

Southern African Development Community

S A D C

Tanzania – East Africa's
Most Undersold Destination

Zambia – Reforming
Government in the Pulse of Africa

Mozambique – Awakening Ambitions
for Investment

Malawi – Vibrant in the Land of the Lake

Mauritius – Welcome to the Island in the Sun

— T O U R I S M —

TANZANIA

UNLOCKING ITS TOURISM POTENTIAL

Ever growing numbers confirm Tanzania's standing as one of the world's most complete holiday destination.

Tanzania is working with its partners in the Southern Africa Development Community (SADC) to market its huge potential for high yield tourism, having grown from only 260,000 visitors five years ago to 700,000 a year now. Tourism annually earns Tanzania over \$700 million, the third biggest economic sector after coffee and cotton. The future potential, however, is enormous – the Selous game reserve south of the chief port and former capital Dar es Salaam is the largest in Africa and the same land size as Switzerland.

For almost three decades after Tanzania's independence from Britain in 1960, tourism got a low profile compared to a neighboring state such as Kenya but all this is about to change and tourism will soon become the country's top foreign exchange earner, with a welcome mat laid out to foreign investors through a one stop shop, the Tanzania Investment Center.

"We will opt for low volume but high yield tourism," says Minister of Tourism HE Zakia Meghji, an experienced

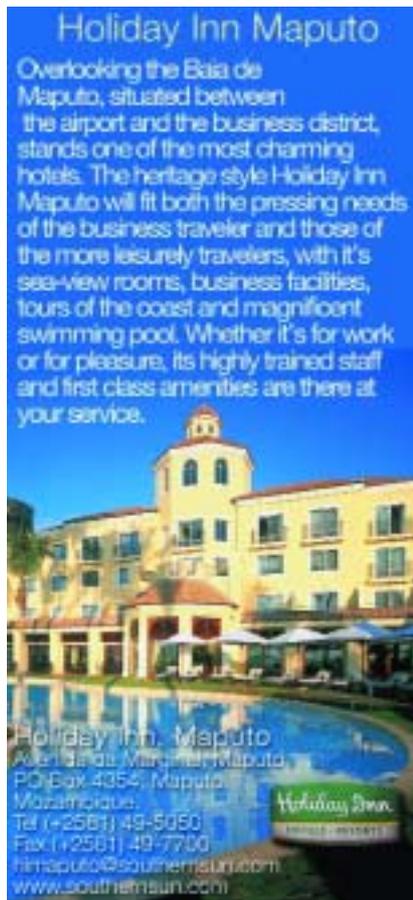
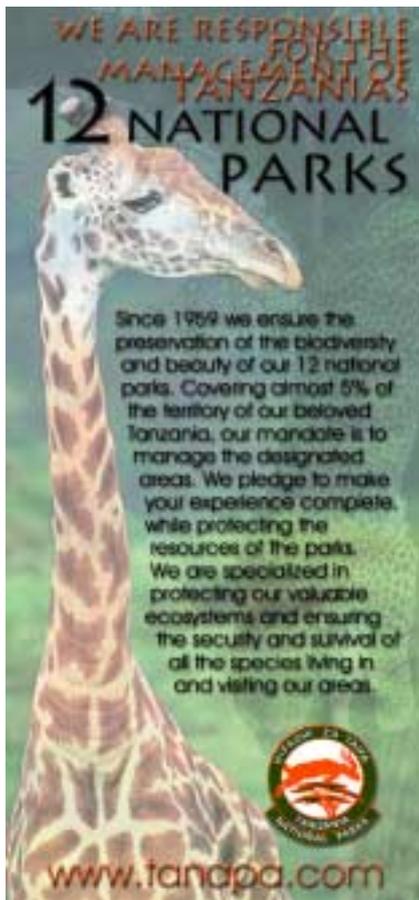


politician who grew up in Zanzibar and is in his second term of office as minister. "Less people coming in, but spending more money. This means big investments and a specific kind of hotel."

The traditional market has been UK, Germany and France but Tanzania has opened a gateway to North America through North West Airlines and Emirates Airlines of the UAE will soon operate between Dubai and Tanzania. The country has a reputation for being safe and politically stable with plenty of *ascaris* (rangers) to protect safari tourists visiting remote areas.

The travel industry often thinks of Tanzania for its wildlife reserves and the beauty of Mount Kilimanjaro. The new government masterplan for tourism, however will also emphasize the 800 km of unspoilt beaches of the mainland, the western part of Tanzania with Lake Victoria, the world's second largest lake, Lake Tanganyika and Lake Nyasa, and the south where there are plans to develop the Mbeya region.

"If you are looking for diving or snorkeling, we have beautiful places like Mafia or Pemba islands," says Meghji. "If you are interested in history, we have famous names like the Victorian explorer Dr Livingstone who lived in Kilua, which is now being developed with help from France. Japan meanwhile, is helping with the restoration of historic buildings." For visitors interested in experiencing the culture of Tanzania's welcoming people – 122 tribes speaking many different languages – the minister recommends staying with Msai families in the





northern part of the country and says the Swahili culture can be found along the coast.

To attract inward investment and to achieve growth, the minister is building capacity by working with major carriers, such as KLM, British Airways, South African Airways and Swissair. "KLM was coming in once a week," says the minister, "but now they are coming in once a day." Indeed, the local management of the Dutch carrier describes Tanzania as "the most undersold destination in East Africa." One major benefit could be that the state-owned Air Tanzania is now slated for privatization, which will release new investment for improved domestic airline services.

"We will opt for low volume but high yield tourism."

**says Zaki Meghji,
Minister of Tourism**

Most of Tanzania's 12 national parks, occupying some 4.5% of the land area, already have management plans with a major emphasis on sustainable development and protection of habitats. The custodian of these jewels in Tanzania's tourism industry is Tanzania National Parks (TANAPA), whose mandate will be extended to the two new national parks at Irinda and Saadani – the former is in the somewhat neglected south of Tanzania, while the latter is the only place in Africa where animals come down to the beach. "Our primary function is to ensure a sustainable environment where nothing affects biological and ecological factors," says TANAPA's director general Lota Melamari. Based on a UNESCO

model, TANAPA is working on a project to get the local community engaged in tapping into the economic benefits of national parks.

Conference tourism in Dar es Salaam and at Arusha, crowned the 'Geneva of Africa' by former US president Bill Clinton during the Burundi peace negotiation signing ceremony two years ago, is particularly interesting. The fully modernized Arusha International Conference Center (AICC), a global conference center in the heart of Africa, is perhaps SADC's premier location for conferences, meetings, seminars and workshops. AICC in 2001 became the first conference center in East Africa to receive a certificate of recognition from the International Congress and Conventions Association.

A showpiece for Tanzania's tourism industry is the 86-room Hotel Sea Cliff, Dar es Salaam's internationally acclaimed five-star hotel, specializing in the needs of the business traveler. "This is a small hotel so we have a chance to be personal," says general manager Kevin Stander. "We get to know a lot of our guests, something you can't do in a 500-room hotel." Stander does not consider Dar es Salaam to be a major tourist destination but believes that the north of the country with its resorts has huge future potential. Expansion plans at the Hotel Sea Cliff include a mini 'stone town development' with boutiques, restaurants and a medical center to be called 'The Village Walk.'

A newly arrived competitor, also located on the scenic Msasani Peninsula outside Dar es Salaam, is the Golden Tulip, managed by Herbert Friese for Indian Ocean Hotels, and offering a range of business, conference and leisure facilities. The architecture is inspired by Arab influences and all rooms have ocean views.

A government initiative that will boost Dar es Salaam is a project to develop day tours for business travelers, such as visits to the historical coast of Bagamoyo. "We could reach business executives who don't have time to go to the Serengeti," says the Tourism Minister, "If you just have one day, we propose you do something instead of flying straight back to Europe or the US."

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ZAMBIA

THE REAL AFRICA

Zambia is often described as the “real Africa” because of the awe-inspiring Victoria Falls on the Zambezi River, known locally as “the smoke that thunders”, as well as for its huge protected wilderness areas.

The South Luwangwa National Park is home to arguably the most diverse range of game in Africa. After these natural wonders comes the spectacular scenery in places like the Bangweulu Floodplains, the Luangwa River valley and the manmade expanse of Lake Kariba.

Livingstone, the adventure capital of Africa with its own airport, offers a wide range of activities for wildlife and adventure enthusiasts, as well as access to the best views of Victoria Falls. “We want to develop Livingstone as a tourism capital,” says HE Levison Mumba, Zambia’s Minister of Tourism, Natural Resources & Environment. “We consider tourism in Zambia as our major invisible foreign exchange area. Current liberalization and privatization of the economy is leading to continued foreign investment in the Zambian tourist industry. The increase in visitor numbers can be attributed to the unspoiled wilderness, peace, the friendliness of our people and our tradition of political stability over the past 30 years.”

Zambia’s President HE Levy Mwanawasa, who says more must be done to publicize Zambia’s tourist attractions, shares his vision. “If people come to visit us as tourists, it will also initiate a way for investors to consider Zambia as an investment destination,” he says. The president



Amazing wildlife

considers that it is essential to protect wildlife. “It will not help our country to allow poachers to kill the abundant wildlife that we have,” he adds.

Not only has Zambia passed legislation to protect wildlife, the government has sought funding from the European Union for all the 19 national parks (of which only four have so far been used by tourists) to employ village scouts to protect wildlife from poachers. “In the past, poaching was associated with meat for the poor but now it is on a commercial scale,” says Mumba. “The wildlife officers were not sufficiently equipped to match the arsenal which the poachers sometimes employ.”

Zambia is expecting a 30% increase in hotel bed capacity with new openings in Cizamba and Chingola on the



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The restaurant has a scenic view across the gardens and guests can also enjoy light meals outdoors beside the pool. McGinty's, a traditional Irish pub, is the perfect setting for a casual lunch or pre-dinner drink. Golf, squash and bowls are available nearby, while the hotel offers a sauna and aromatherapy salon.

Business travellers can make use of the essential business services on offer or use the conference room which accommodates up to 20 people.



Copper Belt. Daily direct flights link the capital Lusaka with Johannesburg but what the government wants most is direct flights from Europe to Zambia.

The leading hotel for business and leisure travelers in Lusaka is the 155-room Holiday Inn, four km from the downtown and 27 km from the airport, with shopping and entertainment areas close by. The air-conditioned property has a large outdoor swimming pool and sauna, well-equipped fitness center with treadmills and exercise bikes, an Internet café offering email and Web access and a range of dining and beverage options.

MOZAMBIQUE

“SLEEPING BEAUTY” OF SOUTHERN AFRICA

The Ministry of Industry Trade and Tourism in Maputo describes Mozambique, a country twice the size of California in Southern Africa with 2,400 km of pristine coastline, as Southern Africa’s “sleeping beauty.” A favorable climate for investment has been created since the end of the civil war in 1992, which was followed by a decade of economic reforms and growth.

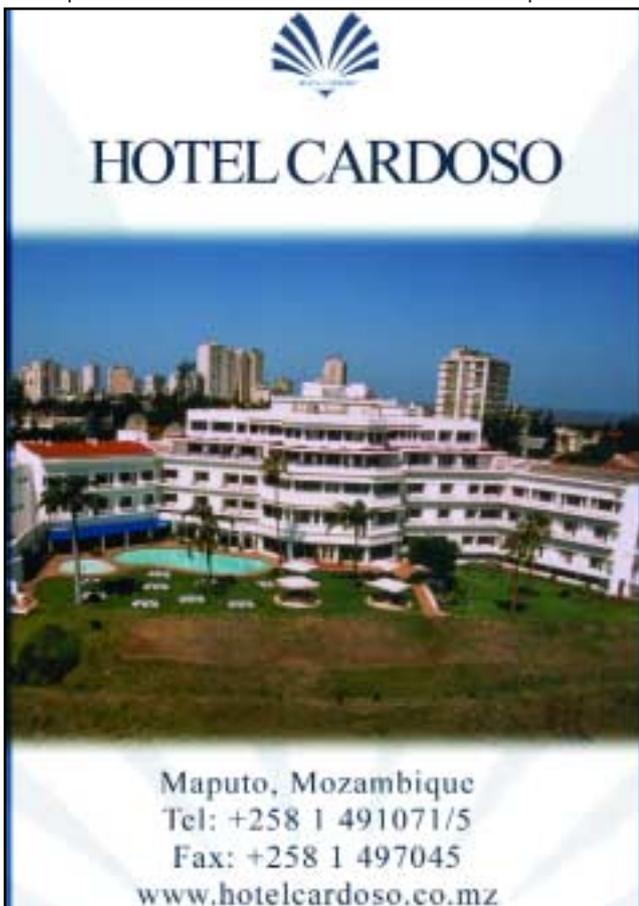
Civil servants hope that before long the peak figure of 300,000 tourists, achieved in 1973 – two years before independence from Portugal – will be surpassed. In colonial times, the vast majority of visitors were sun seekers from South Africa and pre-independence Zimbabwe, attracted by the bars and Mediterranean style restaurants of Maputo and Beira serving seafood. They still represent a substantial market for Mozambique.

With most of the interior difficult to access, tourists are attracted to the beaches of the capital Maputo and the nearby resorts of the Ponta do Ouro Zone, including Ponta Malongane, Ponta Mamoli and the Maputo Game Reserve up to Cape Santa Maria. This zone will play a major role in catering for tourists of middle and higher income from neighboring states, especially South Africa. Its proximity to Maputo will also attract the domestic market based there. Other potential lies in the Vilanculo zone – Bartolomeu Dias, including the Bazaruto Archipelago and the Bazaruto National Park.

Mozambique’s best hope for more visitors is to encourage tourists who would include a trip to Mozambique during their visit to neighboring countries, such as South Africa or Zimbabwe, with the added bonus that Mozambique can offer photo safaris and game parks as well as sun and beach vacations.

A leading hotel in Maputo for the business and corporate traveler is the historic Hotel Cardoso, which was completely renovated in 1995 by its new owners lead by Lonrho Africa. The hotel is built in generous gardens and enjoys breathtaking views over Maputo bay and the city. The large lobby and public areas benefit from plenty of natural daylight and offer spaces for meetings or relaxation.

The Holiday Inn Maputo, just five km from the central business district, is situated on the beachfront and offers a high standard of service for the visitor. For leisure activities the hotel has a fitness center and outdoor swimming pool set in landscaped gardens with a terraced patio. ●



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Mauritius – Island Paradise for Tourists

Mauritius, an Indian Ocean island paradise some 500 miles east of Madagascar, is predominantly a holiday destination for beach resort visitors. The industry earns the island economy some \$510 million a year and entertains more than 650,000 tourists, about 70% of whom are from Europe.

The Maritim Hotel, located on a 25-hectare private estate along Turtle Bay on the island’s northwest and sunniest coast, is a world class luxury resort hotel, offering its guests a wide range of sports and leisure activities. From this base, 15 minutes by road from the capital Port-Louis, tourists can enjoy the sub-tropical climate with clear warm sea waters, and meet the friendly and welcoming ethnic population.

The Maritim offers conference facilities for business guests as well as gourmet dining and sea facing rooms to suit all tastes. With its own golf course and boat house for water sports, the Maritim caters for every possible pastime, including para sailing, big game fishing, mountain hiking and underwater safaris.

Families are especially welcome at the Maritim, together with couples seeking an exotic venue for a wedding.



http://www.maritim.de info.mau@maritim.de

Setting, service and style come together in Malawi

Location and luxury combine in Le Méridien Malawi's four fine hotels to meet the discerning traveler's every need. Two modern city centre hotels offer the best accommodation in the capital Lilongwe and bustling Blantyre, while the Livingstonia Beach and Ku Chawe enjoy some of the most superb scenery in Africa.

Set in magnificent parkland in the centre of the 'Garden City' Lilongwe, the bougainvillea-strewn courtyard, swimming pool and woodlands of Le Méridien Capital offer an oasis of calm just minutes away from the bustling international and commercial city centre. Its first-class conference facilities, dedicated business centre and leisure amenities make it the perfect place to unwind, with 187 rooms offering air conditioning, satellite television and direct dial telephones.

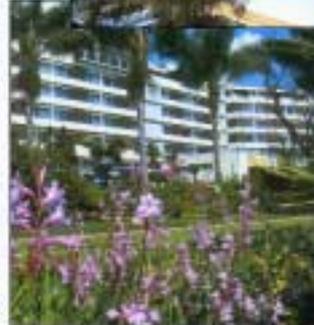
Le Méridien Mount Sochi lies in central Blantyre, amid terraces and well wooded gardens. Its top-floor restaurant affords stunning views over the valley below, as well as some of the best à la carte dining in Malawi. All 134 rooms have air conditioning, satellite television and direct dial telephone, and the hotel also offers conference facilities for up to 350 delegates.

David Livingstone called Lake Malawi the 'Lake of Stars', and viewed from the exclusive Le Méridien Livingstonia Beach right on the lakeshore, it is easy to see why. The hotel has one kilometre of private golden sands, and its restaurant, set high in the frangipani-scented gardens, offers the best fish from the azure waters. Many of its 32 rooms are furnished and decorated in traditional African style.

Le Méridien Ku Chawe also enjoys a unique setting, perched on the rim of the 2000m Zomba plateau. It shares its expansive views and tropical micro-climate with the wide range of wildlife which inhabits the forests and lakes of the plateau. In addition to its 40 rooms, the hotel offers facilities for smaller secluded conferences, and sports and leisure activities include horseback riding, fishing, birdwatching and mountain bike riding.



Le Méridien Capital - Lilongwe



Le Méridien Livingstonia Beach - Lake Malawi

Le Méridien Mount Sochi - Blantyre

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— F I N A N C E —

TANZANIA

THE BIG LEAP FORWARD

Tanzania is becoming a top investment destination in Southern Africa.

Low inflation, a stable currency and government deficits under control. President Nyere Tanzania rejected capitalism but since 1986 President HE Benjamin Mkapa has embraced market-driven reforms and liberalized the financial sector with privatization top of the national agenda.

Estimates are that overall GDP growth will rise gradually reaching 7% by 2005 from its level of 5.8% this year. The government is confident of cutting inflation to below 5% by December 2002 and then holding it steady. "Given this anticipated rate of inflation in the short term, the value of the shilling is expected to remain stable," says Finance Minister HE Basil Mramba. Tanzania is operating a managed float of its exchange rate with the Bank of Tanzania (central bank) only intervening if the exchange rate changes by more than 5% a day.

In the future the economy is expected to be export oriented with opportunities for foreign investment in gold,

coal and iron ore, infrastructure, hydrocarbons, telecommunications, utilities, fisheries and tourism. Tanzania's agricultural land is one of the most fertile in the world with the highest concentration of wildlife. Tanzania offers a peaceful and stable political environment to live in and work.

The island of Zanzibar has particular potential for tourism and is perhaps the best kept secret in the Indian Ocean with its fascinating historical Stone Town and magnificent beaches. Arab traders first discovered it in the eighth century and its oldest building is a mosque dating to 1107. Production of cloves and other agricultural exports produce revenues of more than \$30 million a year.

With macro economic stability largely achieved, the future challenge is to "concentrate on the micro-economic level" in Tanzania, says Minister of Planning and Privatization HE Dr Abdallah Kigoda. "We have to reach out so that the benefits can extend to the common people," he says. "Our program - Vision 2005 - will now concentrate on issues such as education, health care, rural improvement, water and HIV."

Tanzania is aware that in seeking investors it must in Kigoda's words "reduce bureaucracy and eradicate corruption." He believes that the international media must

“perceive that Africa has changed” and that the reform agenda in Tanzania is moving ahead.

All banks in Tanzania can now become private and the majority of the community of around 20 banks are now foreign banks with major players represented including Citibank, Standard Chartered, Barclays and South Africa’s Stanbank. “The environment is very favorable for investment banking,” says HE Daudi Ballali, governor of the Bank of Tanzania. “Foreign banks have come here with a lot of capital and they have been able to enter the market very quickly. We have facilitated and created a good regulatory environment.”

“The environment is very favorable for investment banking,” says Daudi Ballali, governor of the Bank of Tanzania.

The central bank’s success in regulating the financial sector is demonstrated by the low number of bank failures in Tanzania compared to its neighbors. Foreign-owned banks have also begun to open branches outside the principal business center of Dar es Salaam.

The governor is delighted that following its takeover by a South African financial institution, Tanzania’s biggest bank has expanded the bank’s branch network from 35 to 40 offices. “What has happened really is to deepen financial services in Tanzania and to bring products that were not there,” says Ballali. “The progress that some other countries have taken the past 30 years to achieve, we have done in a very short time.”

Under Ballali, Tanzania has increased its foreign reserves to \$1.2 million with a strong balance of payments and sharply reduced debt. “The saving we are getting from cutting debt from over \$6 billion to \$3 billion has been channeled into poverty reducing sectors such as education and health,” says Ballali. “The conditions of the average Tanzanian is certainly better now than it was in the mid-1980s.” The governor’s vision is of high employment

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ZAMBIA

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In the wake of the success of the ambitious government reform program, Zambia is now on its way to enjoying macro-economic stability, private-sector led growth and export development. By liberalizing markets, implementing broad tax and tariff reforms and modernizing the financial sector, the foundations for continuing growth have been laid.

The Zambian government is dedicated to an open, free-trading economy based on private enterprise and offers investors statutory protection for their investments, the right to repatriate profits and a valuable incentive package to reduce costs and increase after-tax profits.

The country is one of the select few on the African continent with absolutely no exchange controls, and unlimited investment of capital. Market-determined interest and exchange rates also make Zambia the ideal choice for investors.

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in the cities leading to greater demand for agricultural products.

Looking at the economy as a whole, the financial sector has benefited most from Tanzania's reforming policies. "The central bank owns the process of transformation," says Ballali.

ZAMBIA NEW DEAL PROMISES ECONOMIC RECOVERY

Zambia, a landlocked country of 10 million people in Central Africa, surfaced from 75 years of British commercial and colonial government in 1964, with a workforce of fewer than 110 university graduates and an economy almost solely dependent on mining. Its reliance on mineral exports has proved a handicap over the past 40 years and even after privatization the mining sector has struggled to perform, due to low world prices for copper, cobalt and zinc.

Under HE President Levy Mwanawasa, who took office after elections in January, the first sustained drive to attract diverse sources of foreign investment is under way. The government which has pledged to adjust Zambia's 'one size fits all' macroeconomic policy has launched its 'New Deal' economic program. The theme of Minister of Finance & National Planning Emmanuel Kasonde's 2002 budget is 'food security through production and job creation.' Its key features include support for farmers, lower costs for government medical care and backing for industries like tourism that have enormous potential for growth.

"The international community will find Zambia to be a very safe and profitable destination." says President Mwanawasa

"This country is blessed with abundant land, good soil, plenty of rain and good sunshine," says Mwanawasa, whose ruling Movement for Multiparty Democracy (MMD) was the first to embrace free market policies in the 1990s. "The conditions are perfect for agriculture and above all our people are hardworking. We are pursuing a policy of liberalization which literally means that you can take any amount of money out of this country. The international community will find Zambia to be a very safe and profitable destination."

Zambia's location in the center of Africa with connections to north and south makes it an ideal place for distributing products and commodities to surrounding countries. Its record of peace and stability is in stark contrast to some of its neighbors. Inflation has been reined in to 18% from 30% last year and the Ministry of Finance expects to have inflation down to a single digit figure within two years.

The Bank of Zambia (central bank), whose newly appointed governor is economic Caleb Fundanga, senior adviser to the president of the African Development Bank, says Zambia is the most liberal economy in the region with



Left : Mr Mwanawasa - President of Zambia,
Centre : Governor Daudi Ballali - Bank of Tanzania,
Right : Governor Caleb Fundanga - Bank of Zambia

tax incentives for investors and no foreign exchange controls or restrictions on the repatriation of profits. The central bank itself has lead the way in modernizing its operations – apart from Zambia, only South Africa has electronic clearing systems for its banks although Mauritius is about to introduce it.

Through its spokesperson, the Bank of Zambia says privatization has been extremely successful over the past decade. In 1991, when the MMD took office after voters grew dissatisfied with big government policies and chronic food and fuel shortages, more than 85% of the economy was state controlled. The mines employed almost half the workforce and the country was weighed down with debt.

Since then, more than 250 corporations have been privatized including the mines. "We have privatized in all sectors," the spokesperson says. "The Sun Hotel was state owned but through privatization we have attracted that kind of investment into tourism. In the mining sector, the industry was almost collapsing but now it is reviving, because investment has gone in and production has improved." On the list for upcoming privatization will be the Indeni Refinery, the Tanzania Pipeline and the concessioning of Zambia Railways, as well as the state-owned postal and telecommunications entities.

President Mwanawasa is keen for Zambians to see the benefits of privatization, especially in the mines, as his government is acutely aware that the sell-offs are the price for continued and expanding support from aid donors. "If our citizens are mere spectators then you find that investments may not be relatively secure," he says. "I am anxious that the new owners of the mines provide employment to our people. We see our professionals servicing our neighboring countries. If they are found to be beneficial for other countries, why can they not be beneficial to their own country?"

The principal incentives for investors are found in the Export Processing Zone Act that has established tax free zones at Ndola in the Copper Belt, Kafue and Luanshya. The president says there are plans to extend the tax exemptions in the three centers to businesses that establish enterprises in rural areas and those that use locally sourced raw materials. The Zambian constitution has been amended to outlaw nationalization of foreign-owned businesses. "We want to produce quality goods that can compete on the international market," says Mwanawasa, whose reforming policies are expected to result in lower prices and stricter control of budget spending. ●

Technology leads the way



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Telecommunications play a key role in Zambia's development and the country's largest provider, Zambia Telecommunications Ltd (ZAMTEL), is keenly aware of this responsibility. It is pledged to be the galvanizing force behind Zambia's economic growth, to ensure that the people of Zambia get a fair return on their investment, and to provide customers with reliable high quality services at an affordable price.

Competition was introduced into the sector in 1994, and ZAMTEL is meeting the challenge by massive investment in the modernization and expansion of the telecommunications infrastructure throughout the country. It employs more than 3,000 Zambians and provides a wide range of services for its diverse customer base, from individuals through to large corporations. Core business is the Public Switched Telephone Network (PSTN), with services ranging from basic telephony and facsimile to data and pre-paid international calls, as well as leased services. Many rural communities do not have easy access to the affordable communications that will allow the agricultural economy to develop. ZAMTEL's solution is to offer a variety of wireless services, including public payphones, Internet access and data services for rural use.

Internet provision comes in the form of ZAMTEL ONLINE which has recently been upgraded with the latest state-of-the-art technology. Together with digital, microwave and satellite links, this enables ZAMTEL ONLINE to provide a fast, reliable and congestion-free Internet service, at ever more affordable rates. Cellular tariffs are also the lowest in the country, and are now available nationwide with the launch this year of the GSM digital network.

International telephone and data traffic is assured through two digitalized satellite earth stations at Mwembeshi in Lusaka, and the domestic satellite at Lanya House enables services to be extended to remote communities.

Technology also plays its part in providing quality customer service. ZAMTEL's new computerized system integrates fault location, sales service, billing and accounting functions into one unit serving the whole country.

Malawi - agriculture ripe for investment

Malawi is very definitely open for business and one of the leading organizations working to increase the country's international trade and attract foreign investment is the Agricultural Development and Marketing Corporation (ADMARC).

On the marketing side, ADMARC's current business is based on the purchase of produce such as tobacco, maize, beans and rice from smallholders within the country, which it then sells first locally, then regionally and internationally. The organization recognizes the need to source from a wider range of producers, both regional and international, to meet demand.

Similarly, it aims to sell to a larger number of international buyers, who require maize, rice, groundnuts and cotton. General Manager Dr. Chipala explains: "If Zimbabwe or Mozambique is short of maize, for example, we should be able to source maize wherever it is grown, perhaps the US or South Africa. If the price is right we can connect buyer and seller - we do not need to physically have the goods in Malawi." Principal buying partners already include European countries for groundnuts and cotton, while South Africa is becoming increasingly important.

ADMARC's development activities concentrate on farming operations and building volume. An example of this is ADMARC's joint venture with Clark Cotton of South Africa to increase the production of cotton in Malawi. ADMARC provides the ginneries to clean the cotton before spinning, using expertise from its South African partner. The cotton is then sold to garment manufacturers and can be exported to the U.S. under the AGOA agreement. Ideally, ADMARC would like to see it exported as textiles to add value locally.

Cotton is just one of the areas where ADMARC is inviting foreign investment. Others include its wholly owned subsidiaries such as the Tobacco Marketing Company Ltd, which is seeking investors to build a processing plant.

The Blantyre Milling Company produces cooking oil from cottonseed and groundnuts and processes rice to market internationally. It has the machinery but is looking for partners with the expertise to help run the company. Meanwhile ADMARC's transport company, MITCO, is hoping to find investors to enable regional expansion and the purchase of its own vehicles.

In the wider arena, Dr. Chipala believes investment in irrigation is essential for Malawi to excel in agricultural production. "We have to invest in dams and in irrigation," he says. "This is also an area where international investors can play a part. The benefits of irrigation are just too many to fail to invest."



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-TRANSPORT AND TELECOM-

TANZANIA

SURFACING THE HELL ROAD

When Japan offered to help Tanzania with highways, the government offered them “the hell road” – the highway leading to the Ngorongoro National Park. “It was our priority number one,” recalls Minister of Tourism HE Zakia Meghji, “Every day people got stuck and could not reach the park. Now, there will be tarmac up to the entrance.”

Tanzania is highly dependent on aid for road construction and rehabilitation using funds from the European Union, the UK, Germany and others including the Kuwait Fund for Arab Economic Development. The permanent secretary at the Ministry of Works J.W.H. Kijazi explains that the government has established the Tanzania National Roads Agency to provide “cost effective and sustainable maintenance and development of the trunk and regional road network to support the socio-economic development of Tanzania.”

The creation of Tanroads is in line with a SADC protocol, says its chief executive Olav Ellevset and provides a “simpler and less bureaucratic administration” for the 90,000 km road network. Every quarter, there are between 500 and 700 new contracts. The government has also opened the door for private sector investment through Build, Operate and Transfer (BOT) projects.

Privatization is envisaged for the Tanzania Railways Corporation, whose 3,027 km network covers the whole country and the neighboring landlocked countries of Burundi, Congo, Malawi and Rwanda.

ZAMBIA

OPENING UP TO COMPETITION

As an ex-Zambian Air Force officer HE Lupando Mwape, the Minister of Transport and Communication, is well qualified to direct ambitious government plans for better railroads, airports, highways and telecommunications. “The key

objective is to align my ministry’s services to our economic policy of liberalization,” he says.

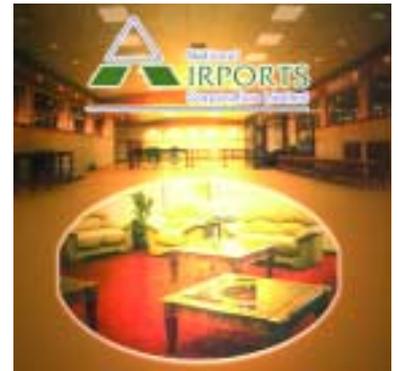
In telecommunications, this involves opening up the sector to competition with the imminent arrival of a fourth operator in Vodacom, a major player in cell phones. The former monopoly holder Zambia Telecommunications Company (ZAMTEL) actually welcomes this deregulation since it has “strengthened its resolve to provide quality services to its customers.”

Zambia’s President HE Levy Mwanawasa considers it a priority to improve telecommunications in rural areas and to reduce the overall cost of making telephone calls through market forces. The Zambia Postal Services Corporation is the most represented business entity in the country with an outlet in all rural districts – it plays a major role in delivering mail and financial services.

“Investors are welcome in any aspect of economic activity,” says Mwape, “we need to make Zambia easily accessible for all.”

The National Airports Corporation (NAC) is responsible for the four international airports – Lusaka, Livingstone, Ndola in the Copper Belt and Mfuwe – as well as for air navigation services in Zambia air space. Major recent projects have included a rehabilitated 3.9 km runway, parallel taxiway and taxiway links at the capital Lusaka, where 14 airlines operate flights, and a major runway facelift at Livingstone to enable landings by Boeing 737s. NAC is also implementing the state of the art Global Navigation Satellite System at both Lusaka and Livingstone, the center of the tourism industry.

“Investors are welcome in any aspect of economic activity,” says Mwape. “We need to make Zambia easily accessible for all. The land can accommodate up to 100 million people and we are an open society.” ●



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Cape Verde

An African success story

THIS SMALL AFRICAN COUNTRY HAS PROVED ITS DEMOCRATIC INSTITUTIONS ARE AS MATURE AS IN ANY DEVELOPED COUNTRY.

Cape Verde is a small country made up of 10 islands inhabited by 434,812 people (census 2000). Since its independence from Portugal in 1975, this nation, practically devoid of natural resources, has depended heavily on international aid. Fortunately, its strong democratic institutions and economic reforms have given credibility to its government in the eyes of international donors and Bretton Woods institutions. "I believe it is not possible to separate economics from politics. What we want first is to establish favorable political conditions for development and foreign investment," says President

Pedro Pires. Many of these conditions were set up by the previous government, allowing the country to tackle its most urgent problems in poverty. Predictably, this agreement will be followed by others signed with the World Bank, the ADB (African Bank for Development), and the EU. A wise management of donors funds have yielded excellent results as development indexes reveal in 2000, GDP grew 8%, fetching US\$ 508.3M. "My ambition is that Cape Verde becomes a country with credibility vis-a-vis the rest of the countries of the world, so it becomes part of the international business community," affirms President Pires.

The country underwent a huge privatization process under the previous administration. This proved very beneficial for the divested companies that experienced an average 80% growth after privatization and created

employment. In 2000, the profits from the sale of Cape Verdean firms reached 120 million US\$. Although still aiming at privatizing the remaining state-owned companies, the present government does not want to repeat the mistakes of the previous one by setting the necessary regulatory bodies in order to better control the privatization process.

Macro-economic stability: priority number one

The privatization process is almost completed, but it is its sound economic management that makes Cape Verde an extremely attractive investment destination.

Since the 2001 elections, Prime Minister Neves has engaged in tax reform, slashed government spending, cut red tape inherited from the Portuguese and engaged in privatization. "Cape Verde is creating conditions for rapid growth," says Neves, aged 42. "We need to find partners among companies prepared to invest here, contributing to the development both of their businesses and Cape Verde." Neves sees the private sector as the principal development engine but plans to improve roads, ports and airports. Exports – shoes, fish, garments and bananas – are a modest \$11 million a year.

Carlos Augusto Duarte Burgo, Minister of Finance and Planning, is in charge of implementing President Pires' wishes. "Our top priority is to assure we have macro-economic stability in order to achieve sustainable growth in the long term," he pronounces. "Adopting fixed parity with the Euro was a good strategic decision to stabilize the economy and reduce inflation. It was also important to have a stable exchange rate to encourage foreign investment, as their investments are protected against currency devaluation."

The fixed parity was established in January 1999. This, coupled with thorough economic reforms, considerable tax



Left to right: Pedro Pires - President of Cape Verde, Jorge Delgado Lopes - Minister of Infrastructure and Transportation, Carlos Burgo - Minister of Finance

advantages and a transparent legislation have done the trick. The financial sector has witnessed important mergers and privatizations in the past years, allowing for several local and international banks to operate freely in the islands.

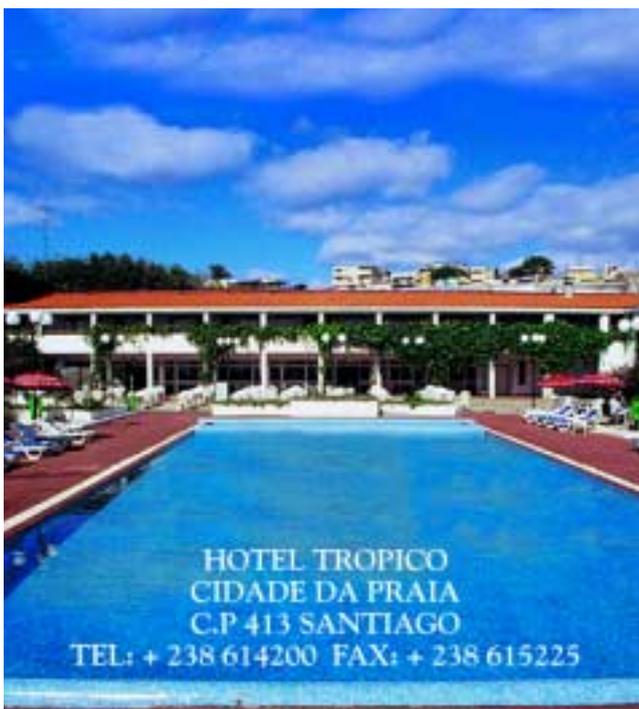
As recently as 1993, Cape Verde's economy was still based on fishing and subsistence agriculture. The droughts that affected the country forced Cape Verde to shift the direction of its economy. Today, the archipelago exports shoes, garments and even electronic components. The Center for Promotion of Tourism, Investments and Exports – PROMEX – is responsible for the implementation of Government's policies in these areas aimed at improving the country's economy. Its president, Mrs. Georgina di Mello, is committed to turn Cape Verde into a suitable destination for investments, especially trade industrial firms. "Cape Verde is welcoming, safe and open to the world. We guarantee the safety of investments and offer excellent conditions for settlement or for holidays," she proudly says, "Cape Verde is the destiny you should choose at once." One of her priorities within the next five years is to strengthen their competitiveness of local markets, which still needs to improve. They also promote the participation of the foreign private sector in the purchase of state-owned companies slated for privatization. PROMEX is also participating in programs intended to modernize the entrepreneurial sector, establish partnership agreements with foreign investors and promote exports.

Markets are slowly opening to Cape Verde. The African Growth and Opportunity Act (AGOA), can allow many Cape Verdean textile products to enter the North American market. This exemption of duties caused exports to the US to swell 50% in 2001. Cape Verde is also part of the ECOWAS (West African Common Market).

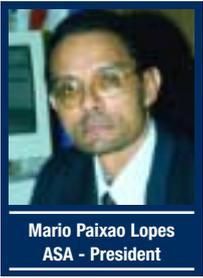
Infrastructures: the door to development

Most of the islands have a port and an airport, including two international airports. The second one is being completed in Praia.

Only 300 miles away from African mainland, Cape Verde has a privileged geo-strategic position in the middle of major shipping routes connecting Africa, Europe and the Americas. But in order to take full advantage of this, the archipelago has to improve its infrastructures. Each of the 9 inhabited islands already has one port and one airport. "Two of the ports – Praia and Porto Grande combine all the necessary characteristics to welcome international



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Mario Paixao Lopes
ASA - President

traffic,” assures Mr. Jorge Lima Delgado Lopes, Minister of Infrastructures. The challenge now is to upgrade infrastructures in order to meet international

standards. “Cape Verde is a net importing country, so that maritime transport is an essential factor in the development of the islands,” he explains. His ministry is striving to turn Porto Grande in San Vicente Island into a transshipment center. “We can establish a container infrastructure that can be used in the routes from Europe to America and vice versa,” he says confidently.

ENAPOR is the national company in charge of administering, integrating and commercializing all services of Cape Verde’s ports. Mr. Franklin do Rosario Spencer, Chairman of the board of ENAPOR, explains that, “Porto Grande, the deep-water port, in Sao Vicente Island, is the most important and modern port of the country and one of the most important commercial hubs of the region.” His company has invested in the past years around US\$ 5M in order to improve equipments and reorganize the port so that the transit of merchandise goes above 1M Tons per year. A new project to upgrade and increase its storage capacity is well under way. The US\$ 13.2M project is being financed by the World Bank, the European Bank for Investments, the OPEP and the Netherlands. Every year, more than 4,000 boats call on Cape Verdean ports, getting in contact importers and exporters from more than 60 countries worldwide.

The development of air transport is essential, not only because of the dramatic growth in tourism experienced in the past few years, but also to communicate the islands among themselves and with the rest of the world. Almost twice the number of Cape Verdeans living in the islands live in the USA. Thus, there is growing interest in maintaining physical ties both with the USA and with Europe. “Flights to Lisbon are 100% full and we are studying increasing flights to the USA,” says Mr. Lopes, Minister of Infrastructure.

The state-owned company, National Airports Enterprise (ASA), accountable for the development of Cape Verde’s airports, is now intensely working on its internationalization. Within the project coordinated by the IATA pretending to organize international airlines, “there will be a modernization of the terminals. The first phase will affect the three most important airports of Cape Verde: Sal, San Vicente and Praia,” points out Mr. Mario Paixao Lopes, president of ASA. “In the airport of Sal we have started remodeling the international terminal and the check-in area, and will modernize the runways, etc. There is a whole set of actions we want to execute in the short term.” These improvements have been motivated by a dramatic increase of air traffic since the number of businessmen, tourists and investors keeps growing. In 2001, the number of airplanes utilizing ASA’s services increased from 4,000 to 27,000. Likewise, there was 11.19% increase of passengers. As Mr. Lopes summarizes, “the development of the airport has to be in harmony with the development of the country, and consequently with its touristic and commercial development.”

Tourism and telecommunications: a great potential for growth

Tourism is expected to triple in the next three years. But no worries, now every town in the islands has telephone connections.

Cabo Verde Telecom, the sole supplier of telecommunications services in Cape Verde was one of the first companies to be privatized. Portugal Telecom International purchased 40% of its shares, becoming the strategic partner it needed (the State retained 13.4%). Ever since, Telecom has invested US\$ 15M per year in technology. In a country where the economy is



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mostly based on the service sector – tourism and trade – and where the majority of its population lives abroad, telecommunications are vital. Despite the difficulties of insularity, Cape Verde already boasts 13.7 phones per 100 people – the average in sub-Saharan Africa is 0.5 – and there is a US\$ 5.5M project going on that will insure optic fiber communications among the islands. Mr. Humberto Bettencourt Santos, Chairman of the Board of Cape Verde Telecom, has made sure that there are telephone lines on every island and in every single village in Cape Verde.




Cabo Verde Telecom uses state of the art technology to provide the basic infrastructure for telecommunication services as well as a complete set of high quality integrated services:

- Fixed Telephony • Mobile GSM
- Internet • Leased Lines
- Data Communications

Cabo Verde Telecom has experienced in recent years double digit growth, both on its customer base and volume of services provided.

As a result Cabo Verde Telecom is positioned as the most profitable company in Cape Verde offering the greatest return on investment to its shareholders.

Sede: Largo Brasão da Aviação, CP 220, Várzea - Praia
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Mr. Jose Armando F. Ferreira Duarte, Minister of Tourism, "that is why the Government wants the tourism sector to be self-sufficient." That is why the Government has geared its efforts towards quality tourism versus mass tourism, implementing eco-tourism.

Foreign investors have already started to establish themselves here, especially from the Canary Islands and Portugal. The Hotel Tropico,

a four star situated on a cliff over the sea, is located in the most luxurious residential neighborhood of Praia, at only 60 meters away from the beach. Its director, Mr. Carlos Alberto Corte Real says that "there was a clear need of hotel structures in the country, so we decided to initiate the project." Although the CV Escudos 365M hotel caters mainly to tourists, its management is already planning to expand its business. According to the Minister of Infrastructures, the number of tourists will triple in the next 2-3 years, so there is plenty of room for expansion. ●

Correios de Cabo Verde used to be one with Telecom, but in 1995 they became two limited-liability companies. Due to the popularity of electronic mail and the Internet, Correios is implementing a diversification strategy in its business area and is improving its services. In fact, the education of its personnel is one of its main objectives. Other goals are the renovation and computerization of its offices adapting to the market needs.

But if there is any sector that has a brilliant future in the country, it is tourism. These beautiful islands

endowed with a mild temperature and breathtaking beaches and scenery are experiencing an unprecedented boom in tourism. 130,000 tourists visited the islands in 2000, a dramatic increase compared with the 3,000 visitors that Cape Verde welcomed in 1991. Today, tourism represents 6% of GDP, no wonder it was considered a key sector in the 4th National Development plan. "However, it is necessary to be conscious that the country is small and that there are important environmental imbalances, forcing to plan the development of tourism in order to preserve the environment." Remarks



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Nurturing your investments in Cape Verde

Dramatic black volcanoes, rolling green hills, vibrant artistic and musical traditions, each of the ten islands that make up our unique country has its own magic to intoxicate the senses. At PROMEX, Cape Verde's Centre for Tourism Investment and Export Promotion, we know that our country's political and social stability coupled with its uniquely strategic location are what international investors value most. That is why our aim is to further the island's economic potential in a sustainable manner and we work hand in hand with investors to identify the best opportunities in areas involving both tourism, industry and exports.

The Government of Cap Verde has set forth a range of attractive incentives which include:

- No export taxes; Duty Free imports of raw materials, equipment and construction materials;
- Competitive Salaries and a plentiful labour force;
- Attractive operating costs; Tax holiday on dividends and profits.

Opportunities in Cape Verde are just waiting to be discovered, let Promex help you find the way.



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photo by : Jose Manuel



Bridge over Tagus

P O R T U G A L

Where charm greets technology

Until 1990 Portugal's economy was the fastest growing in Europe. Lisbon's 1998 World Fair kept funneling the economy, keeping inflation and interest rates low while maintaining full unemployment and high consumption. This year GDP is expected to grow by 2.7%, inflation should decrease from 2.9% last year to 2.5% in 2002 and unemployment will be kept at bay at 3.9%, one of the lowest in the EU.

Portugal has plenty of reasons to continue improving in the near future. Brussels has granted substantial amounts of structural funds to upgrade infrastructures. The next big event will be the 2004 European Soccer Championships, ensuring extensive investments in transports and communications. Besides its impressive economic track, Portugal has other reasons to attract foreign investment. Firmly anchored in the Euro zone, it has a cost-efficient workforce with a low strike record, and the lowest operational costs in Europe. But probably the best-kept secret about Portugal is how technologically advanced it is.

A technology friendly country

Portuguese adapt to technology at an amazing speed. Mobile penetration is as high as in Scandinavia; e-commerce

and Internet access are fast growing; it has got one of the world's best interactive TV's and an electronic motorway tolling system that does not require to stop.

Chipidea, a high-tech company founded in 1997 by three university professors, embodies this new technological spirit. "Chipidea is the only company in Portugal which possesses advance microelectronics design capabilities, particularly in the areas of analog and mixed-signal integrated circuits, and that is fully operating in the global semiconductor market." Signal processing is the backbone of fast growth areas such as multimedia and tele-communications. Chipidea is clearly an international company. "All our clients are abroad," remarks President Jose Da Franca, "and their R&D is performed jointly with European partners."

Tiled facades and futuristic buildings

Fortunately, Portugal has not become a mass tourist destination. It has been able to retain its old-style charm while adapting to modern times. Lisbon's main attractions include futuristic architecture, the world's second largest aquarium and trendy bars and restaurants. The Sheraton Lisboa Hotel and Towers has become one of the city's landmarks. The highest building in Portugal, it has the most spectacular views upon the city. Besides stylish and luxurious rooms, it offers a revolutionary concept: smart meeting rooms, luxurious facilities equipped with the latest technology – videoconferencing, fast internet connections, ergonomic furniture – in short, a businessman dream. Portugal is waiting to be discovered: old palaces, sleeping monasteries, white sandy beaches, golf courses... But above all, it is its laid back atmosphere, wonderful climate and that mixture of old and new that makes Portugal so unique●



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The scenarios for system-on-chip integration may vary according to market requirements, applications, technology and even timely availability of key building blocks. The people at Chipidea will strive to develop the analog-based techniques, circuits and functions that will contribute to make such scenarios a successful reality.

Jose' E. Franca
Chairman,
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CEO

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