

Speech by Dave Law

Barra Resorts, Mozambique

Africa Investment Forum 18th and 19th November 2008 Gallagher conference centre

Honored guests, ladies and gentlemen

MOZAMBIQUE'S UNIQUENESS

- ❖ I have been asked to showcase our investment in Mozambique. I will run through what I believe has been the corner stone of our success.
- ❖ Many would say that you pay school fees when you invest into any foreign country, but when you invest in Mozambique you pay university fees. Well if that is the case then I must have graduated.
- ❖ However today I would say you can afford to be less qualified.
- ❖ Mozambique today has many investment opportunities
- ❖ It is blessed with bountiful resources, a population that is friendly, a low crime rate, a stable government, beautiful landscape and very long coastline.

DEVELOPMENT

- ❖ Our growth rate has been phenomenal. Having arrived in Mozambique just after the peace agreement, we have witnessed an amazing transformation over the last 10 years, this has been very exciting.
- ❖ I must take my hat off to the government for the development done to date.
- ❖ The development of infrastructure has probably had the most profound effect. With the advent of new highways and roads, the extension of the electrical grid, telecommunications, water reticulation, and some positive tourism legislation Government has set the foundation for a vibrant economic development.
- ❖ I like to believe that I am one of those investors who can say we have succeeded in Mozambique and am sincerely grateful.

INVESTMENT DECISIONS

- ❖ To venture in Mozambique you must have a strong and positive attitude with a view to a long-term commitment. There are excellent rewards if you have patience and “stick-ability”. I have seen many speculators come and go. If they think they can make a fast buck and then disappear, you might be in for a big surprise.
- ❖ The biggest mistake most people make is to have unrealistic expectations from local government; the reality is that the capacity of most government departments is still extremely limited. One has to accept this situation and adapt. That is why I said “ keep a positive attitude”.
- ❖ I have often said to fellow investors that one should adopt the attitude of ‘Not what the government can do for you but what you can do for the government’.
- ❖ By adopting this principle it not only improves your relationship with authorities but also wins their respect and cooperation. This has worked for us, and put us on the road to a very rewarding experience.
- ❖ Complaining and moaning certainly does not solve any problems.

THE BARRA STORY

- ❖ We started 15 years ago as a family business.
- ❖ Everyone asks me WHY? Or what made you go?
- ❖ I must say that first of all, I have that crazy pioneering spirit and I do like challenges.
- ❖ Obviously I realized that once Mozambique opened up after the peace agreement there must be lots of opportunities, well that was true then and it still remains so today.
- ❖ On my first foray into Mozambique, I dragged a few friends with me on an exploratory trip that took 3 days to do 500km, at that time we had endless breakdowns, broken springs, getting stuck, pot holes you couldn’t avoid. My friends had, had enough and we decided to abort our journey and return when we had reached Praia De Barra. Because of my pioneering spirit, I woke up early and ran down the beach to have a look. I will never forget when I reached a point, a perfect spot and realized I had arrived in heaven. I immediately took 360-degree photos and vowed to come back. Well that’s where it all began.
- ❖ After 3 years of perseverance, bungling through red tape and bureaucracy the Mayor of Inhambane finally gave me the authority to build a lodge.
- ❖ I happened to been the first foreign investor in Inhambane to have successfully been granted land in the area since the peace agreement.
- ❖ Today they have a “One stop Shop” for investors in Inhambane. This helps Investors by guiding them through the bureaucracy step by step.

THE INVESTMENT SCENARIO

- ❖ Mozambique can be a minefield for investors especially if they think they can take short cuts. That's when Big Time school fees are paid.
- ❖ My advice is to get professional help wherever possible and only deal with credible people who come recommended
- ❖ My colleagues at CPI are today well equipped to offer all kinds of incentives that make investment very attractive.
- ❖ This is how we have succeeded in the tourism business.
- ❖ Probably like most other businesses, I needed tenacity, endless patience but most of all a positive attitude, not always easy under certain circumstances. When confronted by bureaucratic fines, that I sometimes consider unfair, I try to rationalize these as a need to boost their revenue and I consider it a "Tax levy".
- ❖ I am pleased to say that the "Tax Levy" is coming down.
- ❖ I would suggest that if you decide to invest in Mozambique you should take a long-term view.
- ❖ There is no doubt that there are still many opportunities and those bold enough will reap the rewards.
- ❖ Get your foot in the door and build your brand early
- ❖ I like to believe that this is what we have done.

MARKETING IS KEY

- ❖ In any business I venture into, the market is the first thing I consider.
- ❖ We realized from the beginning that you could not just sit back and wait for people to come to our paradise. From the start we have actively gone out and chased after clients, in fact we dedicate 30% of our sales to marketing.
- ❖ Activity based holidays are the key to our success.
- ❖ We have always stayed close to our customer and have a good idea of what they want. That is Activities, activities, entertainment and good food. This we have focused on. The unbelievable result is that almost 65% of our revenue comes from these areas alone.

COMMUNITY UPLIFTMENT

- ❖ This is the one leg of our success the other is to have good staff, "and I believe firmly that your business is as good as the people you employ"

- ❖ Almost 95% of our staff are local people who come from the surrounding villages. Initially they started with no experience. We have always made a concerted effort to train and give them as many opportunities as possible. As a result we have built a formidable workforce who now has a variety of skills, but most of all, they have become loyal friends and we have developed and excellent camaraderie. This shows through to our guests who frequently comment on how friendly and happy our staff is.
- ❖ During our development stage they worked on Construction and many have subsequently graduated to hotel skilled workers. Today some have developed some amazing skills. This has been one of the most gratifying and inspiring experiences so far. We are very proud of what we have achieved particularly with our local staff.
- ❖ Today Barra Resorts employ 350 people, who arguably support another 2800.

SOCIAL RESPONSIBILITY

- ❖ Our good relationship with the community has no doubt a lot to do with our success because we try to provide help where it is needed. We have done our best to offer as much help as we can.
- ❖ Over the years we have managed to build 4 school class rooms, and equipped them.
- ❖ A clinic with equipment
- ❖ An irrigation farm
- ❖ Foot bridges over river and channels
- ❖ Several Water point in the community to assist the women
- ❖ Supplied water to other clinics
- ❖ Sponsored soccer teams
- ❖ Provide financial help to orphans
- ❖ We also send out an appeal to guests to bring school materials, which we distribute.
- ❖ We bring school children and our staff children on regular educational visits to the lodges for exposure to the Hotel environment.
- ❖ A number of overseas schools and organizations have helped to contribute to various projects, which we have facilitated.
- ❖ There is no doubt that this is one of the best investments we have made.
- ❖ Today we have a wonderful relationship with the local community and have managed to create an awareness of the benefits that the tourism can bring as a result they have become a tourist friendly community.

INHAMBANE TOURIST ASSOCIATION

- ❖ I soon realized that an association was needed. I then started the Inhambane tourist association.
- ❖ It is certainly advisable to belong to any such organization if you are an investor in Mozambique.
- ❖ This has become a very positive link between Investor and the Government, and is vital link in any investor's development.
- ❖ Many issues have been resolved as a result of this association.
- ❖ Probably like most association, a small percent are proactive and only when problems arise are people willing to participate.
- ❖ The apathy shown by many so-called investors is very worrying and is an indictment on their intentions, so be proactive.

DEVELOPMENT OPPORTUNITIES

- ❖ Having been in Mozambique for many years now, we have been in the lucky position of having had time to identify a number of prime sites that are a perfect fit for our portfolio.
- ❖ We first started with Flamingo Bay. Many people asked me why I chose this spot; well again it was my exploratory nature that led me to this magical site. In the beginning many told me "You're crazy", It's not on the beach etc, etc, well against much advise I continued and today it is becoming one of the top destinations in Mozambique.
- ❖ Next we took over Pomene bay Lodge as I realized that this, one day, as Mozambique develops, will be one of the top destinations. We still have big plans for that site.
- ❖ The original Barra has now become overdue for an upgrade and we have advanced plans to develop 51 luxury apartments and in 2 phases and build a 500-bed hotel on the existing site.
- ❖ With our track record we have been able to demonstrate the potential for such developments from our existing businesses and feel confident that many opportunities still exist.

CAPACITY

- ❖ Our strategy was to become self-sufficient. Unfortunately we have come to the conclusion that to be dependent on others can be very risky.
- ❖ No doubt this will get better in time.

As a result we have extended our interests into many facets.

- ❖ To build Flamingo we went so far as to obtain our own forestry concession. We felled our own timber, transported it with our own trucks, set up a timber yard that produced all our hardwood decking, tongue and groove and cladding etc to build Flamingo.

- ❖ We produced most of our furniture locally, we even made all our own bricks.
- ❖ Recently we have acquired the only stone quarry in the Inhambane Province in anticipation of all the work we plan for the future.
- ❖ We are now setting up a production plant that will produce all types of building materials that we are going to need, we will consolidate our timber operation to the same site and set up a plant nursery to supply all our landscape needs.
- ❖ Our import/export operation is also a vital aspect in the organization. We have weekly supplies brought in; this ensures a steady supply of scarce commodities, which would normally hamstring an operation.
- ❖ We have a comprehensive motor workshop where we undertake all kinds of mechanical work. Here we definitely like to employ local mechanics, as they are past masters of making things work when everyone else has given up. We even have a permanent panel beater as coconut trees seem to be an occupational hazard in our part of Mozambique.
- ❖ To take full advantage of all the opportunities that present themselves, one must first have the capacity to be self-reliant.
- ❖ I think you can now gather why our strategy has been to become self-sufficient and resourceful or at least make sure resourceful people are employed.
- ❖ Being self-sufficient in Mozambique gives one a huge advantage when opportunities present themselves.

I hope this has given you a little insight into how we have managed to succeed in Mozambique.

I paid "University fees" learning in Mozambique; today the newcomer can afford to be less qualified thanks to the progress we all made.

