



Mozambique Part two

FACTS & FIGURES

LOCATION:
Southeastern Africa, bordering the Mozambique Channel, between South Africa and Tanzania

POPULATION:
21,284,700 (July 2008 est.)

AREA (COMPARATIVE):
Slightly less than twice the size of California

INDEPENDENCE:
25 June 1975
(from Portugal)

GDP - real growth rate:
7.3% (2007 est.)

GDP - composition by sector:
Agriculture: 23%
Industry: 30.1%
Services: 46.9% (2007 est.)

NATURAL GAS (PROVEN RESERVES):
122.2 billion cu m
(1 January 2006 est.)

▶▶▶ WHILE MOZAMBIQUE CONTINUES TO IMPRESS WITH ITS DETERMINED CLIMB OUT OF POVERTY, IT'S BECOMING CLEAR THAT TOURISM, NOW BACKED BY A GROWING FINANCIAL SECTOR, IS THIS BREATHTAKING COUNTRY'S ECONOMIC ACE IN THE HOLE

Modern leaders propel Mozambique's success

MOZAMBIQUE is one of the biggest success stories in Africa. The country was wracked by 16 years of civil strife following its independence from Portugal in 1975, and a peace agreement between the groups fighting for control only arrived in 1992.

Since then the government, led first by President Joaquim Chissano and, since 2005, by President Armando Guebuza, has welcomed the advice and the aid of the international community and ushered in an extended period of stability and economic growth.

"Following the end of the war, aid donors, the government and the people have all worked diligently and continuously to repair the damage caused by the conflict, and to help reconstruct the country's infrastructure and economy," says President Guebuza, "and that effort needs to continue."

"We work hard and, above all, with the conviction that we are capable of becoming as prosperous as other people," he said at the European Union-Africa summit meeting held in Lisbon in December 2007. "Everything starts with first believing that we can do it."

That dedication to hard work and advancement has served the country well. The economy expanded at an average annual pace of 8 percent from 1996 through 2006, and is estimated to have grown about 7 percent in 2008. The government has also worked hard to modernize its legal structure to help attract the outside investment that is necessary for further growth.

Another essential ingredient for economic expansion is peace and stability, and there's no doubt that Mozambique has both, as proven by the successful presidential election held



in December 2004 and won by Guebuza.

Political observers called the election a "demonstration of democracy and peace," and it led the way for a peaceful transition of power from Chissano to Guebuza in 2005.

Chissano was praised for his decision to retire from office, and in 2007 was awarded the very first Mo Ibrahim award, named after the wealthy businessman who created it, a multimillion-dollar prize created to reward African heads of state for excellence in leadership.

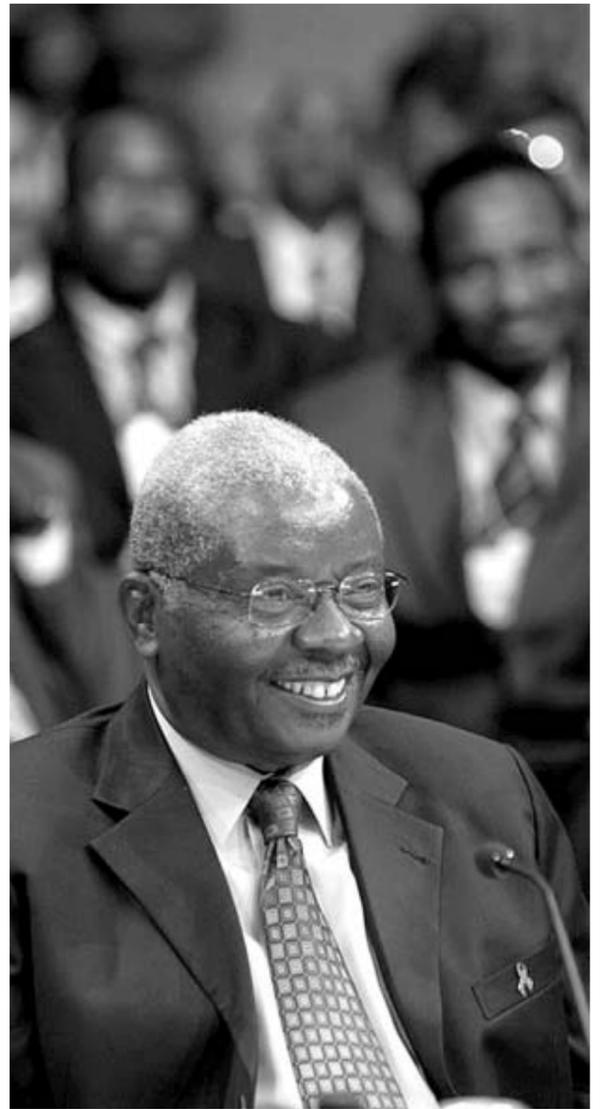
"His decision not to seek a third presidential term reinforced Mozambique's democratic maturity and demonstrated that institutions and the democratic process were more important than personalities," said former United Nations General Secretary Kofi Annan at the award ceremony.

That respect for the democratic process is already helping attract new foreign direct investment in projects including hotels, the country's airports and in energy, all sectors that will help contribute to further economic growth.

That growth will aid the government in its goal of cutting poverty, a priority established by Chissano and continued under Guebuza. The government's ambitious plan is to cut the level of poverty in half by 2015, to 27 percent of the population.

Even with all of his achievements in repairing the country and in helping reduce poverty and improve the situation of Mozambique's people, Chissano recognizes that his biggest contribution has been to restore peace and to help implant a sturdy and functioning democracy.

"Peace is the cornerstone for progress in any country, followed by political stability," says Chissano. "The others follow, like creating a conducive environment for investment through forming friendships with the greatest number of people and countries."



President Armando Guebuza assumed office in February 2005, and has made eradicating poverty one of his administration's primary goals.

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STANDARD BANK SARL

Long-standing commercial bank reaps rewards

A solid foundation and educated risk-taking set Standard Bank apart from its younger competitors, earning customers' trust

THE FIRST COMMERCIAL bank to open its doors in Mozambique more than a century ago, Standard Bank Sarl (SBM) has an extended track record in the country and is regarded as one of the local market leaders. Today, it boasts a network of 32 branches with a presence in all regions of the country, and is the most liquid, solvent and efficient banking institution within the Mozambique financial system.

SBM Managing Director Antonio Coutinho says that the bank's success is a result of long-term vision. "We have tried to maintain a consistent growth model. We don't play in the sexier parts of the market just because they happen to be lucrative. We have a particular strategy in place that goes for the long term," he comments. "Banking is a long-term game. A lot of our competitors think otherwise. Whether it is in terms of opening new

branches, introducing new products, or how we price what we offer to our customers, the whole thing revolves around building a growing organization."

This long-term strategy has led to consistent growth for SBM and helped to build a consistent financial sector for the country. A subsidiary of Standard Bank of South Africa, the largest banking group in Africa by assets, earnings and market capitalization with an asset base of over \$139 billion, SBM has brought credibility, backed by financial strength, to the country's banking sector. As Mr. Coutinho says, "It is important to have a consistent financial sector. In turn, we end up with a portfolio of credible customers and credible deals that can be relied on for the longer term. This brings the kind of stability that this economy needs."

SBM's bottom-line profit has been growing by 30 percent to 40 percent year-on-year while return on equity hovers between 40

percent and 50 percent. Strong lending growth across the board in recent years has boosted the bank's performance as well as robust growth in its Personal & Business Banking division. "We have the national knowledge and the backing of an international bank. It makes it easier for us, in a market like this. If you are a wholly-owned Mozambican bank with few international links, you are going to have to really fight it out to bring in the kind of customer base that your bank needs," says Mr. Coutinho.

In addition, SBM's long presence in the country has earned it the trust of Mozambicans, resulting in a loyal customer base the bank is not likely to lose.

"Each country goes through good and bad times, but if you stay around long enough, the upswing can be far greater than the downswing. You just have to stick it out because the capital that you gain from it is something that most of your competitors can never buy," concludes Coutinho.



ANTONIO COUTINHO
Managing Director,
Standard Bank Sarl

Mozambique's Bank of the Year, through the eyes of those who know banking best.

We value our clients as much as they value us. That's why we have a team dedicated to delivering excellence and guaranteeing better investments and business opportunities. We're grateful to have been recognised for this by The Banker when they recently awarded us Bank of the Year.

Inspired. Motivated. Involved.

FINANCE

Stabilizing the economy, encouraging education

The Ministry of Finance is working to ensure fiscal responsibility and promote transparency

SINCE THE END of the civil war in 1992, Mozambique's government has been careful to follow the advice of the International Monetary Fund and other big international organizations and aid donors, and the country's people have been rewarded with more than a decade of strong economic growth and a solid record of new job creation.

Infrastructure, education, poverty reduction and healthcare have all been the focus of the government's efforts, while reform of the financial sector and other vital industries have also helped spur development, says Finance Minister Manuel Chang.

"The growth of the economy that we have is the result of the seriousness of the government, which implemented the policies and encouraged the investments that are happening in infrastructure," says Mr. Chang. "At the moment we are stimulating education, and vocational or technical training, as well as health and basic infrastructure like roads, bridges, electrification of the country and communications. The government and the central bank have also been able to help get inflation under control."

By coordinating their monetary, fiscal and exchange rate policies, the Bank of Mozambique and the government reduced the annual price increase to 8.2 percent in 2007, from 13.3 percent in 2006. The rise of oil prices during much of 2008 likely pushed



MANUEL CHANG
Minister of Finance

the annual figure for that year higher. Recent price increases are related to "international crises linked with fuel and products such as rice and wheat that affect our economy a lot," explains Mr. Chang. "Even with all these situations, we can see that our economy continues to grow."

The government is currently working on more reforms to the financial sector, including the creation of banks, the stock exchange, brokerage houses and insurance companies. Earlier reforms led to mergers that left the country with fewer, stronger banks.

Other improvements to fiscal law and the country's legal system are also underway, with the intention of making the economy run more efficiently and spurring years of growth.

Making the government more efficient is especially important because at the moment about half the national budget comes from international aid donors. The need for aid makes the government more open about where it's spending the money, although the need for financing should decline in coming years, according to Mr. Chang.

"We believe that in the next few years we will have the internal capacity to finance our budget," he says. "To keep our financing partners, we have to present and justify our accounts and ensure transparent administration."

MOZA BANCO & MOZA CAPITAL

Finance experts breathe new life into sector

With solid initial capital and the drive to work with partners on large projects, the new bank gives a new spin on Mozambican finance

LAUNCHED IN 2008, Moza Banco is the newest financial vehicle to help promote and develop the investment potential of Mozambique's untapped natural riches. As a commercial bank, Moza Banco brings together over 200 local businesses and private investors to provide capital for Mozambique's ever-expanding economy.

Moza Banco blends foreign capital, international standards and homegrown insight. "We are the only bank in Mozambique that has a private entity as its majority shareholder," says Inaete Merali, executive director. Fifty-one percent is controlled by Moçambique Capitais, a local business group inspired to set up a majority Mozambican-owned entity. "It is a private investment fund that was able to attract such an important partner as Geocapital, pushing for Mozambicans to lead."

The country's lack of resources for funding long-term manufacturing ventures created a niche for Moza Banco, whose initial capital tops \$15 million. Through its investment banking arm, Moza Capital, the group has extended cooperation with a Chinese partner to facilitate machinery imports to be sold to farmers and businesses in the Zambezi Valley. "We are building up infrastructure in Moza Capital so that we can provide adequate financ-



Chairman Prakash Ratilal at Moza Banco and Moza Capital's recently opened headquarters in Maputo.

ing and promote investment in the fields of energy, mining, agribusiness, bio-fuel, forestry and tourism, etc. All this adds value to the fabulous natural resources, which are of interest in the world economy," explains Chairman Prakash Ratilal.

"Naturally, there will be synergies between these two institutions. Moza Capital is developing projects that will benefit Moza Banco in terms of structuring deals and participating in financing," notes Mr. Merali.

Mr. Ratilal adds, "At Moza Capital, we are also looking for new opportunities in various sectors and welcome international clients."

The bank wishes to reinvest its profits from the first five years of operation, thus enabling it to help boost the economy. According to Mr. Merali, Moza Capital strives to generate and maintain wealth inside Mozambique. "We do not wish to explore the resources and add value to



www.mozabanco.co.mz

Mozambique

TOURISM

From luxury to adventure, Mozambique is a tourist haven

The Mozambican government is investing more than \$1 billion to attract more visitors to the country's pristine beaches and historic sites

WORLD TRAVELERS on the lookout for new and exotic places to visit need look no further than Mozambique, with its thousands of kilometers of unspoiled beaches, rugged and wild interior, luxury oceanfront resorts and unique cultural heritage. It is a destination whose popularity is growing every year.

The peaceful democratic country is making an immense effort to attract more tourists by investing more than \$1 billion. Other measures to make the country even more welcoming include opening up its skies and airports to more airlines to help increase competition and reduce the cost of flights.

"The opening of the routes is aimed at international airlines," says Tourism Minister Fernando Sumbana. "We want all the airlines to come and bring tourists, because that's the only way to fill our hotels and reduce the cost of flights, which are very high."

With so much to offer, it should be no surprise that Mr. Sumbana expects 10 million visitors to his country in 2009. One of the main attractions for tourists are Mozam-



Mozambique's coastal region boasts sandy beaches, vibrant coral reefs and a variety of aquatic life, all adjacent to the finest luxury hotels.

bique's many long, sandy beaches and the hotels along them, which range from basic to five-star luxurious.

South of Maputo travelers can visit Ponta de Ouro, which boasts some of the best diving in the world, with coral reefs that are teeming with thousands of different species of fish and other sea creatures.

Between Maputo and Beira, Mozambique's second-biggest city, the deluxe resorts along the beaches of Bilene and Xai-Xai lure high-end travelers looking for relaxation, while the more secluded beaches near the cities of Inhambene and Tofo are accessible only by four wheel drive vehicles, attracting more intrepid types.

For people interested in taking in some of the country's historic and cultural sites, there's the town of Angache, which still bears traces of the Arab and Swahili traders who visited the area for centuries.

The Ilha de Mozambique, which gave the country its name, is another place to visit for travelers interested in history. The island was the capital of the Portuguese

colony of Mozambique for almost 400 years, and is still full of buildings from that period, along with Arab-influenced structures.

Away from the coast, visitors can experience the country's natural parks including the Niassa Reserve, which covers 42,000 square kilometers, and the Manda Wilderness Game Preserve, a 100,000 hectare park along the shores of Lake Malawi.

As if all those attractions weren't enough, neighboring South Africa will be hosting the FIFA World Cup soccer championship in 2010, an event that is expected to bring thousands of tourists to Mozambique as sports fans take advantage of traveling to a new continent by visiting multiple countries.

The World Cup has spurred the government to increase its investment in transport and other infrastructure to the tune of more than \$1 billion before the games begin. About \$300 million of that will go toward improving airports, including \$75 million to improve and expand Maputo Airport, which is the gateway to the rest of the country.

Private investors are also getting in on

the act, building new hotels to handle the influx of tourists. Mozambique's hotel industry currently has about 16,000 beds.

Mozambicans still have a lot of work ahead of them before their country becomes a true tourism powerhouse. Nevertheless, they should be encouraged by the current trend. Last year, tourism contributed \$150 million to the economy, and that figure is expected to grow in coming years, providing more and better new jobs and helping the country continue on its path to economic growth and prosperity.

SOUTHERN SUN MAPUTO

Personalized service in Maputo keeps travelers coming back

Southern Sun Maputo offers its guests a customized, courteous hotel experience

WHEN VISITING distant countries, either for work or pleasure, travelers seek out quality service – the kind that takes care of the little details that mean the difference between a bland, cookie-cutter trip and a warm and unique experience.

At the Southern Sun Maputo, guests receive personalized treatment from a well-trained staff that works hard to make sure everyone feels special, says Cymon Charnley, deputy general manager of the Southern Sun chain.

"We pride ourselves on the fact that we offer a personal touch," he says. "We are quite privileged here and we have a wonderful team working together. You see helpful smiling faces and you know that the customer is important."

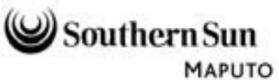
The Southern Sun Maputo has two luxury suites, six executive suites and 158 well-appointed guest rooms, many overlooking the Indian Ocean, to provide busi-

ness and leisure travelers with high quality lodgings in Mozambique's capital.

Southern Sun has 40 years of experience operating hotels in southern Africa, at first operating Holiday Inn franchises in South Africa. The name of the establishments was changed to Southern Sun in order to "own the brand." The chain, which is wholly owned by Tsogo Sun Holdings of South Africa, has been popularly voted 'Africa's Best Brand' and has the widest distribution of hotels among competitors in southern Africa in both urban centers and leisure destinations.

Southern Sun expects the hotel business in the region to continue to grow, and is focusing on both expansion and on constantly improving quality to win over new clients and keep them coming back.

"We have been increasing our standards and raising client expectations because we are always reaching a little bit higher," Mr. Charnley says with pride.



ADM

Airport improvements accommodate new visitors

Mozambique's airports are getting a makeover in an effort to improve linkages and attract tourists

AN EFFICIENT, safe transport system is vital to any country's economy. In a country such as Mozambique, with tremendous distances between its main cities and an underdeveloped road system, air transport takes on even greater importance.

"Air transportation is essential in the development of the country," says Diodino Cambaza, chief executive officer of Aeroportos de Mozambique (ADM), the company that manages the country's airports. "Without a reliable air transportation system, no planning can be done."

The reconstruction of Mozambique, after more than a decade of civil strife that ended in 1992, is helping spur rapid economic growth, while its natural beauty is attracting more and more visitors, making the modernization of its airports a key objective.

ADM, a state-owned company, controls Mozambique's 19 airports, including the three international facilities in Maputo, Beira and Nampula. The company has ambitious plans to bring all the airports up to international levels of service and safety, and has already started a \$75 million renovation and expansion project in Maputo.



ADM manages Mozambique's 19 airports, working to improve the country's connections to the world.



DIODINO CAMBAZA
CEO of Aeroportos
de Mozambique

The country's busiest airport, and the gateway to the rest of the country, will gain a new international terminal, a completely refurbished domestic terminal, five air bridges, a new control tower, a new VIP lounge and a new technical services center.

"All the work that is being done is to enhance our capacity to allow us to accommodate current and future traffic," says Mr. Cambaza.

In 2007 ADM handled more than 1.5 million passengers, oversaw 56,656 aircraft movements and created 626 new jobs. Air traffic in Mozambique has been expanding at a double-digit pace, and is expected to continue its rapid growth in coming years.

Maputo Airport was built to handle 60,000 passengers per year, and last year about 10 times that number used the facility. The current improvements are intended to permit traffic of up to 900,000 passengers per

year by 2016 and to eventually expand to three million passengers annually.

The improvements at Maputo are on schedule for completion by March 2010, in time for the FIFA World Cup soccer championship that will be held in neighboring South Africa in June and July of the same year. The international sporting event will attract thousands of new tourists to South Africa and surrounding countries such as Mozambique.

ADM has started or is planning upgrades to most of its airports, and is actively seeking outside investors to take advantage of the opportunities the upgrades offer. At Maputo, the possibilities include airport management, duty free shops, hotels, a parking concession and operating the planned cargo hub.

Maputo and Beira airports are already run by private managers, and other airports, such as Vilanculos and Nacala, are ripe for investment. One of the goals of the investment and modernization is to attract more airlines to the country, which would create more jobs and draw more visitors.

PESTANA RESORTS

The best way to stay in Maputo

Top 44-ranked European hotel company Pestana Rovuma is an African oasis in Maputo

FOR YEARS travelers have chosen the Pestana Rovuma Hotel, located in the heart of Maputo, for its proximity to areas of interest, varied accommodation, modern business facilities and internationally recognized staff.

Located opposite the Old Cathedral in downtown Maputo, the Pestana Rovuma is near many of the city's monuments and sits adjacent to the business district and a hopping African street market.

The Pestana Rovuma has built up a large international clientele base with its wide variety of room options. Guests can choose from luxury suites, executive suites, executive rooms, and standard rooms. All 117 rooms come with air conditioning and satellite television, with an option for Internet connection.

For business travelers, the Pestana Rovuma's business center is more than happy to be of service. The center is equipped with a fax machine and copy machine and has computers and an Internet connection. The hotel's convention center



"Come to Mozambique and experience the African island life," enthuses Regional Manager Arturo Esposito.

can handle up to 400 delegates and has all the necessary amenities. While the Pestana Rovuma in Maputo is the most business-oriented of the hotels, its sister properties, the Pestana Inhaca Lodge and Pestana Bazaruto Lodge, are fantastic holiday destinations loaded with luxury perks.

Guests at the Pestana Rovuma can dig in to a sumptuous meal at Monomotapa,

the hotel's renowned restaurant. Named after a royal warrior from the Gaza Province, the restaurant is open for breakfast, lunch and dinner and serves mouth-watering buffet meals and magnificent seafood dishes.

To top off a hearty meal, guests can enjoy a drink at the hotel's Bula Bula Coffee Shop or Saseka Cocktail Bar. According to the hotel, the name Saseka was chosen for the bar because it means 'kindness' in Mozambican – a space where guests can "meet with friends or make new ones during their stay."

During the day, beat Mozambique's heat with a dip in the pool or a wade at the beach, located just three miles away. For sports-minded guests, there is a health club and sauna and golf, squash, snooker and tennis are available at nearby facilities.

In recognition of its variety of leisure choices and superior management, the Pestana Hotels and Resorts were recently ranked top-44th in number of hotels and top-94th in number of rooms worldwide by *Hotel Management Magazine*.

POLANA SERENA HOTEL

A perfect blend of modern and colonial charm

The Polana Serena Hotel combines the best elements of comfort and style

OVERLOOKING the scenic Bay of Maputo, the Polana Serena Hotel has welcomed travelers from across all seas and continents for nearly a century. Officials from Tourism Promotion Services (TPS), an affiliate of the Aga Khan Fund for Economic Development (AKFED), the historic hotel's parent company, recently announced that the Polana Serena will undergo a major refurbishment to improve upon its existing five-star facilities and enhance its colonial charm.

Renovations to Maputo's grande dame, as the hotel is known by its management, will include: spectacular new fountains for the hotel's entrance; a widened lobby with vaulted ceilings, granite floor, and new antique furniture; Ajuleo-style mosaic tiles for the existing main bar to reflect the Portuguese influence on Mozambique; new wall moldings and faux marble columns to heighten the colonial feel of the ballroom; a complete overhaul of both restaurants – the signature dining room will feature an art-nouveau style, such as silk drapes to adorn its bay windows. Finally, exotic fabrics and exclusive mahogany furniture will be used to give the rooms an Afro/Indo/Portuguese flair.

Fortunately for tourists and business travelers, the Polana Serena's management announced that the hotel will remain open during the renovation, which was



The inviting Polana Serena pool facilities are just some of the luxurious amenities that await visitors.

scheduled to commence in late 2008, and has promised that the construction will not inconvenience guests in the least.

All of the Polana Serena's guest services, including porterage, concierge, guest relations, reception, 24-hour room service, all meals and bar service, gym, tennis court, telephone and fax, wireless Internet, business center, laundry and dry cleaning, as well as all facilities in the rooms, will remain functioning during the refurbishment.

The Serena Group, a division of AKFED, wants the renovation to enhance

the five-star experience and ensure that the hotel remains an important part of Maputo. Having opened its doors to travelers in 1922, the colonial-style Polana Serena has stood through decolonization, civil war and natural disasters.

TPS has ample experience in designing, remodeling and preserving important sites. The group has hotels across Africa and Asia. Each property is carefully studied and "built or rehabilitated to promote awareness of local cultures, national heritage and the immediate natural environment."

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Those who fly know how important comfort on land is

This is great news for everyone that loves and needs to fly. Our main airport is being improved and renovated, with much more space, new shops, restaurants and above all, much better service. Everything is being done without leaving anyone on the ground, because the work has already started but the airport never stops. We want to make the Maputo International Airport the postcard of the country and region.

The new Maputo International Airport is coming soon.



AEROPORTOS DE MOÇAMBIQUE, E.P.
BEM-VINDO A MODERNIDADE