



TOURISM IN EAST AFRICA AND IN THE INDIAN OCEAN (REGIONAL SUMMARY)





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TABLE OF CONTENTS

	Page
GENERAL OVERVIEW.....	3
1.1 Economic Indicators of Tourism.....	4
1.2 Tourism Status and Trends	4
1.3 Investment Opportunities in Tourism.....	5
1.4 Operating Environment for Investment.....	6
BROAD INVESTMENT OPPORTUNITIES BY COUNTRY	7
Burundi	8
Comoros	9
Djibouti.....	10
Eritrea	11
Ethiopia	13
Kenya	14
Madagascar	17
Mauritius.....	19
Rwanda.....	20
Seychelles	22
Somalia.....	23
Sudan.....	24
Tanzania	25
Uganda.....	27



Chapter 1

GENERAL OVERVIEW

1.1 Economic Indicators of Tourism

For nearly all the countries involved in this study, the tourism sector is seen as a significant contributor to national economic development through its contribution to Gross Domestic Product (GDP), foreign exchange earnings, employment and government revenues.

Tourism also has the potential to forge linkages with other sectors, such as agriculture and manufacturing, and, in addition, can serve as a vehicle for poverty alleviation, socio-economic development and environmental protection in otherwise disadvantaged areas.

At present, tourism is most important economically in Mauritius and Seychelles, where it represents more than 25 percent of GDP and least important economically in Somalia and Sudan, at below 5 percent.

While considerable efforts have been put into the provision of supporting infrastructure by many of the Governments, increased private sector investment is needed in order to improve the region's product offer and to thereby expand its market share in the targeted tourist-generating regions.

1.2 Tourism Status and Trends

The levels and types of tourism activity in the participating Central and East African countries differ markedly from country to country. This has a significant bearing on the type and level of investment opportunities in each country.

The tourism industry in Comoros, Djibouti, Kenya, Mauritius, Madagascar, Seychelles, Tanzania and Uganda is characterized by high levels of holiday compared with business tourism. In Burundi, Eritrea, Ethiopia and Rwanda business and holiday tourism are equally important, while Somalia and Sudan have minimal holiday tourism at present.

In 2005, foreign tourist arrivals in the 14 participating countries totaled approximately 4 million, about the same or marginally higher compared with 2004¹. Kenya attracts almost twice as many foreign tourists as the next largest destination (Mauritius). In contrast, Comoros, Rwanda and Somalia currently attract fewer than 30,000 tourists.

In most of the countries, the volume of domestic tourism is relatively small, although local meetings and workshops can be important for some hotels.

¹ It should be noted that, because foreign tourists may visit more than one country on a trip, the sum of international tourist arrivals in all the participating countries is greater than the actual number of foreign visitors to the region due to the multiple counting of the same tourist.

Table 1: Selected indicators

	Population 2006 ('000)	Gross Domestic Product 2006 US\$ million at current prices	International tourist arrivals (‘000)	
			2004	2005
Burundi	7,641	955	133,000	148,000
Comoros	613	386	18,000	n.a.
Djibouti	747	761	26,000	30,000
Eritrea	4,747	1,018	87,000	83,000
Ethiopia	75,071	13,264	210,000	227,000
Kenya	34,046	23,634	1,199,000	n.a.
Madagascar	18,370	5,410	229,000	278,000
Mauritius	1,251	6,362	719,000	761,000
Rwanda	9,069	2,357	30,000*	n.a.
Seychelles	83	682	121,000	129,000
Somalia	8,863	2,500	n.a.	n.a.
Sudan	34,500	37,571	61,000	n.a.
Tanzania	38,200	12,956	583,000	n.a.
Uganda	29,854	9,403	512,000	468,000

* estimate

Source: World Tourism Organisation and country data

Growth Prospects

Considering the extraordinary range of natural and other tourist attractions in the member countries, the region's current share of world tourism arrivals (estimated at approximately 0.5 percent) is clearly well below its full potential. However, sub-Saharan Africa (led by Kenya) has been the best-performing world region in the past three years. The World Tourism Organisation's forecasts that in the period up to 2020 international arrivals in Africa will grow at rates of over 5 percent per year, compared to the world average of 4.1 percent.

1.3 Investment Opportunities in Tourism

The focus areas for tourism investment in the participating countries include:

- Infrastructure in support of tourism;
- Development or rehabilitation of national parks and reserves;
- New leisure tourism accommodation/resorts and lodges;
- Upgrade of leisure tourist accommodation; and
- Business tourist hotels and conference centres in specific countries.

Partnerships may be in any business area which develops tourism. Types of partnerships include sharing of technology, joint ventures, trading partnerships, management and sub-contracting arrangements.

Investment opportunities in the tourism sector exist in substantial numbers and variety in nearly all 14 participating countries. Details of individual investment opportunities are posted elsewhere on this website.

1.4 Operating Environment for Investment

The individual tourism sector studies provide detailed information on the operating environment for investment in each country, including the investment framework; investment incentives; access to finance; procedures for obtaining residential and work visas; and the available technical and promotional assistance for investors. Some provisions are common to all 14 countries, including

Investment Guarantees

All of the participating countries, with the exception of Comoros and Somalia, are members of the Multilateral Investment Guarantee Agency (MIGA) which offers investors protection against inconvertibility or transfer of currency, expropriation, breach of contract and war and civil disturbance.

International Financial Institutions

All 14 countries, as signatories to the Cotonou Agreement, have access to the loan facilities of the European Investment Bank (EIB). As members of the World Bank, the facilities of the International Finance Corporation (IFC) would also be available for projects in these countries.

Transfer of Capital and Profits

In most of the countries, there are little or no restrictions on the repatriation of earnings and capital from foreign investments.

Tourism Promotional Assistance

Generic tourism promotion is undertaken by the national tourism organisation in each country. The marketing budgets (which in most cases are comparatively small) are complemented by private sector marketing initiatives.



Chapter 2

BROAD INVESTMENT OPPORTUNITIES BY COUNTRY



Burundi



The tourism industry is still in its infancy, but there is ample opportunity for development. Lake Tanganyika is internationally famous for its scenic beauty. Places of interest include Bujumbura, Lake Tanganyika, Gitega, the former capital, with its museum and traditional handicraft centre; and the Mosso area in the southeast, with its fairly abundant wildlife.

The north-east has a great variety of tropical birds. Burundi is also rich in folk art. The dances and drummers of the Tutsi are particularly well known. All this makes for an interesting and varied tourism product. In the short term, possibilities may be limited, perhaps, to hotels and conference facilities for business and official visitors, but it is important to begin now to put the conditions in place to enable foreign investors to see Burundi as a secure and investor-friendly environment that offers profitable business opportunities, including in the tourism sector.

The infrastructure in Burundi is in need of rehabilitation (particularly electricity and roads). This could impede growth of the tourism sector. However, with support from international donors, both bilateral and multilateral, the rehabilitation of the country's infrastructure is underway. This will have positive implications for the development of the tourism industry.

Prospects for investing in the tourism sector are also enhanced by the

- existence of important tourism assets;
- limited capacity of hotels of international standard;
- increasing international recognition of Burundi as one of the world's undeveloped destinations for nature and discovery tourism;
- close co-operation between public and private sectors; and
- existence of potential donor support for capacity building.

Priority tourism investment sectors have been identified as follows:

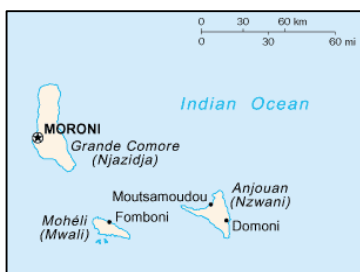
Leisure

- Hotel renovation and upgrades.
- Tour operations
- New leisure resorts and lodges.

Infrastructure

- Roads, electricity, water supply, airport and lakeside port and berthing facilities.

Comoros



The islands' vegetation is rich and varied: two-thirds of the world's perfume essence comes from Comoros, Spices are another mainstay of the economy. The islands are of volcanic origin and are surrounded by coral reefs. The climate is tropical and very warm (but upland areas are cooler). The rainy season is from November to April. Visitors to Comoros can enjoy a spectacular natural environment: from mountain trails, crater lakes and waterfalls; to white sand or black lava beaches, where marine turtles lay their eggs; to remote villages and markets reminiscent of Zanzibar. The islands are permeated by the Swahili culture, a mixture of Arab, Persian, African and Portuguese influences. The islands are also world-renowned as a diving destination.

Comoros had been comparatively slow to promote tourism as an industry until recent years. The small tourism sector, primarily involving South African-owned hotels, was hit hard by the sustained instability between 1999 and 2006. However, the situation is now looking considerably brighter.

The Government wishes to develop an expanded and enhanced tourism sector. Comoros welcomes foreign investment and is prepared to offer a package of incentives. With the local infrastructure in need of improvements, opportunities for investment exist in practically all fields, including construction, power, telecommunications, industry, and agri-business.

Marketing and expanding the local tourism industry can also provide attractive investment opportunities for foreign and local investors. Rehabilitation of the country's infrastructure will have positive implications for the development of the tourism industry. Prospects for investing in the tourism sector are also enhanced by the

- existence of important tourism assets;
- limited capacity of hotels and resorts of international standard;
- increasing international recognition of Comoros as one of the world's major destinations for diving and nature tourism; and
- existence of potential donor support for capacity building.

Priority tourism investment sectors have been identified as follows:

Leisure

- Hotel renovation and upgrades;
- New leisure resorts;
- Diving centres.

Infrastructure

- Roads, electricity, water supply, airport and port facilities.

Djibouti



There has been steady growth in international visitor arrivals in recent years. The number has increased from 20,000 in 2000 to an estimated 30,000 in 2005.

Djibouti's varied tourism supply comprises special interest products such as diving and fishing, and products connected with the discovery of the country's natural resources. The rich and varied cuisine of Djibouti is another important tourism resource.

In addition, the warmth of its people, its strategic location on the Horn of Africa, at the crossroads between Africa, the Middle East and the Indian Ocean, and the abundance and variety of its natural and cultural resources are key enabling factors for Djibouti's recent growth in tourism.

The Government of Djibouti recognizes the crucial need of foreign investment for the economic development of the country. Potential areas of investment include Djibouti's port, tourism, manufacturing and telecom sectors.

The authorities efforts to promote tourism include improvement of the highway network, preparation and implementation of a marketing plan, raising awareness among the population in order to improve the reception of tourists; introduction of a training programme for guides and managers of tourist camps, and support to private operators to enable them to offer services and leisure facilities tailored to the needs of target customers. These developments will have positive implications for the fast growing tourism industry.

Prospects for investing in the tourism sector are also enhanced by the limited capacity of hotels and resorts of international standard and the increasing international recognition of Djibouti as one of the world's rare undeveloped destinations for diving, fishing and discovery tourism.

Priority tourism investment sectors have been identified as follows:

- New hotels and holiday resorts and lodges;
- New and expanded diving and fishing facilities; and
- Access roads, electricity, water, ports.

Eritrea



International tourism to Eritrea recommenced in 1991 following the cessation of hostilities with Ethiopia. The trend in international visitor arrivals has been upwards in recent years. Visitor numbers increased from 70,000 in 2000 to 87,000 in 2004, but fell back to an estimated 83,000 in 2005. Renewed border tension with Ethiopia had a negative impact on international tourism.

In recent years, Eritrea has approved several new private hotel developments and streamlined its visitor entry procedures. Improvements have been made to the road system – the rehabilitation and upgrading of roads to Assab and Semienawi Bahri facilitated access to these areas for desert and water-based tourism and for eco-tourism activities – while a new international airport was constructed in Massawa.

The establishment by Eritrean Airlines of new routes to Europe and the Middle East will facilitate the growth of non-holiday as well as holiday markets.

At present, Eritrea’s main appeal is to specialist markets such as scuba diving, bird watching, railway enthusiasts, military, architectural and archaeological interest groups as well tour operators who offer ‘off-the-beaten-track’ tours.

Outside the domestic market, there appears to be little demand at present for beach holidays (although these could be promoted once new resorts are developed). Another attraction for visitors to Eritrea is the relative absence of street crime.

Emphasis has been placed on encouraging private investment in the tourism sector. The Ministry of Tourism is seeking to attract investors who are interested in the development of integrated beach and island resorts. The major types of water-based activities that can be developed are:

- Beach recreation and swimming;
- Scuba diving and snorkeling;
- Boating (motor and sail boat);
- Wind surfing;
- Water/jet skiing; and
- Sport or game fishing (especially around the Dahlak Islands and south of Assab).

There are also opportunities for the development of spa resorts and enhanced conference facilities. The main hot springs sites are Akwaar and Mai Wui.

The Government proposes to take up as a priority the implementation of projects in the Northern and Southern Red Sea regions and the offshore islands.

A wide range of projects are included from small scale accommodation to larger luxury class hotels and convention facilities; from wayside food and beverage outlets to large scale restaurants; from diving stations and boat services to marinas and yacht repair facilities.

The facilities will be aimed primarily at high spending international tourists. As tourist facilities are upgraded, Eritrea would earn a reputation as a quality destination and the profile of the tourist would change to that of the high spending visitor.

However, in recognition of the fact that some volume is required for purposes of job creation, it is also envisaged that, with suitable controls for purposes of conservation and sustainability, the beach and marine environment can be included in tour packages for European and Middle Eastern visitors.

Ethiopia



Ethiopia possesses a variety of natural, cultural and historical tourist attractions and offers numerous opportunities for the development of tourism projects. Shortages of adequate accommodation establishments and related facilities for sports, recreation and entertainment have affected the growth of the tourism in both the relatively well-established northern tourist circuit (known as the Historic Route) which contains many of the country’s best-known tourism sites and the less developed southern, eastern and south-western parts of the country.

Ethiopia’s tourism sector is poised to benefit from a programme of upgrading expansion and new construction of airports, road and communications networks, electricity generation and water supply which is currently underway in various parts of the country. These are being financed from both internal and external sources, including the World Bank.

Prospects for investing in the tourism sector are also enhanced by the

- existence of important tourism assets presenting numerous tourism development opportunities all over the country;
- limited capacity of hotels of international standard;
- international recognition of Ethiopia as one of the world’s most favoured destinations for nature-based and cultural tourism;
- close co-operation between public and private sectors; and
- the liberalised investment climate.

The following sites and opportunities have been identified in the National Tourism Development Plan as being potentially attractive to foreign investors:

- Abjatta-Shalla Lakes National Park - establishing the necessary tourism infrastructure including a hotel, camping sites, and thermal and mud baths;
- Awash National Park – lodges for tourists interested in observing or hunting wildlife, or in enjoying the spa waters found at the park;
- Semien Mountains National Park – a lodge for visitors to the park;
- Sof Omar Cave Development Project – development of tourism infrastructure, including roads, electric lighting, a tourist facility centre with a hotel and restaurant; and
- Hotels along the Historic Route – at least three hotels at Bahir Dar, Lalibela and Mahalle where the shortage of accommodation is most acute.

Kenya



Few countries can boast such an impressive product offer and range of landscapes as Kenya, comprising wilderness, coast, mountains, forests, lakes, deserts and cities plus a very wide range of things to do and see. Kenya has some of Africa's finest beaches, most abundant wildlife and a sophisticated tourism infrastructure.

Over 50 national parks and reserves cover all habitats from desert to mountain forest, and there are six marine parks in the Indian Ocean. Kenya also has a diverse population with around 40 different tribes, all with their own (often related) languages and cultures.

The tourism industry is growing as a result of the liberalisation measures, diversification of tourist generating markets and continued Government commitment to providing an enabling environment, coupled with successful tourism promotion and political stability.

The Government has identified the following projects, that are in the initial stages of evaluation, for possible local and foreign investment:

(i) Bomas of Kenya

The Bomas of Kenya is a limited liability company, which is a wholly owned subsidiary of KTDC which in turn is a wholly government owned public enterprise under the Ministry of Tourism and Wildlife. The Bomas of Kenya occupies an 83-acre leasehold site at Langata in the suburbs of Nairobi.

Its principal economic activity is to present cultural entertainments and displays such as traditional arts to both tourists and local residents.

The investment opportunities include joint partnership in the Bomas of Kenya projects; a 100-bed tourist hotel project; and an amusement park (which would be the first major amusement park in Kenya).

(ii) Hotels and lodges

- Nairobi Jomo Kenyatta International Airport hotel project
- Mombasa Beach golf hotel at the north coast;
- Mombasa Island 5-star 200-bed hotel project;
- Tana River primate lodge project;
- The Leisure Galaxy Hotel (Mwingi);
- Aberdares Forest lodge: a forty-room lodge with public rooms, kitchen staff and drivers accommodation has been proposed.

- Kitale tourist hotel project - 3-star hotel comprising 50 beds with future expansion possibilities;
- Eldoret Airport hotel project;
- Kora lodge project – a 50-room lodge within the 1,800 km² National Park, which was the setting for Joy Adamson's book *Born Free*.
- Sibiloi lodge project; a 35-room lodge is proposed to be located at Sibiloi National Park in the N. Turkana;
- Thika Fourteen Falls project; the proposed project would provide lodge facilities to tourists visiting the slopes of Aberdare Mountains; and.
- Kerio Valley lodge project; a lodge facility has been proposed to be developed in the Kerio Valley National Reserve within the Rift Valley.

(iii) Senior Citizen Living Facilities

There is opportunity for purchase, refurbishment and management of existing hotels particularly at Mombasa and along the Coast that can be rehabilitated for senior citizen or low impact tourism.

The KTDC can facilitate potential investors with information regarding various investment opportunities available.

(iv) Health Spas

Geothermal mineral water springs are found in arid and semi arid areas such as Baringo and Turkana Districts within the Great Rift Valley and parts of Homa Bay District along the shores of Lake Victoria.

These can be developed into health spas with small hotels from 30–50 rooms. In addition, hot water springs are found at or around (i) Lakes Bogoria and Baringo, (ii) Lake Turkana; and (iii) Olkaria and Eburu, near Lake Nakuru.

(v) Lake Victoria and environs

The resources of the lake have not been fully tapped for tourism. Potential exists for the development of cruise ship and water sports. The beaches along the shores are also ideal for hotels and clubs. Away from the lakeshore, opportunities for the development of lodges and tented camps exist. The following areas have been identified as potential tourist sites: Mount Elgon National Park; Kakamega Forest National Reserve; Ndere Island National Park; Kisumu Impala Sanctuary; and Rusinga Island.

(vi) Eco-tourism projects

Investment opportunities exist for development of eco-lodges, tented campsites and cottages that are in harmony with environment exist in a diversity of attractive sites spread across the country.

(vii) National Parks and Reserves

The Kenya Wildlife Service (KWS) has information on all suitable sites for the development of lodges, camping and other tourism-related facilities in the National Parks and Reserves.

(viii) Other opportunities

Other tourism-related investment opportunities include facilities for cruise ships at Mombasa port and on Lake Victoria; roadside services; and development of film and sports tourism.

Madagascar



Madagascar is recognized as one of the world’s rare undeveloped destinations for nature and discovery tourism. Prospects for investing in the tourism sector are enhanced by the

- existence of important tourism assets presenting many possible opportunities all over the island;
- limited existing international standard hotel capacity;
- close co-operation between public and private sectors; and
- existence of potential donor support for capacity building.

The planned upgrading and, in some cases, the rebuilding of the internal road and rail infrastructure as well as the country’s power generation and distribution and telecommunications infrastructure have positive implications for the fast growing tourism industry.

Priority tourism investment sectors include new leisure resorts and lodges (ten potential nodes have been identified) as well as hotel renovation and upgrades.

The Government has adopted the Integrated Growth Pole Project to support tourism development in Nosy Be (North West) and Tolagnaro (near Fort Dauphin in the South East). A Tourism Development Plan has defined priority tourism investments zones in both regions.

Other priority geographic areas for tourism development include:

North Axis

- Ankarana – a natural reserve which requires hotels in an adjacent Tourism Investment Zone;
- Amber Mountain eco-tourism site; also a Tourism Investment Zone.

South Axis

- Isalo National Park – more hotels around the park are needed;
- Anakao – close to marine park and largest lake; it lacks lodging facilities.

South West Axis

- Morondava close to Bemeraha National Park, now getting new road access; needs accommodation development.

East Axis

- Mahambo is among the best tourism beach sites but needs more organised modern lodging infrastructure;
- Manambato is a beautiful lake near the Indian Ocean; and
- Vatomandry – the closest beach to Antananarivo offers opportunities for investment and upgrades.

North West Axis

- Mahajanga needs improved accommodation.

In addition to the above, the Ministry of Culture and Tourism has under its direct management a number (23) of land reserves that are available for tourism investment.

Mauritius



Mauritius is today widely recognised as an up-market travel destination for holiday-makers from all parts of the world. The tourism sector offers a wide range of luxury beach hotels ranked among the best in the world.

The industry has registered high rates of growth in the last decade and has attracted considerable FDI, particularly in the construction of world-class hotels.

The future emphasis is on diversifying its beach offer by developing products for eco-tourism, community-based tourism, cultural tourism, golf and MICE tourism.

Priority tourism investment sectors have been identified as follows:

Leisure

- Establishment and management of hotels and other tourist accommodation, including new beach resorts; middle market family hotels; inland lodges; boutique hotels; and luxury self-catering
- Spa complexes and health and therapeutic centres
- Marinas
- Adventure and nature activities – karting, driving ranges, parasailing, bungee jumping, parachuting
- Indoor entertainment complexes and amusement/theme parks
- Support services such as hotel management institutes and training centres for the hospitality industry.

In addition, the Board of Investment (BOI) is actively soliciting investment, and has already successfully attracted developers with FDI, for Integrated Resort Schemes (IRS) in new areas in the south of the island.

The IRS provides for the development of luxury villas of international standing, as well as extensive and high-class leisure and recreational facilities, for high net worth non-citizens and citizens.

Facilities may include (but are not limited to) golf course, marina, individual swimming pool, catering, nautical and other sport facilities, health centre and day-to-day management services (such as security, maintenance, gardening, solid waste disposal and household services).

Rwanda



Rwanda is a landlocked country of varied and attractive landscapes. The Virunga volcanic mountains have high altitude-forests and the world-famous mountain gorillas, while Lake Kivu offers beautiful beaches and an archipelago of islands.

The year 2003 marked the re-launch of national and international tourism in Rwanda accompanied by a series of marketing and distribution measures aimed at attracting nationals and visitors to invest in the tourism sector. At the same time, new hotels have opened and others are under

construction in order to meet the need for quality accommodation that meets international standards.

Construction of a new paved road linking Kigali to the western part of the country where Lake Kivu is located has also benefited tourism. Since 2000, there has been a fourfold increase in the number of tourists visiting national parks - from 5,000 in 2000 to 20,000 in 2005.

Tourism has been included in the priorities established by Government in November 2003. Policy has focused on preparation of a tourism recovery plan; restructuring of the national tourist office; strengthening of the partnership with the Rwandan private sector; encouraging eco-tourism development based on the natural beauty of the country; ensuring that the development of the tourism sector leads to equitable distribution of income to the whole country; and ensuring that the tourism sector contributes to the creation of a strong and positive image about Rwanda.

Tourism is expected to play a pivotal role in fostering future sustained economic development and prosperity that in turn will nurture political stability.

Prospects for investing in the tourism sector are enhanced by the quality of attractions; the beauty of the landscape); and the country's geographic position in the heart of the African continent.

The following investment opportunities in the tourism sector have been identified by Government

(i) Tourist transport

- Creation of a transport company using a seaplane that could link Kigali to different tourist sites: the Akagera National Park (Lake Ihema), Virunga National Park (Lake Kivu, Gisenyi) and Nyungwe Forest (Lake Kivu, Cyangugu).
- Use of engine-powered boats connecting Gisenyi to Cyangugu to ensure the movement of tourists between Virunga National Park and Nyungwe Forest, as well as serving as transport for business.

(ii) Hotels and restaurants

- Establishment of a cultural village (built in traditional style) with accommodation for about 30 persons at Nyanza, the capital of the former Kingdom.
- Construction of a hotel that would accommodate about 30 persons in Nyungwe forest, near Uwinka Centre.

(iii) Leisure infrastructure

- Creation of zoological and botanical gardens for use by local persons in the country's major towns: Kigali, Butare, Ruhengeri and Gisenyi.
- Establishment of a relatively small type of theme park would serve as a centre for selected events such as trade fairs in Kigali and different economic forums, at the same time operating as an area for permanent commercial activities.

(iv) Privatisation

- Hotel Akagera: situated in the Akagera National Park.
- Ituze tourist village.

Seychelles



The trend in visitor arrivals has been erratic in recent years, but visitor numbers increased significantly in 2003, 2004 and 2005. The economy relies heavily on tourism. Fine beaches, turquoise seas and warm weather are among the main draws for visitors. As a result of its isolated history, Seychelles is also rich in rare plants which flourish nowhere else on Earth.

Outstanding amongst these is the coco de mer (sea coconut), native to Praslin. Seychelles is also a major attraction for bird watchers, especially on Bird Island and Aride, and a melting pot of different races, traditions, culture and religions, fusing into a trilingual Creole nation.

The internationally-competitive packages of incentives and concessions granted to eligible businesses continue to attract more investors to the country.

The main investment opportunities in Seychelles are centred on the tourism and fisheries sectors. Tourism offers the investors a dynamic and diverse range of opportunities to include hotels, specialized restaurants, diving centres, boat charter, tour operators, car hire, yachts and live-aboard vessels.

The Seychelles Investment Bureau (SIB) maintains a more detailed list of potential investment activities that can be developed in Seychelles.

As set out in the Investment Code of Seychelles Act of 2005, tourist accommodation projects with up to 10 rooms (excluding luxury villas) are restricted to citizens of Seychelles or a body corporate in which more than 50 percent of the capital is held by citizens of Seychelles as beneficial owners. Accommodation projects above 10 rooms can be 100 percent foreign owned.

The same conditions apply in the case of luxury villa projects containing up to five villas and more than five villas, respectively.

Investment in restaurants can be 100 percent foreign owned, but the restaurant needs to be specialized. If the project is approved by SIB, the investor will be entitled concessions under the Tourism Incentives Act (TIA).

Somalia



There is no reliable information on the trend in visitor arrivals in recent years. Most visitors are likely to have been official or aid personnel, journalists, or persons visiting friends and/or relatives.

Leisure tourism in Somalia would be mainly based on natural attractions, which include white sand beaches, natural habitats and wildlife. Prospects for investing in the tourism sector are also enhanced by the:

- existence of important tourism assets presenting numerous tourism development opportunities;
- limited capacity of hotels of international standard;
- future recognition of Somalia as one of the world’s rare undeveloped destinations for nature and discovery tourism; and
- potential donor support for capacity building.

Priority tourism investment sectors would include:

Infrastructure

- Almost the entire tourism infrastructure in Somalia is in need of rehabilitation (particularly roads, electricity, water supply, airports and sea ports);
- Roads, electricity, water, ports.

Leisure

- Hotel renovation and upgrades;
- New leisure resorts and lodges (in the longer term).

Sudan



Notwithstanding the ongoing strife in Darfur, the Comprehensive Peace Agreement between Khartoum and the Sudan People's Liberation Movement has led to increased stability in the south of the country.

Sudan has only recently emerged as a tourist destination. Communications and facilities are still limited outside Khartoum while travel restrictions are also in force in some areas (particularly Darfur) owing to political instability. This has negatively impacted upon recent attempts to kick-start tourist growth in the country. Nevertheless, there has been steady growth in international tourist arrivals in the past decade, the number having increased from 29,000 in 1995 to 52,000 in 2003 and 61,000 in 2004, but this consists mostly of official, business and family visitors rather than leisure tourists. Sudan's tourist attractions are plentiful – from Nile tours to virgin rainforests to wildlife safaris and game parks, Red Sea diving and archaeological sites in the north, from the rolling deserts of the north to the lush rainforests rising on its southern borders. Africa's largest country, Sudan is also its most diverse; the nation has more than 500 tribes, each with its own dialect, traditions, customs and dances. As the Ministry of Tourism and National Heritage prepares to promote Sudan as a renascent tourism destination, there are many opportunities available for investors.

Much of the infrastructure in Sudan is in need of rehabilitation (particularly electricity, airports and seaports, and roads). However, projects are presently underway or proposed for partnership with foreign investors for the upgrading and, in some cases, the rebuilding of the internal road and rail infrastructure and the rehabilitation of the country's power generation and distribution and telecommunications infrastructure.

These developments will have positive implications for the tourism industry. Prospects for investing in the tourism sector are also enhanced by the existence of important tourism assets; the limited capacity of hotels of international standard; and growing recognition of Sudan as one of the world's rare undeveloped destinations for nature and discovery tourism.

Priority tourism investment sectors have been identified as follows:

Leisure

- Business hotel renovation and upgrades; New leisure resorts and lodges.

Infrastructure

- Roads, electricity, water, and airport projects at Khartoum, Port Sudan, Malakal and Abu Gibieha and seaport developments at Suakin and Osaif.

Tanzania



The development of Tanzania as a multi-centre, mainly up-market tourism destination offers considerable potential growth prospects and many opportunities for investment, including the following priority tourism investment sectors:

Leisure

- New and upgraded accommodation facilities and hotels (with international standards and entertainment facilities), lodges and guest houses in major cities and towns, especially in southern areas;
- Beach resorts in coastal regions, offshore islands and Zanzibar (10 separate areas);
- Eco-tourism projects in areas such as the Eastern Arc Mountains (ranging from North Pare, the Usambaras, Uluguru and Udzungwa mountains), the mangrove forests in Mtwara, Lindi, Coast and Tanga regions, and the island of Pemba;
- World Heritage Sites: there is a considerable potential for investment in areas in or adjacent to the Serengeti National Park, the Ngorongoro Conservation Area, and the Selous Game Reserve which are inscribed on Unesco's list of world heritage sites, (and the only such sites in East Africa); and
- The increasing number of tourists also provides excellent opportunities in the tour operations sector plus deep sea fishing, trophy hunting, and sea and lake cruising, and in man made tourist attractions like theme parks and gambling resorts.

Infrastructure

- Roads, water, electricity.

Environment Conservation Areas

- Improvement of southern parks and reserves.

Heritage Conservation

- Museums and cultural heritage attractions;
- Cultural heritage sites: historical buildings in towns such as Bagamoyo, Kilwa, Pangani, Tabora and Stone Town (Zanzibar) can be leased to private operators.

The following geographic areas have been identified for priority tourism development in Tanzania:

- Northern Wildlife Circuit;
- Kilimanjaro-Arusha;
- North East Mountains and Coast;
- Coastal Zone;

- Dar es Salaam and environs;
- Southern coast and Islands;
- Southern Wildlife Circuit;
- Lake Tanganyika;
- Lake Victoria hinterland; and
- Zanzibar (the main island of Unguja and Pemba).

Scope exists for foreign businesses to partner with local companies to take advantage of these investment opportunities.

Uganda



The trend in international visitor arrivals has been strongly upward in recent years, with the number increasing from 193,000 in 2000 to 512,000 in 2004 (but falling back somewhat to 468,000 in 2005).

The distinctive attraction of Uganda as a tourist destination arises out of the variety and abundance of its game stock and its unspoilt scenic beauty. With terrain ranging from the open savannah to impenetrable mountain rain forest and the vast expanse of Lake Victoria, Uganda offers an interesting contrast to the wide East African plains. The focus of Uganda's tourism drive in recent years has been the rare mountain gorilla. This has been very successful, with the demand for viewing permits currently far in excess of existing supply. The response of Government has been to initiate the development and promotion of alternative tourism products, including avi-tourism (bird watching), sport fishing, boating, game viewing, walking and trekking, mountaineering and white water rafting.

Reasons for investing in Uganda's tourism sector include:

- Uganda has untapped potential in the form of eco-tourism, bird life, contrasting scenery and substantial game populations;
- Uganda's tourism resources are modestly exploited and less commercialised than competing destinations giving the tourist a true African safari without the disruption of too many other tourists;
- The competition among players in the sector is less intense than in other countries; and
- Uganda, with its unique attractions, can be marketed both as a long-haul destination or as part of a regional package including other East African countries.

The available investment opportunities - identified in the Uganda Investment Authority's Tourism Profile - include, but are not limited to, the following:

Tour Operators

There are many opportunities for new and innovative tour operators who have international contacts and are able to market Uganda internationally as a new destination based on the special attractions currently being promoted by the Uganda Tourist Board.

These include: adventure holidays; sport fishing; eco-tourism; and avi-tourism (bird watching).

Water sports and other related activities

Opportunities exist to take advantage of Uganda's considerable water bodies including the launch of luxury boat cruises on Lake Albert and Lake Victoria.

Currently, this is an area that is still largely unexploited. Water sports such as white water rafting, skiing, boat racing, etc. are also potential opportunities.

Accommodation

As the next Commonwealth Heads of Government Meeting (CHOGM) which is the biennial summit meeting of the heads of government from all Commonwealth Nations, will be held in Kampala, numerous accommodation projects have been launched in the 3-5 star hotel categories. Given the present and expected growth in demand, there is need for new tourist accommodation, both in the main cities and towns and in and around the various national parks and reserves. Opportunities also exist in the serviced apartments sector, especially in Kampala.

Conferences and Incentive Travel

In the last years, several conference facilities have been built near Kampala and Entebbe. The Nile Hotel International Conference Centre is one of the largest of the existing large facility (with accommodation for up to 1,700 delegates in the main room). The next CHOGM will take place at the Speke Hotel & Conference Center on the shore of the Victoria Lake (Kampala-Munyonyo).

Other hotels and lodges can offer smaller facilities. The opportunities for investors in this area include the establishment of world-class accommodation and exhibition facilities that can attract major international conferences and events, and the establishment of event planning companies to organize such events.

National Park Concessions

There are still a number of opportunities to secure long-term concessions in Uganda's national parks, either through the rehabilitation of existing facilities or through the construction of new facilities in both the old and newly designated parks. More information on the status of concessions may be obtained from the Uganda Wildlife Authority.

Joint Ventures

UIA maintains a database of local and foreign companies seeking joint ventures in tourism and other sectors.