the amount depending on where the participants are coming from. Further, the selection of consultant to organize and facilitate the workshop will also have an effect on the amount. It would be cheaper to hire individual(s) than a firm.

The illustrative budget below does not include the cost of accommodation, transport to and from the workshop, and subsistence allowance.

ITEM	QTY	UNIT COST (USD)	AMOUNT (USD)
<b>HIRING OF VENUE</b>			
Full day conference package - day 1	30	50	1,500.00
Full day conference package - day 2	30	50	1,500.00
Data Projector	2	100	200.00
Break away room - day 1	1	350	350.00
Break away room - day 2	1	350	350.00
Soft drinks at Lunch - day 1	30	5	150.00
Soft drinks at Lunch - day 2	30	5	150.00
AV equipment including big screen etc	1	1,000	1,000.00
Miscellaneous (Business Centre)	1	300	300.00
<b>Sub-Total</b>			<b>5,500.00</b>
<b>ADMINISTRATIVE COSTS</b>			
Hiring of consultant for workshop organization and facilitation			10,000.00
Communication (telephone, fax, courier etc)			5,000.00
Preparation of workshop documents and report (printing, binding)			2,500.00
DVDs and other material			1,000.00
Ground Transportation (Local)			1,000.00
<b>Sub-Total</b>			<b>19,500.00</b>
<b>GRAND TOTAL</b>			<b>25,000.00</b>