

# Perspectives on Tourism Investment Climate

IFC, World Bank Group  
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# Presentation outline

- Who we are
- Where we work
- Challenges in staying competitive
- Addressing the challenges
- Case study
- Success factors
- Get in touch

# Who we are and what we do

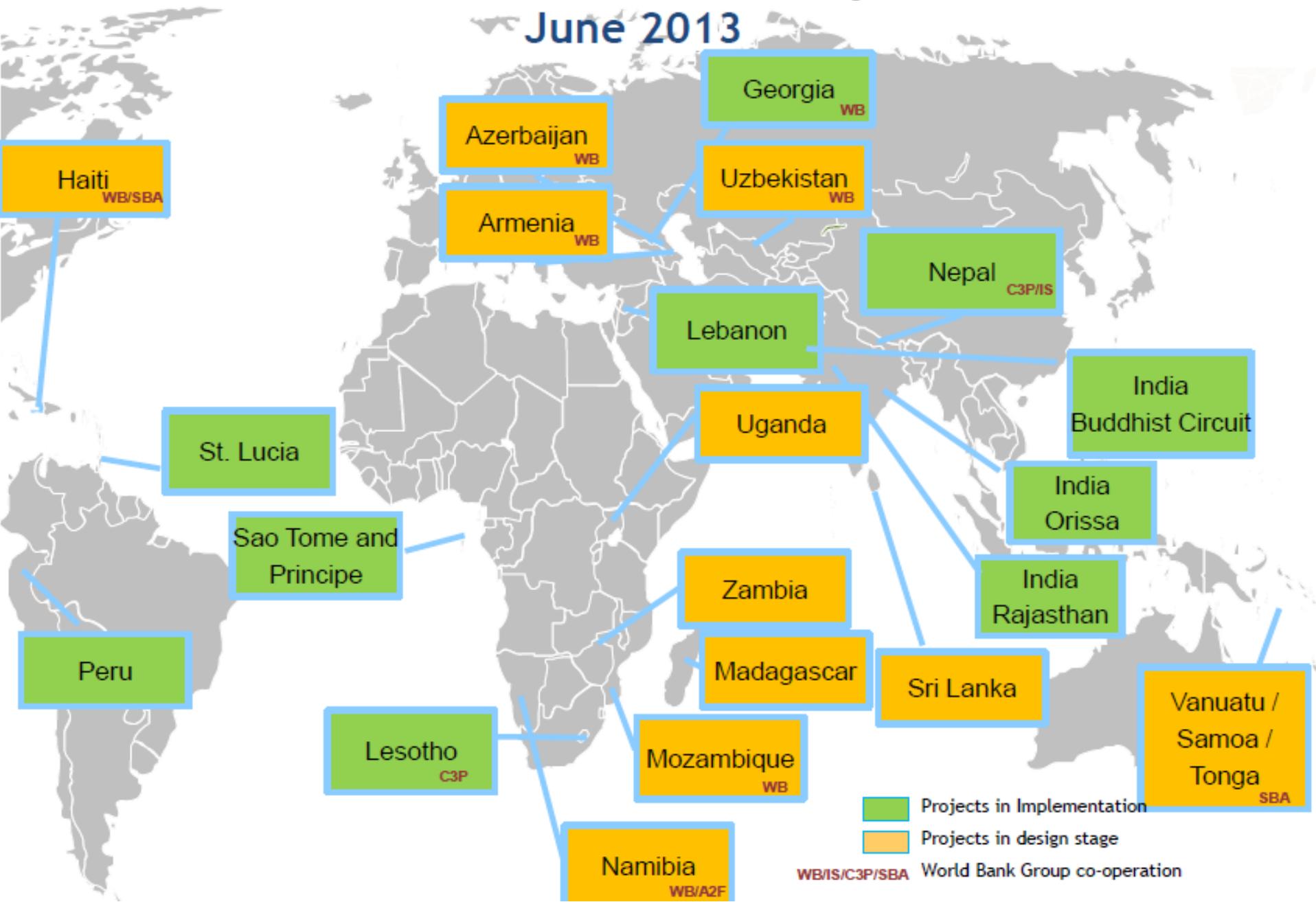
**IFC is a member of the World Bank Group**

**IFC has both Investment Services and Advisory Services**

- **Investment:** IS finances private sector deals at commercial rates. The current portfolio is over US\$650 million in hotels (2013)
- **Advisory:** Our mission is to work with **government clients** to improve **conditions for the private sector**
- A healthier, more productive private sector creates **jobs**, brings **investment**, generates **economic growth** - and in the tourism space can manage **public assets**, effectively **market a destination**, and **transfer skills** and knowledge
- We work across all sectors, but tourism is a priority. We have a dedicated small team, and work globally.

# Tourism Portfolio & Pipeline

June 2013



# The challenge of staying competitive

We have unproductive tourism assets

Tourism is having a low impact on poverty

We need to better finance our national parks

We want to attract more investment

Our levels of service are not good enough



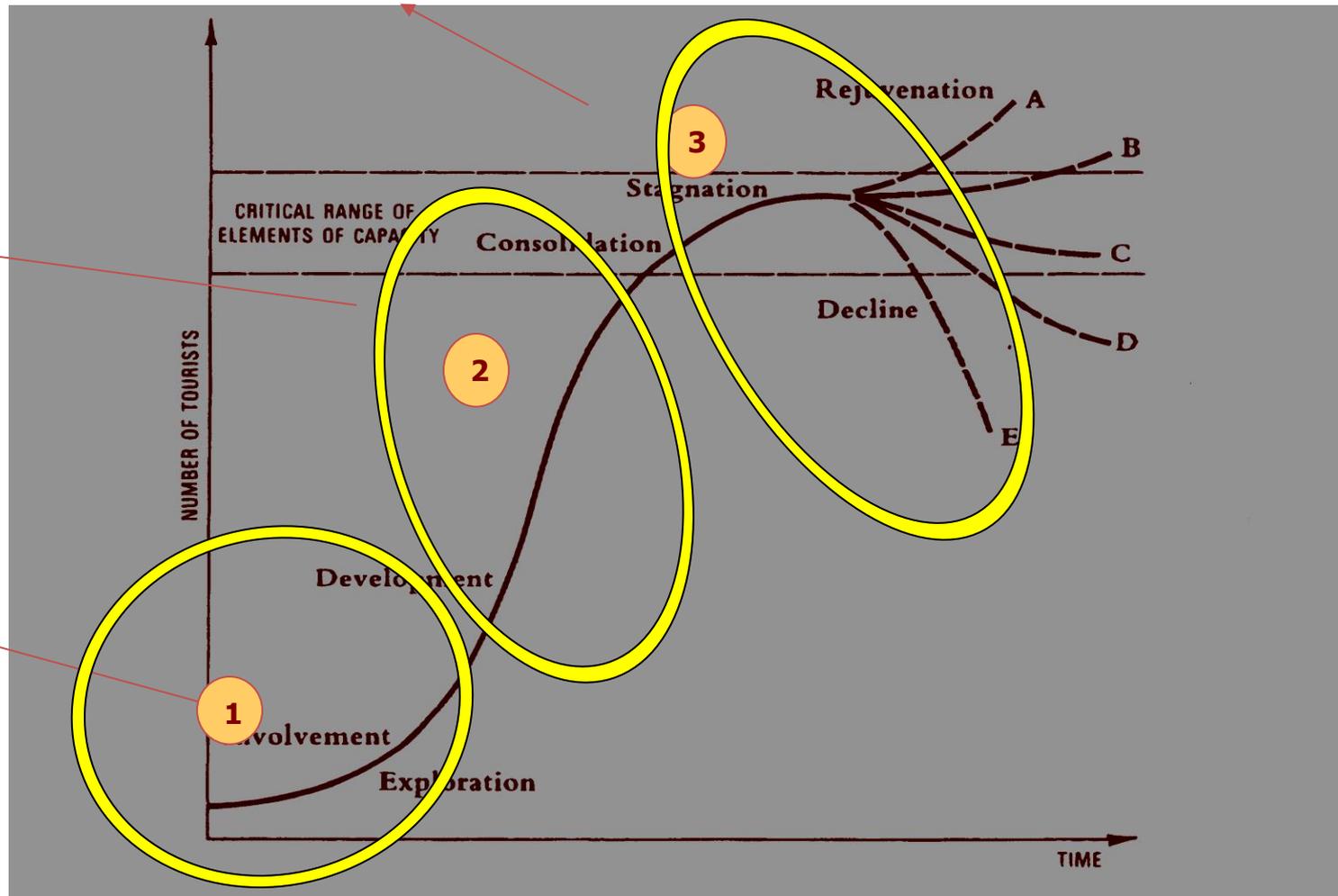
Most governments today are well versed in the language of competitiveness, and quickly identify broad areas for improvement.

- Investment climate (and BEE) is just one tool
- The key is in identifying how and at what point investment climate reform will impact competitiveness, and what other tools should be employed
- Globally, there is a shift towards destination development, or destination competitiveness – and away from silos of ‘regulatory reform’ or ‘investment promotion’ as stand-alone activities.

# Right intervention at right time

## 'Rejuvenation'

Mature destinations, strong commitment to tourism but decline in growth. Low product diversification, tired 'image' and occasionally negative social/environmental impacts. -> **Diversifying investment portfolio, building sustainability and SME participation; focus on local impact.**



## 'Development'

Some growth, increasing recognition of importance. Low levels of dialogue between the government and PS, frustrations with the operating environment and poor skills.

-> **Strengthening Business Operations and building PPD.**

## 'Exploration'

limited tourism infrastructure, few arrivals, weak international image, little product development, difficult investment climate and poor info.

-> **Improving the IC and facilitating catalytic investments. Emphasis on PS partnering with government in the development of strategic and catalytic tourism assets.**

# Our approach

## Objective

Assist clients address market failures that restrict tourism growth, inclusion and investment

## Themes

Defining Market Position & Opportunities

Helping countries understand their competitive position

Fostering Market Development

Working to unlock investment opportunities

Building Market Improvement

Working to remove regulatory constraints to access and growth

## Focus

- Asset and market assessment
- Confirm product offering
- Build shared vision via PPD
- Rapid strategic response

- Business hotels in FCS
- Concessions & protected areas
- Commercializing key assets
- Access new & emerging sectors (e.g. health, education)
- Strengthen core tourism products

- Investor access and incentives
- Visitor access and visa reform
- Sector licensing and inspections
- Labor and inputs
- Sustainability link to LCI and green buildings

Increased Investment, Revenue, Jobs



World Bank Group  
Multilateral Investment  
Guarantee Agency



International  
Finance Corporation  
World Bank Group



THE WORLD BANK

# Case study: Facilitating Investment in Mozambique

- IFC assisted the government in developing and implementing a tourism investment program.
- Including; investment climate reform, private-sector investment strategy and procurement approach to attract qualified eco-tourism investors for a 70,000 ha reserve.
- In 2011 the first deal was signed, a \$3 million joint-venture between a local community association and a private investor to build and operate a 36-bed lodge in the reserve, providing 60 full-time jobs.



# Case study: Facilitating Investment in Mozambique

## Key (prohibitive) Challenges:

- LAND – identification, ownership rights, communities
- Poor international IMAGE
- Lack of clarity on investment PROCESS
- No LEGAL FRAMEWORK for developing Protected Areas
- No clear model for state / local community PARTICIPATION



## Solutions:

- Integrated Resort Scheme, Zone and Agency Model
- Investment Promotion
- Inv Climate Library
- Concessioning Framework
- Community partnership, IRS

- Investment climate cannot stand alone. Has to be supported by direct promotion and investment generation

# Case study: Facilitating Investment in Mozambique

## Results

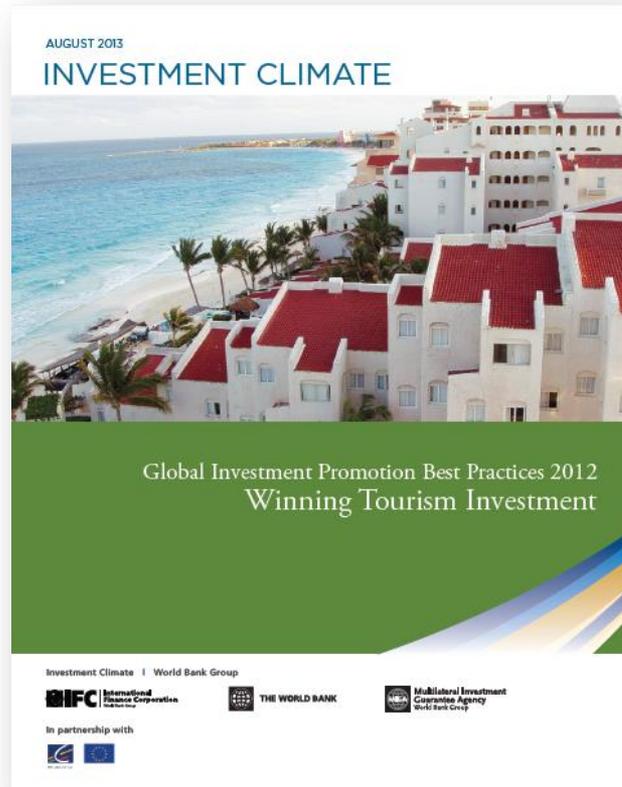
- Investment
- Job creation
- Concessioning framework
- Park Management Fee collection system
- Decrees supporting an Integrated Resort Scheme (e.g. mechanisms to allow government to allocate land as 'Tourism Interest Zones')
- Investment Climate Library
- A model and manual that Mozambique can use to replicate and scale up
- Piloted first community partnership tender in a PA
- Built capacity and experience amongst key counterparts and partners
- Built image and reputation of Mozambique as tourism investment destination

# Success Factors

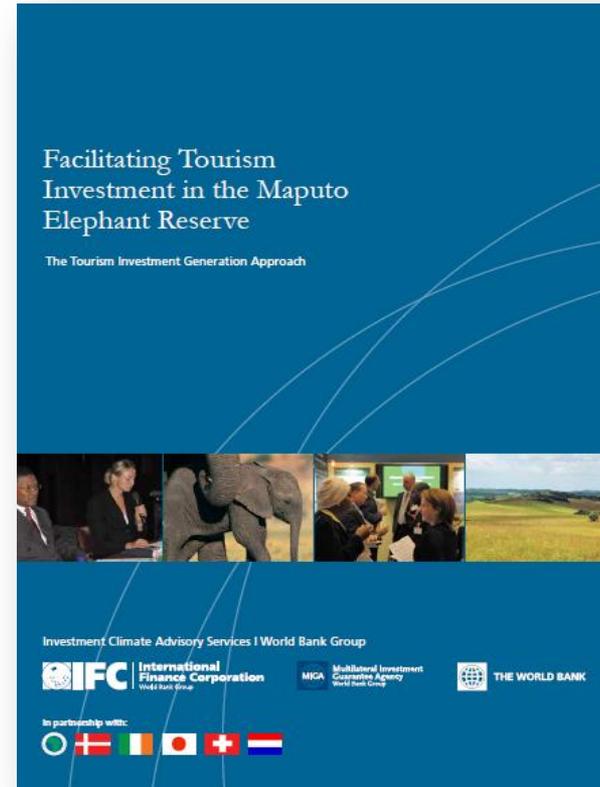
- **Pre-conditions** for Investment Climate work
  - Government commitment to tourism and to reform
  - Identified market failure
  - Transformative potential
- **Effective programs**
  - **Are inclusive**; PPD, strong private sector associations
  - **Are implementable**; Committed and empowered counterpart (IPA, tourism board etc)
  - **Are cross-cutting**; Work across the destination, and not on investment climate issues alone
  - **Are private-sector driven**; focus on investment and growth from the private sector perspective first.

# Resources

## Global Investment Promotion Best Practices 2013



## Facilitating Tourism Investment in Mozambique 2012



# Get in touch

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