

Lua Cheia – Ras Bweni

Mafia Island



BUSINESS PLAN

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**MAFIA ISLAND SHOWING KINASI LODGE AND
LOCATION OF THE PROPOSED LA LUA CHEIA NEACH RESORT**



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1. THE DESTINATION¹

1.1 Location of Mafia Island

Mafia is one of nine districts of Coast (Pwani) Region, mainland Tanzania. It is also the smallest electorate of the National Parliament, with approximately 20,000 registered voters.

Mafia Island is served by four light aircraft operations (Coastal Aviation, Tropical Air, Auric Air, Safari Airlink) which operate a variety of schedules via Dar es Salaam linking Mafia Island to popular tourism destinations including Zanzibar and the Selous Game Reserve twice daily. Visitors can even reach Mafia from the Serengeti in less than four hours each day.

Figure 1: LOCATION OF MAFIA ISLAND



Mafia is an island archipelago formed from deltaic sands and silts from the Rufiji River outfall (post-Miocene era) and coral accumulation, especially along the south-eastern seaboard. The northern part of the island has an elevated plateau that is at once familiar to any who have travelled to the Nyerere National Park Selous Game Reserve, and is quite different to the southern, which is flat and heavily cultivated to coconuts, cashew trees, cassava and rice. The north transitions to great numbers of Baobabs and the multi-headed Doum palm, as well as Borassus and Phoenix palms, and is altogether drier and more akin to the Park environment with the feel of a wilder, more African landscape.

1.2 Background

1.2.1 Administration and Government

Mafia is not part of the Zanzibar archipelago, as many people still think. It once was the property of the Sultan of Zanzibar after he wrested all holdings from the Portuguese after the fall of Mombasa but the Sultan sold Mafia (and a strip of the mainland coast) to Germany in 1890 during the “Scramble for Africa”.

¹ ANNEX 1 supports this Chapter with additional details, maps and images.

In 1915 the British Army took control of Mafia after skirmishing with a force of German and Tanzanian *askari* in the coconut plantations of Dundani, Mafia's highest plateau (just 50 m above sea level). After the War Britain administered Mafia under martial law until 1922, whereupon it became part of the British Administration in East Africa and not part of the Protectorate of Zanzibar, that remained under the Sultan of Oman.

Now Mafia Island is part of Coast Region, mainland Tanzania. The site is located in Bweni Village area, in the *kata* (ward) of Kanga, 45 km from the airport and town of Kilindoni. There are 27 registered village areas in the Mafia Archipelago (including the inhabited small islands)

1.2.2 Local Economy and Village Life

A short description allows the reader to understand the traditional nature of Mafia's lifestyle, which remains rooted in village life.

The majority of Mafia's inhabitants live in small villages scattered along the coast and interior of Mafia Island itself and on the other islands nearby (Chole, Jibondo, Juani, Bwejuu and Banja). Typically villagers have a number of sources of income and subsistence amongst the members of a family, including annual crop farming, permanent tree crops and skilled work (carpenters, weavers, sailmakers, etc).

The farms are smallholdings, growing plots of cassava, rice, pigeon pea, pineapples, pawpaws and beans; it is typical to also find cashew, coconut and mango trees on each household's land. Farmed areas are usually surrounded by woodland, grassland or coconut plantations. Low-lying areas (*mbuga*) are cultivated to upland rice (a variety that is not "paddied" under water, as in Asia).

Large areas of the island - especially the south and northern sides - are planted to coconuts, mostly by pre-World War II German settlers and – earlier - descendents of Omani Arab, Shatri, Shirazi and Baluchi pioneers. These provide work for many inhabitants and a source of cash income, especially during the dry season when most coconuts are harvested and home-grown food is in short supply.

The north-east of the island is covered by a dense coral rag forest - Mlola Forest - which is protected. The north-central area is an undulating plateau that has spectacular Baobabs, Doum and Phoenix palms and *Euphorbia*.

1.3 Project Area Location & Character

The project area is located on the north-western tip of Mafia (*Figure 2*), some 50 km from Kilindoni, the main town in the south.

The Owners have two parcels of land, one at Ras Bweni, a small peninsula south-west of Bweni village and the second - a long area of land with beach frontage of over 1,000 m - at Bweni-Kanga Beach some 500m away. This project proposal covers the Ras Bweni site, which faces north and westwards with views over 270° sweeping from south-east to north-east, and beaches on two sides of the triangular land area.

The north of Mafia is drier than the south so there is a marked difference in the vegetation. The soils are also different as a result of Mafia's geology combined with the East African Current.

Both sides have stunning sea views and sunsets and the whole area is undeveloped and has a strong "African bush" feel that is enhanced by the vegetation that includes baobabs, Doum and Phoenix palms and many native tree and shrub species.

Figure 2: NORTHERN MAFIA SHOWING RAS MKUMBI (THE LIGHTHOUSE), BWENI VILLAGE AND THE PROJECT SITE

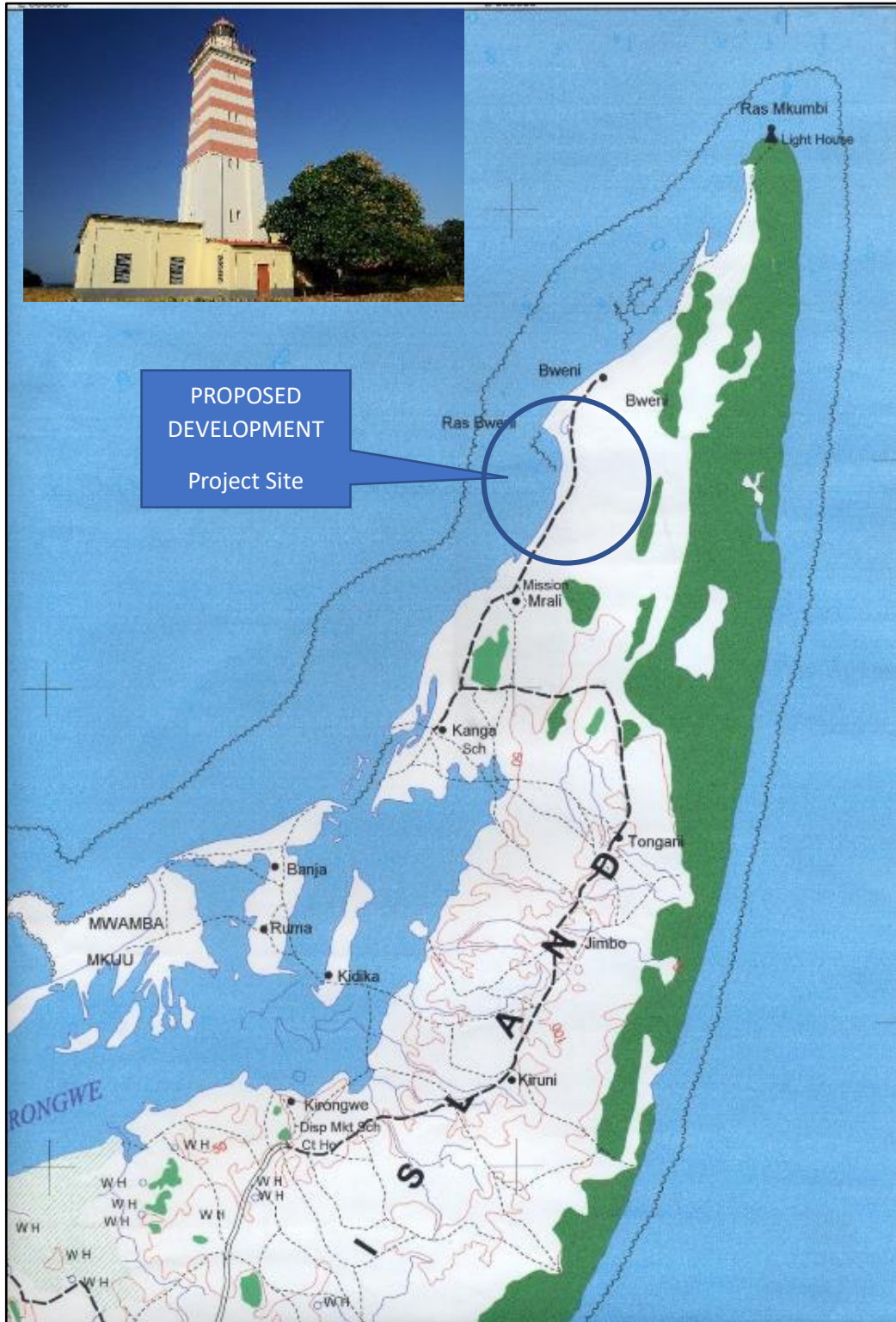
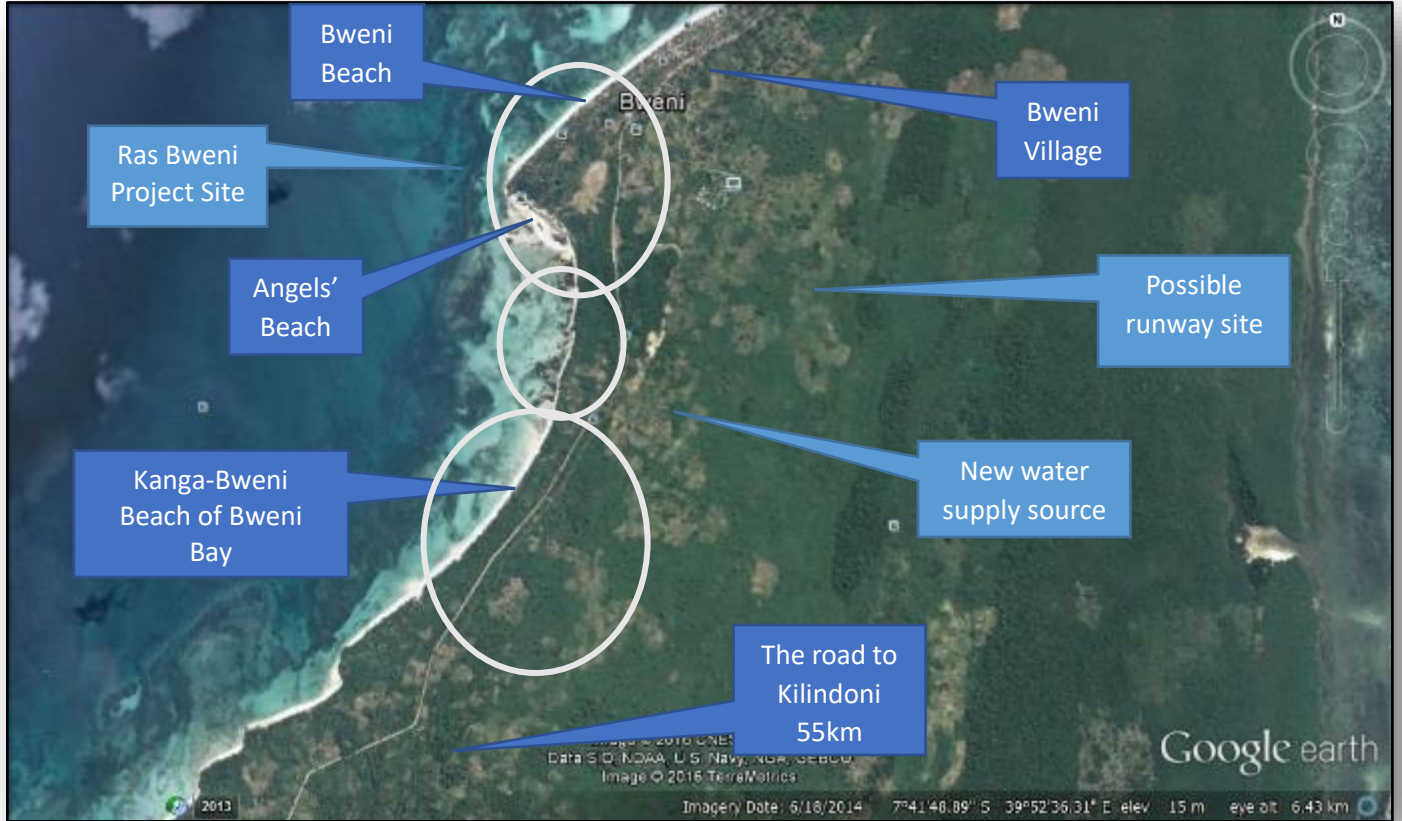


Figure 3: GOOGLE IMAGE OF NORTH MAFIA ISLAND SHOWING THE KANGA-BWENI SITE



The Owners are experienced tourism industry professionals and are committed to long-term investment in Mafia and to adhere to social, cultural, environmental impact and ecological conditions to ensure conservation and proper management of the land, the marine environment and the coral rag forests.

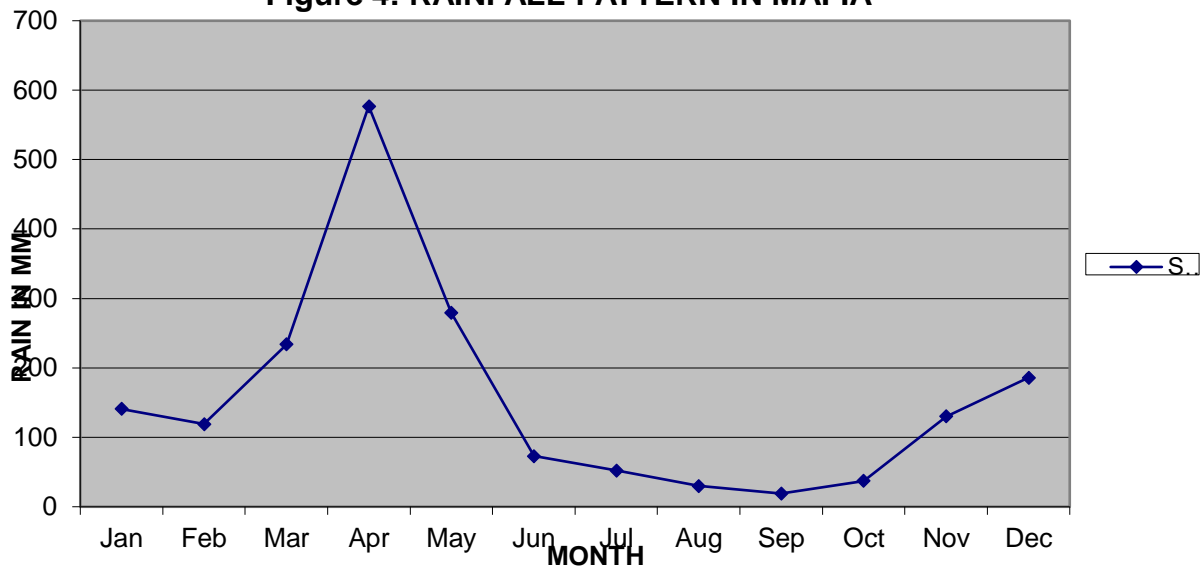
There is no human habitation or village settlement on any part of the project site, so no conflict of interest nor land use exists and the pristine, untouched nature of the site is absolutely preserved.

Weather conditions

The dominant weather pattern is the long rains season of April and May. This severely limits tourism in these months to the extent that hotel closure for maintenance and staff leave is advisable.

The second important factor is the seasonal winds – the *Kaskazi* (north-east) from December to January and the *Kusi* (south-east) from July (and sometimes earlier) until early August. These have less impact on tourism than the rains but attention is required for planning and operating excursions. The twinning of Kinasi Lodge (facing south-east) and Lua Cheia (facing north) is one strategy for accommodating this wind impact, as guests can choose to avoid the winds by staying on the less windire side of Mafia according to the time of year.

Figure 4: RAINFALL PATTERN IN MAFIA



1.4 Project Overview

1.4.1 Objective

Mafia Archipelago offers the natural resources and historical and cultural basis necessary for an internationally-competitive beach holiday destination in the mid-upper tourism market. Kinasi Limited proposes to construct and operate a **16-room beach resort at Ras Bweni, Mafia Island**. A combination of family units, double suites, twin/triple suites and budget suites is planned to provide accommodation for up to 40 guests to meet a range of affordable demands for an island resort.

The project is an expansion and diversification of existing tourism operations of the Investors and is complementary, especially in terms of sea-going activities, supply and operations and marketing. It also follows - and will greatly enlarge on - the company's strategy of "partnerships for prosperity" with local entrepreneurs and communities in sharing the benefits of tourism at the local level.

The market positioning concept developed is a "club" resort with an individual style and decor finish to achieve a "beach Chic" design ethic and to efficiently deliver personalized services and benefits to ensure an image of a "private island destination". The 'club' concept is intended to associate a specific atmosphere and attract visitors in the international market seeking beach holidays in a quiet, friendly, private club-like familial ambience. It should also capitalize on the fact that Mafia is a little-visited island destination.

There will be a great deal of marketing emphasis on the character of the destination, the "slow travel" island life and be followed by the identity of the resort and its community-based *modus operandi* with emphasis on sustainability. The project concept includes twinning the Ras Bweni resort with Kinasi Lodge at Utende Beach, Chole Bay, Mafia Island Marine Park, and together the resorts are intended to offer a "beach & bay" combination of internationally-recognised coral reef diving plus a wide range of beach-island activities that are nature-based.

Kinasi Lodge and Lua Cheia will concentrate on a mid-range market and low-volume tourism, in keeping with stated Government policy, as well as capacity and efficiency limitations. Visitor entertainment will focus on the active lifestyle market, including the specific segment of travelers who wish to be involved in community actions for development. The project will promote sustainable tourism in the high-quality

sector of the industry. The ‘club’ marketing approach is to provide loyalty and up-selling opportunities via add-on activities (excursions, learning new water sports, participation in community projects) and destinations (Nyerere National Park, for example).

The Lua Cheia local development impact philosophy includes a number of partnership for sustainable small business development in the north-Mafia community, where the investors have had a presence for over 20 years.

Holidays on Mafia can also be combined with a variety of wildlife safaris as far as the Serengeti or as close as Nyerere National Park. In fact, the modern tourism to Mafia commenced circa 2000 with the Ruaha-Selous-Mafia-Zanzibar circuit. Later when domestic air connections made it possible, the northern parks also became a circuit link.

The club market positioning – combined with the loyalty offering of twinning with a Kinasi Lodge stay – is aimed at creating longer average stays. This optimizes marketing for marketing is also expected to produce an element of identity, purpose and ownership of the positive impacts of the investment (employment, training, trades people and suppliers), its community partnerships that underpin the project, and the environmental sustainability (low Carbon footprint) of design, construction and operations.

1.4.2 Key Elements of the Project

Accommodation

The project involves the construction of 16 en-suite units using local stone and sustainable coconut wood timber with stretched climate-resistant fabric for roofing (guaranteed for a 15-year lifespan).



Figure 5: VIEW FROM RAS BWENI PENINSULA (looking northwards)

Construction follows a ‘core & shell design’ process, which is key to a rapid implementation of the building programme.

As a self-contained, personalized beach resort the number of beds will be limited to 40, to ensure the personality, intimacy, interaction and staff attention planned around the ability of management to provide a high level of service on an individual guest basis.

The standards (room size, finishes, furnishings, fittings) will be for the middle- to high-income market, here defined as US\$ 200-300 per person per day for accommodation and all meals.

1.4.3 Food and Beverage is Important

The demand for a high standard of local cuisine on beach holidays is well known. But this can be achieved without ‘fuss’, which is eschewed by the newer generation of travellers. At Lua Cheia (as with Kinasi Lodge) food and beverage emphasis will be placed on high standards of cuisine and an extensive cocktail list. Meals will be served at the *chiringuito*-style beach bar & grill – particularly seafood and local poultry produce (chicken, duck, geese, guinea fowl, pidgeon and quail) with an *a la carte* grill menu – and the availability of a wide range of fresh fruit, drinks and beverages. The operational concept is an all-day ‘barefoot’ beach cafeteria-bar-open grill.

Novelties of the Kinasi F&B model include home-produced craft beer (on tap) and syrup and fruit extracts for cocktails², as well as the Kilimanjaro Coffee Club³, all innovations now under way at Kinasi Lodge.

In addition to the beach and the resort swimming pool, the hotel will offer game fishing, scuba diving and snorkeling, sailing, kayaking and wind-surfing, and excursions such as dhow trips and beach picnics to other sand bars and islets (particularly to the west and south of Ras Bweni during the *kusi* monsoon) and hiking-biking and road trips to the many historical sites, forests (Ras Mkumbi, Mlola) and traditional farming areas and fishing villages of Mafia. Mountain bikes will be available to guests for their use. There will also be specialized spa facilities for relaxation treatments such as aromatherapy, massage and hydrotherapy.

² Kinasi's senior barman was recently trained in Zanzibar to make and use in a wide range of cocktails home-made syrups and alcohol-based extracts, which are now used in the extensive bar menu.

³ Kinasi Limited now buys all its coffee from the Kilimanjaro Native Co-operative Union in Moshi (north Tanzania), for its richness, pure Arabica content and sourcing from local farmers.

2 RESORT SITE DETAILS⁴

2.1 The Ras Bweni Site

Figure 6: FACING NORTH FROM THE LUA CHEIA BEACH, RAS BWENI

Ras Bweni, has superb beaches set along an elevated, wooded peninsula on the north-eastern side and is ideally suited to an up-market, chic, highly individual (HIP) eco-tourism beach resort. The site sits within a natural coastal forest and is gently undulating in some places, with a high point at the peninsula of Ras Bweni. There is also a deep water anchorage close to shore.

These beautiful features complement the reefs and sea which offer excellent diving and snorkeling, sailing and kayaking, kite-



boarding and wind-surfing. It is

rare to find a site with so many positive aspects and this location can be claimed to be one of the most beautiful in the Archipelago.

Figure 7: THE BEACH & *Erythrina caffra* TREE



A 6-tent camp was established here in 2010 for a contract with a sport fishing company based in Dar es Salaam, which later moved its base to Kilwa. Ras Bweni proved to be extremely popular and there is a constant flow of requests from potential visitors who know of its existence.

Figure 8: THE BEACH AND TENT NO 1

Figure 9: NATIVE TREES & GRASSES



⁴ ANNEX II provides maps and additional images and information.

Figure 10: LUA CHEIA (foreground) FACING N-E TO RAS MKUMBI

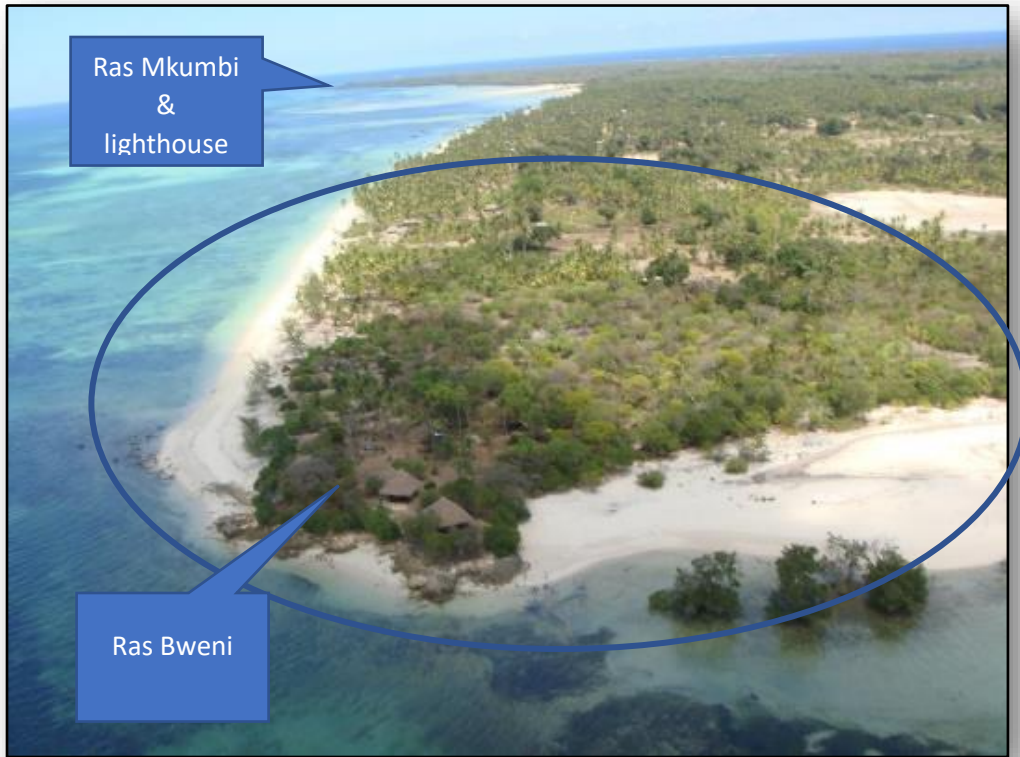


Figure 11: RAS BWENI SHOWING THE TWO BEACHES (NE and SW) & DEEP WATER ANCHORAGE 80M FROM SHORE

Figure 12: BEACH SCENE WEST OF RAS BWENI



Figure 13: SUNSET FROM RAS BWENI



Figure 14: ANGEL'S BEACH ON THE SOUTH-EAST



Figure 15: BWENI BEACH ON THE NORTH-EAST



Figures 16, 17: THE VEGETATION TYPE OF NOTRTERN MAFIA VIWED FROM THE ROAD IS SIMILAR TO THE RUFUJI DELTA ECOSYSTEM (Note the Doum Plams *Hyphaene thebaica*)

2.2 Kanga-Bweni (Bweni Bay)

Figures 18,19: AERIAL VIEW OF THE PROJECT SITE FROM NORTH-EAST TO SOUTH-WEST



The Kanga Bweni beach property (also owned by the shareholders of Kinasi Limited) extends westwards from Ras Bweni in a wide sweep of 2 km of undeveloped beach frontage. Now re-named Bweni Bay, it is a long curving beach with nearly 1,000m of exclusive beach frontage allocated to a sister company.

The vegetation has been maintained in its natural state. As the images illustrate, the beach extends further in both directions, to Ras Bweni northwards and to Kanga beach westwards. The site has a superb wide, white sand beach and elevated, wooded landward component with many magnificent baobabs and various palms, including Doum, Borassus and Phoenix offering ideal tourism development opportunities (breezes, views, landscaping). It is ideally suited to individual villa developments as the land was sub-divided by Government into 8 individual plots or parcels, under its planning system. Villas offer the safe option of sale as individual investments if the Developer so wishes.

The access to this beach under our portfolio enhances the Ras Bweni site.

Figure 20: THE BEACH AT BWENI BAY (Kanga-Bweni) SITE ON A NEAP TIDE (with Ras Bweni top left)



3 DESIGN & OPERATION CONCEPTS

3.1 Ras Bweni (Lua Cheia) – Design Ethic

3.1.1 Accommodation

The peninsula's northern beach zone and landward area of the site is ideal for a boutique, upscale resort, featuring eight double and family suites with tented (stretched fabric) rooves in a modernist design, each with "ancient" stone walling with landscaped "seclusion" gardens. The forest zone will host the eight tented units on platforms facing the lagoon area to the west, overlooking Angels' Beach.

Rooms will be furnished with interiors in a modern minimalist design. The style and layout of each room is imagined in the following images. There is expected to be demand for a total of 10 single or twin-bedroom units and 6 double-bedroom family and sharing units with two bedrooms.

In this development, space and privacy is regarded as the key luxury, coupled with the views and direct beach access for each room. The great asset of the location is its completely untouched, natural feel and the long sweeping empty beaches, giving a feel to the guest of ownership ('club') and isolation.

Figure 21: CONCEPT FOR A STANDARD ROOM LAYOUT

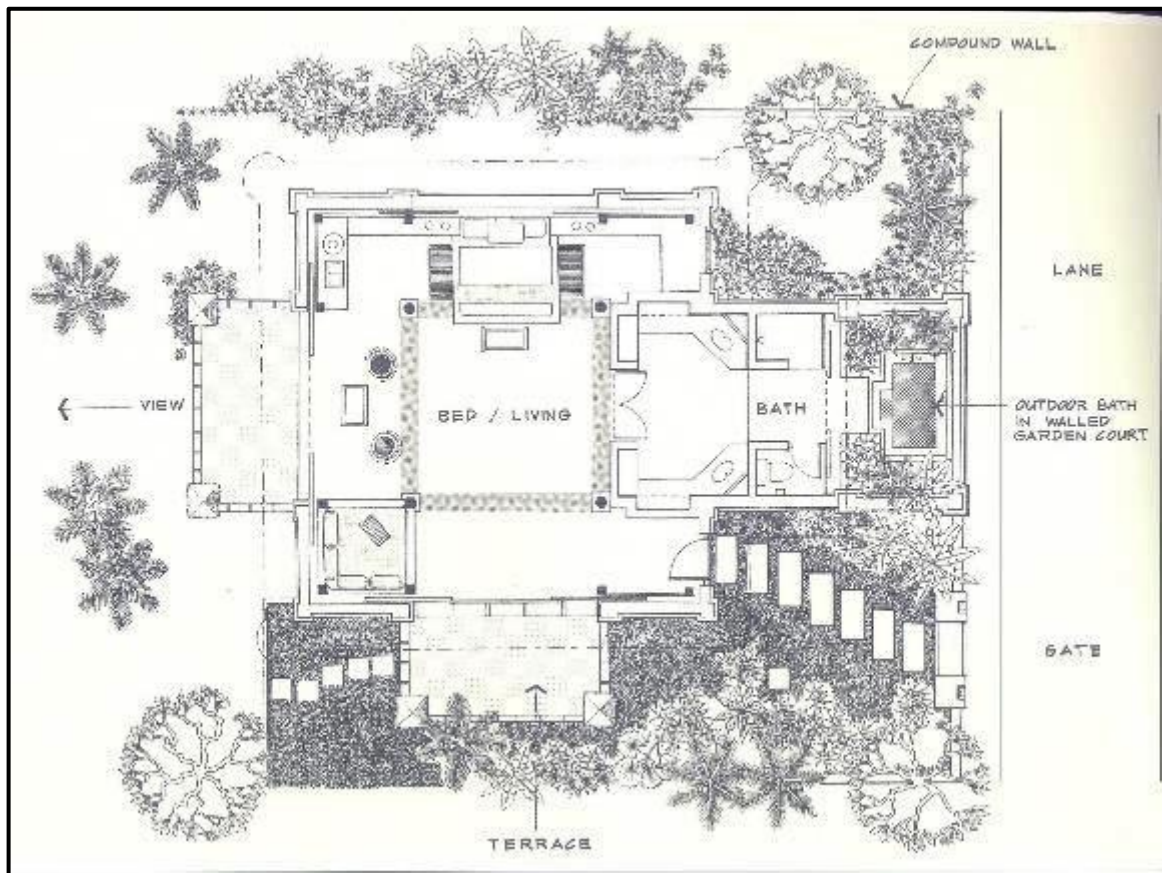


Figure 22: THE ACCOMMODATION (Core & Shell units – Beach Zone)



Figure 23: FAMILY UNITS (with flat cultivated green roof and solar panels)

Figure 24: TENTED BUILDINGS - FOREST ZONE (Core & Shell structures)

Canvas tent-covered rooms made of natural stone, finished with cement-lime mortar. The exclusive camp area will have four double and one twin-bedded room, set in a forest habitat with rooms along the beachfront, elevated on foundations to create views.



High rooflines will allow the fitting of fabric “ceilings” of draped Swahili-design fabrics (as in Kinasi Lodge rooms). Rooms fitted with AC and fans, with separate bathroom-dressing room and sitting area opening-out onto raised terraces (1.5m) overlooking Angels’ Beach

Tented rooms separated by trees and shrubs and distanced approximately 30m from neighbouring rooms.

Figures 25, 26: THE LIVING ROOM (Prefabricated unit)



**CONCEPT FOR A BUILDING OF 14m X 8m (112m²) on Ras Bweni peninsula, connected via terraces to swimming pool and restaurant-bar building. Walled in glass with sliding panels that can be opened, air conditioned for comfort, with self-service honesty bar and separate TV-meeting room
Proposed furnishings in minimalist retro style, open to views of Angels' Beach, Fatuma's Island and ocean on three sides**



Figure 27: LANDSCAPING WITH STONE WALLING AND NATIVE PLANTS

(Used to create separation amongst buildings and for the entrance, as well as wind protection)

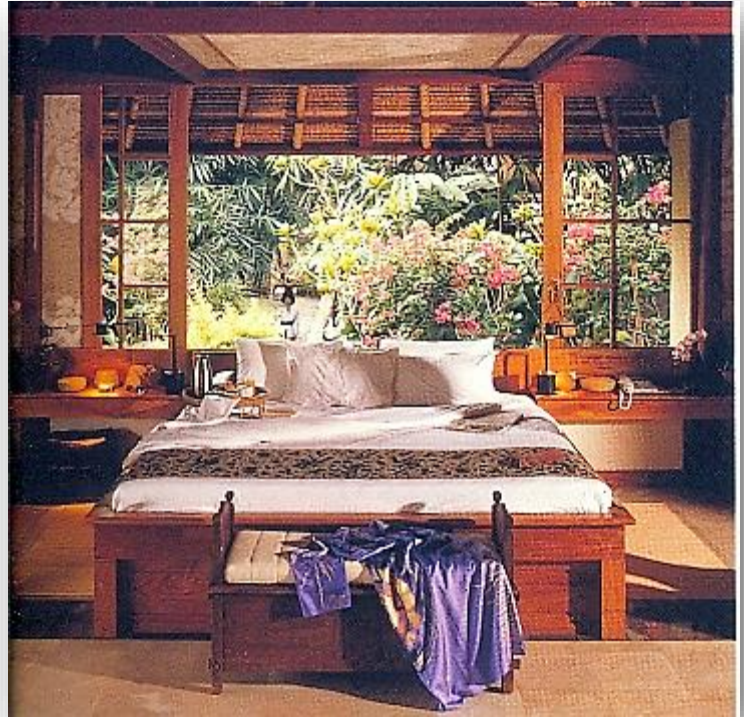


Figure 28: SWIMMING POOL

A simple structure with reinforced concrete walls and floor, finished in light blue ceramic tiles



Figures 29, 30, 31, 32: BUILDING FINISHES OF HIGH STANDARD



Floors will be in polished concrete and built-in furnishings in polished coconut wood, coupled with modernist-minimalist furniture, created in sustainable coconut wood.

3.1.2 Service Buildings

A small themed spa will be designed and built around a central walled garden set in the crux of the estate, which will be laid out in two wings, facing the south-west and north-east.

A gabion jetty with aluminium floating pontoon dock is to be built from the pier-like Ras Bweni coral rock shelf (for sport fishing and boat excursions) and a comprehensive water sports centre constructed at the north-eastern end of the beach, where boat access at all tides is guaranteed.

The SandSea Bar & Grill (*ciringuito* style) at the water sports enclave (or “boma”) - to facilitate day visitors as well as residents - will work in favour of up-selling more water sports activities as well as daily planning of guest enjoyment options.



Figures 33, 34: A TYPICAL CIRINGUITO BEACH BAR

The sunset lounge and cocktail bar facilities (for resort residents) is planned as a plantation style installation for the Ras Bweni peninsula, subject to expert planning and engineering advice.

Figure 35: CONCEPT FOR THE PLANTATION-STYLE COCKTAIL BAR



The intention with all facilities is one of “casual simplicity” and a “shoes-off” mode of living in keeping with the site and its intended lifestyle of “your home at the beach”. This resort is to be managed as a holiday home for guests, with an expected average stay of 4.5 nights. In turn this will necessitate diversity in the menu, house-original cocktails and mixers, quality house wines and home-brewed beers.

Other facilities and services include a full **water sports centre** (diving, snorkeling, kite-surfing, kayaking, boat excursions, game fishing (on catch and release terms) and a jetty and floating pontoon for boat access. These are already under construction, with operations scheduled to start in October 2023.

A small themed **spa and wellness centre** and fresh produce farming (in partnership with the Bweni village community) will support the healthy, active lifestyle aspects of the club resort.

3.2 Holiday Activities

3.2.1 Travel with a Purpose: Regeneration of a Coral Reef Ecosystem

We have engaged the community in a joint venture to work with us to carry out regeneration of the fringing reef that lies to the north of the beach site. Over the last decade there has been considerable damage caused by illegal drag-net fishing and anchored barrier nets. We intend to reverse this decline with a reef-restoration programme.

The local community has been powerless to prevent this encroachment from non-local fishing operators and have had no support to date to understand what they can do to address the problems, ensure sovereignty over the local fishing grounds and obtain assistance to redress the loss of resources.

**Figures 36, 37: REEF BALLS READY FOR SINKING
and AFTER 5 YEARS ON THE REEF**

Our company will work under the Mafia island Tourism Organisation (MITO) community programme through direct outreach to establish a workshop to assemble reef balls and place these along the contours of the reef. We have applied to Reef Ball Foundation⁵ to do this with their technical support some time ago but need to re-establish ties that were made before the pandemic.



Another type of structure that will be tested are “reef spiders” that can be made from scrap metal and even anchored coconut rope.



The goals of the project and the roles of the parties will be detailed in a project document that we are developing with the village council and the community members who wish to participate in the manufacture of the reef balls in ferrocement. There will be training and employment opportunities as well as skills development as divers and – later – for monitoring and developing the functional use of the reef for sustainable fishing as well as tourism diving.



Figure 38: REEF SPIDERS IN THE CORAL TRIANGLE

A primary goal and impact is expected to be the educational and participatory action of environmental restoration and future health monitoring of the reef as an example of viable restoration of livelihoods. This will involve video records and film shows in the village. The focus of community discussions has been centred on ensuring community “ownership” of the project. Before embarking on any work there will be a consultation process with local authorities and the Ministry of Natural Resources and Tourism and Ministry of Livestock and Fisheries, following technical evaluation and advice from the School of Marine Sciences at the University of Queensland.

A monitoring system for the Bweni Reef was developed (2016) as the basis for discussions and assessing current status.

The project is to be a focal point of visitor involvement in and out of the water, with guests involved in any activities they would like to join, from constructing reef balls to placing them on the reef or data collection during monitoring.

⁵ <https://www.reefball.org/>

3.2.2 Action Sports, Sea Activities and Land Excursions

As well as diving there will be snorkeling, boat excursions by dhow, kayaking, kite-boarding, laser sailboats, sunset cruises by sail, forest hikes with bird-watching and two species of monkeys, cultural walks and village dance and music entertainment nights, local interest bike trails and a well-stocked library.

Mbarakuni Island & Other Attractions

Mbarakuni is a small island some 5 km north-west of Ras Bweni and is a great attraction for guests as a day trip. It is a stunning place with many sea birds, encircling beaches and deep water anchorage. It is a beautiful day trip by dhow with beach picnic.

Figure 39: AERIAL VIEW OF MBARAKUNI ISLAND



Figure 40: THE BEACH AT MBARAKUNI ISLAND



Protected Forests, Agricultural Shambas and Robinson Crusoe Beaches

The protected coral rag forest to the east of the peninsula is a fascinating coral rag zone that stretches the entire east side of Mafia and there is a walk from Ras Bweni to the south-eastern side of the island to a small beach for picnics. Many other walks exist to visit and see local farms and plantations. Climbing the lighthouse is permitted and provides a 360° view of the Archipelago. Miles of beach provides beautiful walks, swimming in isolation, undisturbed coastal forest down to the shore, all with the option of a butlered picnic.

The uniqueness of the Ras Bweni site, access to some 3 km of magnificent isolated beach, direct access for boats on all tides, as well as the nearby native coastal forest, are principal features of the location. Coupled with Kinasi Lodge to access first-class scuba diving and whale shark, humpback whale trips and turtle-hatchings a visitor has a remarkable list of things to do.

3.3 Sustainability Initiatives

3.3.1 Building Design, Construction and Operations

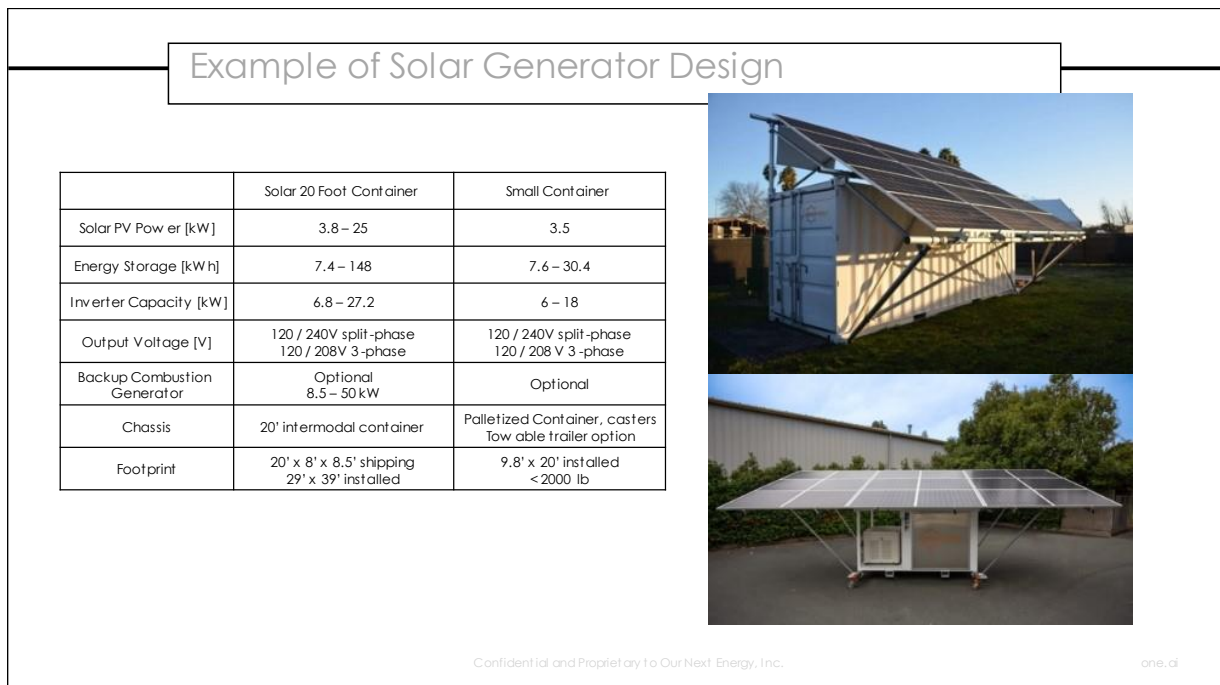
The resort has been planned and designed and will be equipped and managed throughout for climate sustainability. This will extend to a solar panel installation for energy for operating the resort, the

selection of low-energy power units (especially air-conditioning and refrigeration), and solar-operated freezer unit (the grid will only be used for back-up power).

The architecture, design, equipping and materials are subject to the EDGE Buildings⁶⁷ model for sustainable construction and operation and EDGE certification will accompany the process. The initial goal is to achieve the 40% level (in the EDGE hierarchy) with Zero-Carbon as the eventual standard of operation.

Energy supply

The power unit is a modular containerised solar generator with battery storage (see specifications below). The resort may require one or more of the smaller units as well to cater for the water supply (at source) and for the staff area and services group (laundry, stores, workshop, compressor for the



dive centre).

Figure 41: SOLAR UNITS FOR POWER SUPPLY

Water Supply

The investors have a separate plot of land at a distance from the site (which has only brackish underground water). The location is a former quarry where good water was discovered. An elevated tank system will feed the resort by gravity, but pumping is required from below ground level in the quarry to the tank head.

All water will be heated by solar and buildings will be designed to meet site climatic conditions and designs to ensure coolness, including wind towers and green rooves, triple glazing of windows. Australian and South African innovations and standards will be applied as guidelines.

⁶ <https://edgebuildings.com/>

⁷ The principals are currently retro-fitting Kinasi Lodge in accordance with EDGE guidelines (Director Peter Byrne is an EDGE Expert consultant)

3.3.2 Sustainability at the Community Level with Local Partnerships

We have had a long and close association with the Beni Village community. The council is pressing the shareholders to build in order to create jobs with training and the coral reef restoration is supported in turn as part of this process. The resort will also be a ready market for stimulating the fruit and vegetable partnership that will grow out of our presence and ability to offer daily support and involvement.

The development team are committed to “Climate-Friendly Travel” under our membership of SUNx Malta (<https://www.thesunprogram.com/>) tourism sustainability principles, regenerative reef-building, long-term community CSR and environmental enhancement strategies (native tree agro-forestry) will be core ethics. Initially these will be covering the following activities:

- Coral reef monitoring, protection and improvement project (a separate plan document has already been prepared under the Mafia Island Tourism Organisation annual plan for 2023-24)
- Vanilla, fruit and vegetable production with a central small farm and local out-growers served from a farmers’ centre supplying seed and support services
- Poultry production including turkeys, geese, ducks, chickens, pigeons and quails
- Yoghurt, ricotta and mozzarella cheese production
- Bee-keeping for organic honey

These have been well-researched to date and we have the personnel to implement, monitor and evaluate these activities, which are ongoing in other locations in our portfolio of projects in Mafia

The landscape management will be conducted under strict environmental guidelines using native species. The landscape team has acquired extensive experience in botanical surveys (the site botanical list of species has been completed) and propagation and use of native trees and shrubs, including spices native to coastal forests.

4 DESTINATION MARKETING STRATEGY

4.1.1 Mafia Archipelago in the Tanzanian Tourism Industry

Mafia Island is linked to both the Southern (Ruaha, Mikumi and Nyerere National Parks (formerly Selous Game Reserve)) and Northern (Serengeti, Ngorongoro, Manyara, Tarangire, Arusha, Kilimanjaro) Tourist Circuits of the country, as well as Zanzibar and Pemba Islands, as the following graphic (next page) illustrates. A beach stay at the end of a wildlife safari has been the traditional route for developing the island destination but recent attention from the Government and the Ministry of Natural Resources and Tourism – obtained to a great extent by the work of MITO and the opportunity to fund a marketing plan for the destination, has spurred action to create an “identity” and diversify the market reach with marketable “circuits” in the coast Region as well as the traditional linkages⁸. A key goal is to evolve Mafia as a stand-alone beach holiday with better accommodation and higher service standards.⁹

Mafia has historically been categorised as an excellent diving and fishing destination (based especially on the World-class coral reefs and islets of the Mafia Island Marine Park) and there is a misconception that it does not have the fine beaches of Zanzibar. For this reason the Owners of Kinasi purchased land in the north of Mafia, where magnificent beaches (without the negative effects of uncontrolled and undisciplined construction that have ruined the Zanzibar coastline and had disastrous environmental consequences) abound and initiated development of a tented beach camp, to promote a “*Beach and Bay*” marketing concept offering “*All of Mafia in one Safari*”.

As well as the sea and coral reefs, Mafia offers visitors excellent coastal bird-watching, nature trail excursions, cultural tours in traditional communities and historic sites dating to the Shirazi era of the 13th Century. There are also pre-historic sites and evidence in archaeological digs of glass-making and iron tools. During the last archaeological expedition supported by the Owners, Graeco-Roman beads were found in caves on Juani Island.

Figure 42: WHALE SHARKS ARE NOW AN IMPORTANT TOURIST DRAWCARD FOR MAFIA ISLAND, ALONG WITH THE EXCELLENT DIVING & SNORKELING IN THE ARCHIPELAGO

One of Mafia’s principal advantages – often overlooked - is the immediate proximity of a comprehensive range of guest activities, all within easy reach. This is an important time and cost advantage for visitors. And may be compared to Zanzibar – the primary source of competition for Mafia – where each of these activities will involve separate arrangements for transport and excursions, with added costs.



⁸ ANNEX III provides more details and a full report of the proposed marketing plan is available.

⁹ To this end Kinasi Lodge has enlarged its kitchen, appointed a senior F& B Manager and increased its trained workforce in order to undertake training for the Mafia community, to provide greater inclusion.

In Mafia all of these activities are within easy reach at low cost, an important marketing principle. We are able to illustrate that, on an active holiday, visitors are able to enjoy much more within the same budget as they would need for a Zanzibar sojourn, even with the additional air transport costs involved in reaching Mafia.

And still there is a lot of growth potential in the destination with new attractions (diving on maritime archaeological sites), enhancing and improving excursions with community involvement, new water sports (we are now introducing kite-boarding, for example, development of food and beverage outlets and special interest excursions (improved marketing and publicity notices)..

4.2 Marketing the Resort

The twin-hotel resort model (Lua Cheia and Kinasi Lodge) has been conceptualised after extensive market research and a comprehensive investigation of existing hotel supply across the East African Region.

Tanzanian mainland has traditionally favored high-yield/low-impact tourism models as a result of the sensitive ecological nature of the safari environments and the high running costs associated with remote operations. Upscale safari operations are bespoke and exclusive in location, cost and group size, the market accustomed to high bednight rates in return for exclusivity and wilderness. A principal driver of Tanzania's success as a destination has been the beach and bush holiday combination, twinning safaris with tropical beach holidays, marketing itself as 'The Land of Kilimanjaro, Zanzibar and Serengeti' to make potential of this combination clear. Even visitors spending most of their holiday in Zanzibar will visit a park either in the southern or northern circuits, facilitated by an ever-expanding domestic air service sector.

The global renown of the Tanzanian safari parks has been a significant demand generator for Zanzibar, which has experienced year-on-year tourism arrivals growth over the last 20 years, save for occasional downturns caused by global phenomena.

Land costs in Zanzibar have risen dramatically in the last 10 years as a result of high demand, but with no statutory planning or tourism zoning in place, high density and low standards have prevailed, with little discreet wilderness available for exclusive, upscale properties. When coupled to the demand of mass-market charter tourism demand, large, a preponderance of three and (low) four-star resorts have evolved in their place. Land is now too scarce and too expensive to support future upscale boutique resort developments.

Alternative Tanzanian Indian Ocean destinations such as Pemba Island require more complex air, land and sea transfers to reach because of limited air access, as has Mafia Island historically. Alternative beach destinations like Seychelles, Kenya and Mozambique also require additional air travel, visas, transfers, culture changes etc. Lost days traveling and transit bed nights dissuade time-poor (generally cash-rich) guests. The resort's proposed airstrip at nearby Mrali plateau is a critical success factor over any competitors.

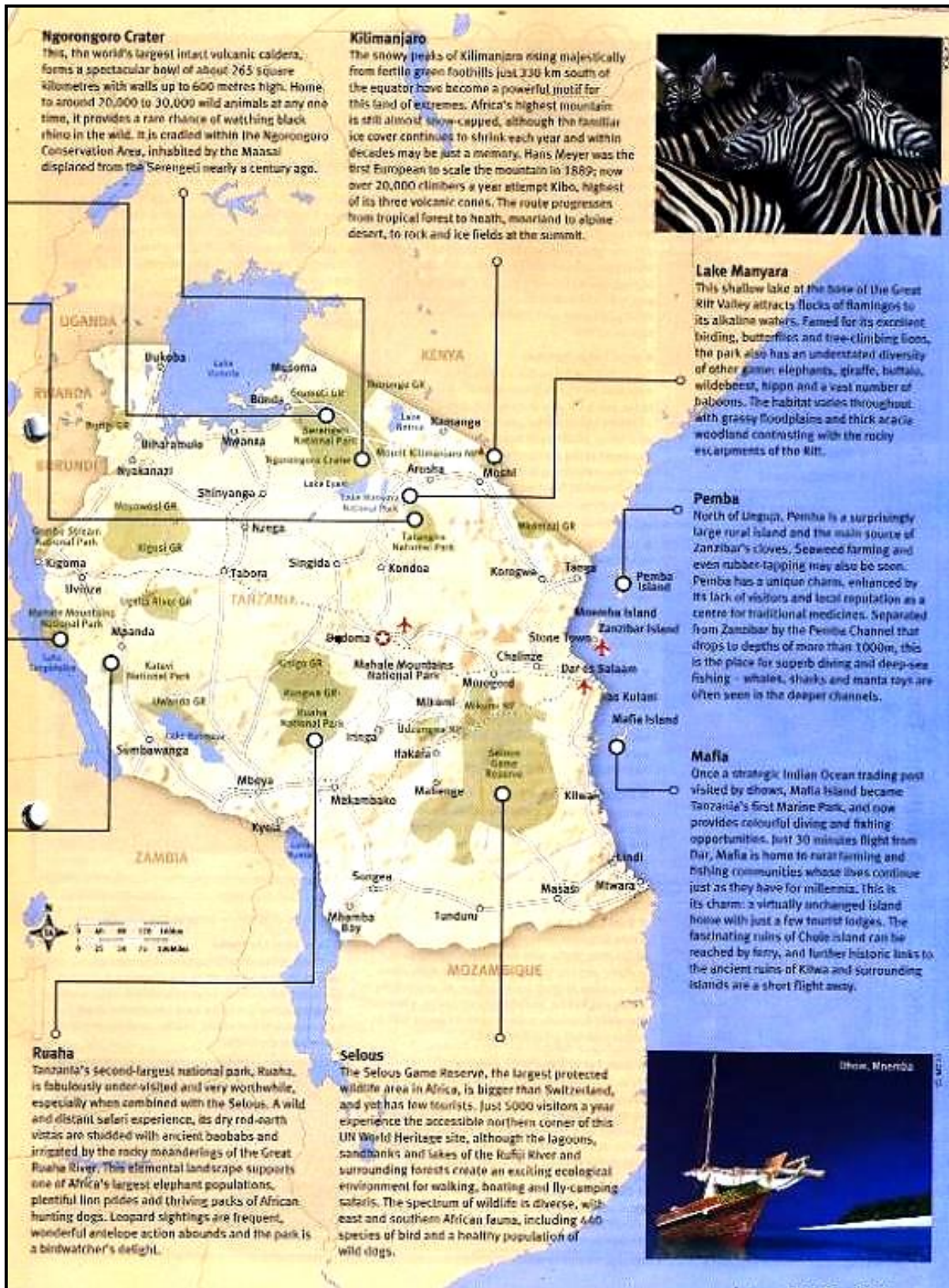
Unlike safari properties, seasonality (eg linked to the wildebeest migration) is not a constraint for beach properties, which only experience serious downturns in the wet months of April and May. Beach properties are more family-friendly than safari, which drives demand in peak periods. Non-peak period occupancy is driven by factors such as safari popularity (migration peak in Serengeti of Jan-March), honeymoons (May-July), Winter sun seekers (November-March) and local phenomena such as whale shark season (October-March).

Existing upscale hotel supply in Zanzibar operates at 55%-80% occupancy, year-round, with the average bednight stay in the 5* segment of 4.9 nights. Much depends on the reach and effectiveness of marketing, with the chain hotels dominating the high occupancy group. New international airports in Dar es Salaam and Zanzibar are in place, guaranteeing additional airlift to the region, international carriers such as Turkish Airlines and Etihad recently announcing new direct routes and Zanzibar has grown rapidly to dominate as the hub airport, outstripping Kilimanjaro and Dar es Salaam. Direct airlift and intensive airline marketing (including alliances) has led to the rise of direct bookings, and online booking engines (booking.com, expedia.com, etc), which have bypassed and undercut the African travel specialist agents that have traditionally supported and nurtured high-end African hospitality product.

Similarly, branded hotel and safari companies are selling direct to market. These agencies have high PR budgets for print media exposure and links with respected travel journalists, and are actively seeking unique, bespoke, stand-alone properties for their wealthy safari clients. Whether coincidental or a direct consequence of the COVID-19 pandemic, the Mafia archipelago (including the smaller islands) is now attracting much greater attention from investors and the Government has added to the momentum with its renewed policy to capitalise on the attractions of the Southern Circuit and its coastline¹⁰.

¹⁰ Please refer to the List of References for both past and recent reports. The perceptive reader will notice a long gestation period for Mafia and the south, with at least two decades of discussion and planning but – until recently – little action to move away from the dominance of the Serengeti-Ngorongoro-Kilimanjaro-Zanzibar paradigm that rules Tanzania tourism.

Figure 43: MAFIA ISLAND IN TANZANIA'S TOURISM NETWORK



4.3 Marketing Roll-Out

Our long experience with Mafia as a tourist destination stretches back to 1993, when Kinasi Lodge was first conceived. In fact the shareholders first bid for a joint venture with the Government-owned Mafia Island Lodge, which has reached a very run-down condition. This failed to eventuate, being too early in the move away from government ownership or business entities. The Lodge was finally offered to investors in 2004 by the Parastatal Sector Reform Commission but remains in a desultory state and is now closed after its first private owners were unable to invest in a revamped resort.

The move to create a new offering at Ras Bweni has been a long-held goal but stalled for various reasons in the past (logistics, finance, attention to the development of Kinasi Lodge, the Global Financial Crisis). The shareholders believe that now is the right time to transfer its model of a high-standard, owner-operated hospitality product of the style proposed would be welcomed by the international tourism market. This view is also held in the light of Zanzibar's growing recognition as reaching saturation for a specific sector of the market that eschews over-tourism and seeks the alternate original island life getaway that is rooted in nature and community.

Dedicated articles that highlight Mafia's reputation for being "off the beaten track" in respected magazines, blogs and websites will provide the base for the marketing roll-out.

Detailed website, image heavy, with a consolidated brand identity of keywords/message/ hashtags will be developed as a base for all marketing and PR identities moving forward.

A digital strategy, using social media platforms, will be developed to further leverage this identity information, linking it in to the media websites and blogs, which in turn link back out to the resort's social media to create a self-perpetuating awareness campaign.

An integrated PR-advertising strategy will develop a focused social media campaign for the regional market segments also, creating buzz, hooks and influencer campaigns relevant to the market segments targeted.

As guests arrive, further content will be generated, which will in turn further disseminate the brand message, strengthen our SEO ranking and cross-fertilise the various social media platforms, leading to more activity, more participation, followers etc in the meantime Kinasi has a library of powerful drone, video, underwater and still imagery to support an effective marketing plan.

Consolidating the resort's commercial identity will be achieved through specialist trade- and roadshows, marketing representation in key markets and ongoing agent familiarization trips and journalist visits. The proposers are experienced in this process, having achieved media support from Vogue, New York Times, Paris-Match, The Times, Harpers, Tatler amongst others, for preopening of their hotel in Zanzibar, subsequently featured on the front page of Conde Nast Traveller UK, a first for an East African property.

These strategies are outlined in Annex III.

5 PROJECT COSTS & FINANCIAL PERFORMANCE ASSESSMENT

5.1 Lua Cheia Beach Resort

The investors have based the development and operating costs on extensive experience from their construction and maintenance activities in Mafia. Likewise, the management of Kinasi Lodge by the company provides the experience for operational costs, divided into fixed and variable expenses, the latter dependent on occupancy. This background has been vital to the projections of business performance, but even so there are elements to this new venture that have required estimation (core & shell construction, prefabricated elements such as large panels of glass and sliding doors fit for the coastal environment). To ensure accuracy as far as possible we have sought advice from builders and engineers undertaking comparable works.

5.2 Project Costs

5.2.1 Work Schedule

Any project in tourism can be undertaken in various ways and development scenarios; eg start with an initial set of rooms (eg one wing of the Lua Cheia plan) and expand in a subsequent phase. Starting small requires that all the infrastructure required to operate, the disadvantage of trying to expand when the business is in operation and a low revenue-generating base. Building with less investment (eg fewer rooms, reduced size of public buildings, exclude some amenities (pool) and raising quality by re-investment later is very difficult as the resort will already be recognized as 3 or 4 star only and there is considerable disturbance to in-house guests with negative feedback about the resort being a “building site”.

We also believe it is not advisable to invest anything to “test the market” eg start with a few tented rooms and see what the market response is to the concept. We need to test this BEFORE any investment and we believe we have already done that in past years at Lua Cheia and with extensive consultation and market assessment. If we are not sure as investors we should not build.

In this project we concluded as a management board that Lua Cheia be a **fully-financed project at the outset and completed in a single one-year phase**, and including all requirements to operate as a high-rent, high quality personalized, highly individual resort. As tourism investors and (with other interests) as contractors we have developed a clear sense of the need for design for efficiency and to build and develop to minimize subsequent maintenance and concentrate on functional beauty.

There is some flexibility if we need to impose limits. The colonial building for Cocktail Bar and alfresco restaurant can be omitted at this time in favour of utilizing the ciringuito beach facility for all F&B services.

5.2.2 CAPEX (Capital Investment Expenditure)

Table 5.1 is a working table for the bill of quantities (BoQ) from current costs of building works and is the cornerstone of the final estimates included as capital costs. It is the square metre costs that we keep track of in our own building activities, as it is a key unit of estimation. It will vary markedly depending on the structure and the internal finishes (eg single- vs double-story, roof slabs and roofing materials, glazed tiles or polished concrete). In the design we have chosen the most durable, elegant and practical outer shells for the buildings (concrete block dressed with natural stone) much of which can be sub-tendered to the community.

Building in Mafia costs more than on the mainland due to shipping but now a new ferry service has brought this down to an acceptable additional cost of around 7%.

TABLE 5.1 WORKING BILL OF QUANTITIES COST TABLE

Structure	number	m2/m3	m2 cost	Total \$	Notes
single bed room	9	60	450	243000	includes patio
double bed rooms	2	110	800	176000	includes patio
staff quarters	2	35	500	35000	two existing tents
staff junior	8	20	180	28800	four rooms exist, repairs
office-reception	1	35	180	6300	existing tent or build
sub-total				489100	
the living room	1	112	360	40320	14m x 8m glass box
restaurant-bar	1	140	600	84000	double-storey
beach rest/bar	1	120	220	26400	
kitchen	2	54	250	27000	repairs, extension
terracing	1	180	26	4680	flat stone, foundations
sub-total				137400	
jetty m3 rock	1	720	24	17280	marina extension
pontoon	0	60	400	0	boat dock
sunset terrace	1	80	80	6400	below living room
runway-airport	0	30000	2	0	
s pool m3	1	120	280	33600	
sub-total				57280	
underground spa	0	80	600	0	not included
sub-total					
Laundry	1	15	80	1200	
Workshop-store	1	400	20	8000	container 40 feet, roof
Generator room	1	12	80	960	
Water tanks	3	1	1650	4950	10,000 litres
sub-total				15110	
grand total				698890	

There are several matters to take note of when reviewing the table:

- ❖ These are basic costings to complete the building units including all services (water, bathrooms, electricals ready for occupation)
- ❖ They are intended to guide the discussion and design elements and are not final nor definitive contract prices
- ❖ They are based on our experience of building costs in Mafia (over many years) and consultation with our engineers
- ❖ They reflect a high standard of construction and finishing (ie tile-work, paint-work, bathroom fittings)
- ❖ Building costs **do NOT include** furniture and soft furnishings (sheets, towels, bar glasses, plates, etc)
- ❖ There are infrastructure costs also such as road access, water supply and electricity to the site that have to be met and add to the capital costs.

Discussion

The idea of a tented room using natural stone facie for the construction will be unique in Mafia and set the resort alone in its class. It is also expedient to construct and easy to phase the tradesmen on site with natural stone close at hand in the north of Mafia. This design reflects the weather conditions at the site – heavy rains and prevailing winds especially - and also allows more options in styling and furnishing. The quality of the accommodation proposed is significantly better than anything else currently available in Mafia and complements the natural features of the location and is appropriate to the beach lifestyle we wish to promote¹¹.

BUILDING CONCEPTS:

- ❖ Construction style is natural stone with lime-cement plaster (this fits extremely well into the environment).
- ❖ Rooms elevated on 1.5m high bases with terraced verandahs, to provide elevated views and breezes
- ❖ Roofing is tent-style stretch fabric that is UV-resistant and tensioned to withstand winds.
- ❖ Air-conditioning is possible in these structures (difficult in normal tents)
- ❖ Proper glass windows are fitted in case of bad weather and need for air conditioning
- ❖ The buildings are “roomy” to give a “luxury” feel of space, light and open-living
- ❖ Accommodation includes a sitting area separated from the bedroom and the bathroom-dressing room is also separated
- ❖ The Living Room is a central concept to the resort design, providing an all-day and evening location in “home-style” comfort, with library, bar, meeting area and card tables. Sofas and club chairs. Wonderful views over the beaches and along the coast. The Living Room is air conditioned but in the cool season can be opened on all sides to through-flow of air.
- ❖ The ground floor restaurant is complemented by an upstairs bar and a rooftop sunset terrace.
- ❖ These buildings are integrated by stone terraces and the swimming pool which is especially designed for sitting and enjoying the company of others while served from the adjacent bar.
- ❖ Kitchen in the same position as it is now, expended slightly with a refrigerated area and reinforced and repaired with permanent aluminium sheet metal roof.

Accommodation Buildings

Tables 5.2, 5.3 and 5.4 provide the detailed BoQ estimates for accommodation units, the main CAPEX element.

LUA CHEIA BEACH RESORT		TABLE 5.2		
CONSTRUCTION COSTS				
STANDARD ACCOMMODATION UNIT				
	UNITS	ESTIMATED UNIT COST	COST (US \$)	TOTAL (US \$)
MATERIALS				
Cement	BAGS	120	7.32	878.05
Steel reinforcing (16 mm)	Lengths 7 m	12	18.00	216.00
Kokote	KGS	4500	0.05	219.51
Sand	BAGS	210	0.49	102.44

¹¹ Kinasi Lodge is currently being upgraded to this design style after its 27 years of operation and in order to introduce new elements that reflect market demand and current styles, colours, needs (eg wifi and climate control) . as a result the two resorts will offer a very similar level of comfort and corresponding design.

Concrete blocks	NUMBER	450	0.24	109.76
White cement	BAGS	4	14.15	56.59
Marble dust	KGS	20	11.71	234.15
Cement dye	KGS	8	3.90	31.22
Floor tiles	NUMBER	95	1.66	157.56
Bath tiles	NUMBER	320	0.25	81.17
Sink top tiles (mosaic)	NUMBER	250	0.24	60.98
Toilet/Bidet/Sink/Shower (set)	SET	1	840	840.00
Timber planks (flooring 25m2)	PLANKS	42.00	13.66	573.66
Floor joists (75mm x 25mm)	PIECES	21	4.39	92.20
Ceiling truss	PIECES	3	175.61	526.83
Roof poles and foundations	Quantity	2	234.15	468.29
Stretch fabric roof cover	PIECES	1	7700.00	7700.00
Lattice work panels (bedroom)	UNITS	2	156.10	312.20
Lattice work panels (entranceway)	UNITS	2	175.61	351.22
Lattice work panels (verandah)	UNITS	6	136.59	819.51
Bathroom lattice window	UNITS	1	78.05	78.05
Verandah pillars	PIECES	6	117.07	702.44
Verandah railing panels (metal)	PANEL	4	90.00	360.00
Steps (metal/timber)	NUMBER	4	35.00	140.00
Step railings (metal)	PANEL	2	125.00	250.00
Insect screen blinds	NUMBER	6	280.00	1680.00
Canvas blinds	NUMBER	4	320.00	1280.00
Bamboo blinds	NUMBER	8	34.15	273.17
LABOUR				
Skilled labour	MAN-DAYS	260	15.00	3900.00
Labour (man-days)	MAN-DAYS	260	8.00	2080.00
TOTAL (ex transport)	US \$			24575
CONTINGENCIES:				
Allow for miscellaneous (nails, etc) + inflation		10%		2457
Allow for transport and handling labour		10%		2457

ESTIMATE	US \$	29490
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**LUA CHEIA BEACH RESORT
CONSTRUCTION COSTS**

TABLE 5.3

MASTER SUITE ACCOMMODATION UNIT

	UNITS	ESTIMATED UNIT COST	COST (US \$)	TOTAL (US \$)
MATERIALS				
Cement	BAGS	200	7.32	1463.41
Steel reinforcing (16 mm)	Lengths 7 m	14	18.00	252.00
Kokote	KGS	4700	0.05	229.27
Sand	BAGS	300	0.49	146.34
Concrete blocks	NUMBER	520	0.24	126.83
White cement	BAGS	5	14.15	70.73
Marble dust	KGS	24	11.71	280.98
Cement dye	KGS	8	3.90	31.22
Floor tiles	NUMBER	110	1.66	182.44

Bath tiles	NUMBER	320	0.25	81.17
Sink top tiles (mosaic)	NUMBER	250	0.24	60.98
Toilet/Bidet/Sink/Shower (set)	SET	1	840	840.00
Timber planks (flooring 25m2)	PLANKS	48.00	13.66	655.61
Floor joists (75mm x 25mm)	PIECES	26	4.39	114.15
Ceiling truss	PIECES	4	175.61	702.44
Roof poles and foundations	Quantity	3	234.15	702.44
Stretch fabric roof cover	PIECES	1	8700.00	8700.00
Lattice work panels (bedroom)	UNITS	2	156.10	312.20
Lattice work panels (entranceway)	UNITS	2	175.61	351.22
Lattice work panels (verandah)	UNITS	6	136.59	819.51
Bathroom lattice window	UNITS	1	78.05	78.05
Verandah pillars	PIECES	6	117.07	702.44
Verandah railing panels (metal)	PANEL	4	90.00	360.00
Steps (metal/timber)	NUMBER	4	35.00	140.00
Step railings (metal)	PANEL	2	125.00	250.00
Insect screen blinds	NUMBER	6	280.00	1680.00
Canvas blinds	NUMBER	4	320.00	1280.00
Bamboo blinds	NUMBER	8	34.15	273.17
LABOUR				
Skilled labour	MAN-DAYS	300	15.00	4500.00
Labour (man-days)	MAN-DAYS	280	8.00	2240.00
TOTAL (ex transport)	US \$			27627
CONTINGENCIES:				
Allow for miscellaneous (nails, etc) + inflation		10%		2763
Allow for transport and handling labour		10%		2763
ESTIMATE	US \$			33152

LUA CHEIA BEACH RESORT		TABLE 5.4		
CONSTRUCTION COSTS				
FAMILY SUITE ACCOMMODATION UNIT				
	UNITS	ESTIMATED UNIT COST	COST (US \$)	TOTAL (US \$)
MATERIALS				
Cement	BAGS	200	7.32	1463.41
Steel reinforcing (16 mm)	Lengths 7 m	14	18.00	252.00
Kokote	KGS	4800	0.05	234.15
Sand	BAGS	320	0.49	156.10
Concrete blocks	NUMBER	550	0.24	134.15
White cement	BAGS	5	14.15	70.73
Marble dust	KGS	26	11.71	304.39
Cement dye	KGS	8	3.90	31.22
Floor tiles	NUMBER	120	1.66	199.02
Bath tiles	NUMBER	320	0.25	81.17
Sink top tiles (mosaic)	NUMBER	250	0.24	60.98
Toilet/Bidet/Sink/Shower (set)	SET	1	840	840.00
Timber planks (flooring 25m2)	PLANKS	48.00	13.66	655.61
Floor joists (75mm x 25mm)	PIECES	25	4.39	109.76
Ceiling truss	PIECES	4	175.61	702.44

Roof poles and foundations	Quantity	3	234.15	702.44
Stretch fabric roof cover	PIECES	1	11700.00	11700.00
Lattice work panels (bedroom)	UNITS	2	156.10	312.20
Lattice work panels (entranceway)	UNITS	2	175.61	351.22
Lattice work panels (verandah)	UNITS	6	136.59	819.51
Bathroom lattice window	UNITS	1	78.05	78.05
Verandah pillars	PIECES	6	117.07	702.44
Verandah railing panels (metal)	PANEL	4	90.00	360.00
Steps (metal/timber)	NUMBER	4	35.00	140.00
Step railings (metal)	PANEL	2	125.00	250.00
Insect screen blinds	NUMBER	6	280.00	1680.00
Canvas blinds	NUMBER	4	320.00	1280.00
Bamboo blinds	NUMBER	8	34.15	273.17
LABOUR				
Skilled labour	MAN-DAYS	110	4.88	536.59
Labour (man-days)	MAN-DAYS	300	2.44	731.71
TOTAL (ex transport)	US \$			25212
CONTINGENCIES:				
Allow for miscellaneous (nails, etc) + inflation		10%		2521
Allow for transport and handling labour		10%		2521
ESTIMATE	US \$			30255

All Buildings and Furnishings

The next table presents the summary of the building and furnishing costs ready for occupation. This includes the three communal buildings: Living Room, Colonial Sunset Bar & Dining Room and the Beach Bar & Grill (Ciringuito) Staff quarters and administration buildings, back-of-house facilities.

LUA CHEIA BEACH RESORT		TABLE 5.5		
BUILDING INVESTMENT COSTS				
ITEM	CAPITAL COST ESTIMATES			
	Units 1/	Cost (\$)	Total (\$)	
<u>START-UP COSTS</u>				
Feasibility and Design (Consultancy)	1		0	
Site visits and project formulation	1		0	
Land purchase and survey	1		0	
Site preparation, road access	1	25000	25000	
Project supervision/management	1	48000	48000	
Freight and insurance	8	5500	44000	
Taxes and duties	1		0	
Company administration and licensing	1	1200	1200	
	Sub-total		118200	
<u>INFRASTRUCTURE & SERVICES</u>				
Tools, machinery and maintenance equipment	1	5880	5880	
Electricity/Distribution (incl.generator)	1	62840	62840	
Water Supply/Reticulation (incl solar)	1	52472	52472	
Wastewater handling/recycling system	1	29768	29768	
Fire-fighting system	1	13940	13940	
Incinerator/ Kitchen hot water supply	1	600	600	

	Sub-total		165500
<u>COMMUNAL BUILDINGS & STRUCTURES</u>			
Reception and Administration Offices	1	18000	18000
Gift Shop fit-out	1	8000	8000
Spa and Wellness Centre	1	14000	14000
The Living Room	1	42000	42000
Sunset bar and Restaurant	1	46000	46000
Chiringuito	1	26000	26000
Toilets and showers/changing rooms	2	4500	9000
Swimming Pool	1	28000	28000
Kitchen/Food stores	1	14000	14000
Beverage stores	1	4400	4400
Pool service room	1	2200	2200
Water Sports Centre/marina	1		0
Laundry/Housekeeping	1		0
Workshop/Spares stores	1		0
	Sub-total		211600
<u>ACCOMMODATION BUILDINGS & STRUCTURES</u>			
Guest accommodation units (double suites)	8	29490	235920
Guest accommodation units (family suites)	4	30255	121020
Guest accommodation units (master suites)	4	33152	132608
Management (apartments)	3	29490	88470
Management staff block (8 units)	1	30000	30000
Staff kitchen	1	8000	8000
Staff-Quarters (single units)	15	2000	30000
	Sub-total		646017
<u>LANDSCAPING</u>			
Excavation for pool	1	8000	8000
Trees and succulents (incl labour)	2500	2	2000
Soil and sumba/mbolea (incl labour)	50	40	5000
	Sub-total		15000
<u>FURNISHINGS</u>			
Reception and Offices			
Counter/shelves/cupboards	2	450	900
Display Cases	4	180	720
Key Wall	1	80	80
Stools/chairs	6	25	150
Safe	1	850	850
Light fittings	14	15	210
	Sub-total		2910
<u>Beach and Swimming pool</u>			
Kibanda tables/umbrellas	20	80	1600
Sitting chairs	40	45	1800
Dining chairs	60	35	2100
Dining tables	25	40	1000
Beach chairs	30	15	450
Beach beds	40	65	2600
	Sub-total		9550
<u>Sunset Cocktail Bar/Dining (colonial building)</u>			
Bar counter (wood, glass, steel)	1	2400	2400
Stools	14	45	630
Bottle shelf	1	420	420

Glass shelf	1	280	280
Capuccino/espresso bar	1	1400	1400
Bar fridge (under counter)	4	1700	6800
Club chairs	40	80	3200
Nightclub chairs	12	45	540
Light fittings (bar)	12	15	180
Wall lamps	6	15	90
Pillar lights	4	35	140
Persian rugs	6	400	2400
Screens, blinds and fabrics	1	2200	2200
Pot plants	12	22	264
Glasses (variee)	400	2	800
Dining tables	40	140	5600
Dining chairs	120	30	3600
Sideboard/cupboards	4	350	1400
Pillar lights	4	35	140
Chandeliers	4	180	720
Sub-total			33204

Sunset Bar Kitchen

Work centre/stove/oven (ss)	1	3500	3500
Gas range	1	1800	1800
Small gas range (2 burners)	2	45	90
Plain work tables (ss)	4	220	880
Stacking shelves (ss)	8	280	2240
Cooking utencils and implements (set)	1	3500	3500
Double door refrigerator unit	2	1600	3200
Cold room (with freezers)	1	8000	8000
Wash basin-food handling	4	80	320
Wash basin-plates	4	80	320
Sub-total			23850

Seaside Beach Bar & Grill (Ciringuito)

Dining tables	15	140	2100
Dining chairs	40	30	1200
Sideboard/cupboards	2	350	700
Pillar lights	2	35	70
Chandeliers	4	120	480
Table cloths - under	45	12	540
Table cloths - over	45	18	810
Napkins	120	2	240
Candleholders	15	15	225
Table pepper/salt/oil/vinegar service	15	8	120
Tea/coffee service	20	6	120
Dinner service 2 bowls, 3 plates, etc)	30	18	540
Cloche	30	20	600
Breakfast/lunch service	30	12	360
Cutlery - dinner	30	7	210
Culery (breakfast/lunch)	30	4	120
Serving bowels/Soup kettle	12	25	300
Baine marie (hot/cold)	2	44	88
Wine coolers/stands	6	24	144
Cake/sweets service	1	16	16
Serving trolley	2	60	120

Picnic sets	6	45	270
Screens, blinds and fabrics	1	1500	1500
Pot plants	4	22	88
Hanging baskets	6	12	72
Sub-total			11033
<u>Kitchen (Ciringuito)</u>			
Work centre/stove/oven (ss)	1	3500	3500
Small gas stove (2 burner)	2	45	90
Cooking utensils and implements	1	3000	3000
Plain work tables (ss)	2	220	440
Stacking shelves (ss)	1	220	220
Double door refrigerator unit	1	1600	1600
Wash basin-food preparation	1	80	80
Wash basin-plates	2	80	160
Sub-total			9090
<u>Pool Bar and Swimming Pool</u>			
Bar shelves and cupboards	1		0
Pool beds and umbrellas	12		0
Mattress, covers, towels, etc	14		0
Sub-total			0
<u>Accommodation</u>			
Coffee table	24	65	1560
Verandah chair-reclining	24	120	2880
Verandah chair-sitting	40	45	1800
Verandah table	16	130	2080
Corner table	16	65	1040
Wall lamps (exterior)	48	15	720
Wall lamps (interior)	120	15	1800
Bedside lights	80	16	1280
Table lamp	24	18	432
Hanging glass lamps	16	35	560
Shelf/divider/towel rail unit	50	550	27500
Double bed (XL)	16	620	9920
Single Bed (L)	8	470	3760
Bedside tables	46	35	1610
Desk/dresser/mini bar unit	16	350	5600
Corner clothes hanger	22	85	1870
Ottoman chair	22	55	1210
Bathroom mirror	16	45	720
Clothes airer	20	30	600
Verandah mat	20	45	900
Screens, blinds and fabrics	50	250	12500
Chair covers	40	25	1000
Cushions	80	15	1200
Cushion covers	160	8	1280
Bed covers	60	65	3900
Sheets (2)/pillow case sets (4)	120	70	8400
Towel sets (3)	120	65	7800
Kimonos	60	18	1080
Vase, ash tray, waste baskets	24	30	720
Hair dryer	20	20	400
Clothes hangers	200	4	800

	Sub-total		106922
<u>Laundry and Housekeeping</u>			
Washing machines	2	640	1280
Dryers	2	480	960
Ironing and pressing	4	165	660
Cleaning trolleys and equipment	20	140	2800
	Sub-total		5700
<u>Water Sports Equipment</u>			
Excursion dhow with engine	1		0
Fishing boat	1		0
Dive boat	2		0
Mashua	4		0
Outboard engines	12		0
Scuba equipment (sets)	30		0
Safety equipment	2		0
Fishing equipment	8		0
Windsurfers	12		0
Sailboards	8		0
Double kayak	6		0
Single kayak	6		0
Snorkel sets	60		0
	Sub-total		0
Vehicles			
Tipper truck 4t	1	38000	38000
Pick-up 1.5 tonne	1		0
Land Rover	2	14000	28000
Station wagon	1		0
	Sub-total		66000

TOTAL BASE COST	US \$	1424576
Of which:		
Landscaping and gardens		15000
Infrastructure & services		165500
Vehicles		66000
Buildings & Structures		857617
Service Equipment		38640
Furnishings & Fittings		163619
Water Sports and Marine		0
Project Development and Formation		118200

Note that water sports and Marine building and equipment requirements are not included. These are being implemented now as part of Kinasi's diversification, with a new dive centre at Ras Bweni.

The construction, services and furnishing costs are based upon current contract rates and the expected additional costs of working in a location where most items have to be shipped-in, attracting transport costs. These inputs will be directly off-loaded in Bweni, which is a registered harbour, saving road transport from Kilindoni and allowing scale in logistical operations, using front-loading barges. Nevertheless, construction costs will be an estimated 15-20% higher in this location, compared to Dar es Salaam for example. There are considerable savings in taxes and duties permitted under investment rules and project management will source directly from manufacturers' outlets for all fittings and fixtures and services.

In the area of feasibility covering sustainability we are concerned about improving accuracy of the xcost projections. In particular, it is planned that the resort be “green” and sustainable energy sources used so we need to conduct an energy demand profile (peaks and lows) to determine unit sizing.

Water supply using solar-powered pumps and water heating is straightforward with solar and there is much successful experience with this already. Detailed evaluation and technical advice (from our consultants at Lumen) will be required on this aspect because air conditioning and substantial refrigeration storage capacity will be required.

The management team in consultation with suppliers is conducting detailed design and evaluation in a final phase from August through October to finalise specifications and drawings and ensuring accuracy and reliability as well as technical standards in all aspects of design and specification.

5.3 Occupancy Levels

Forecasting future occupancies for holiday properties in what is, effectively, a new destination is notoriously difficult and leads to two inherent guidelines: err on the side of caution and plan for the highest possible pre-opening “*Wow, it’s new*” marketing effect in the opening season promotions.

The following table gives the forecast for the stable occupancy scenario, which is expected to occur in 2029, the fifth year after opening and six years after marketing and promotion commences. These are conservative, especially for a resort with the natural conditions and opportunities for guests that this project will have. The targeted opening is for the Christmas-New Year peak in 2024.

The occupancies are forecast in the cash flows to grow from 10% of this target in 2024 in the opening season to 30% in the second full year, 50%, then 70%, 90% and finally 100% of the total predicted occupancy (“stable level”). Keep in mind that there are periods when the hotel is full and lulls, when occupancies are seasonally lower.

And this further underlines the need for a strong marketing team that is well-financed to diversify the markets of this property and ensure – as far as possible – that the seasonal highs and lows are smoothed to a constant flow of guests with the exception of the wet season.

At this stage of the planning process it has been assumed the hotel will close in April and May for the long rains, but in practise this may not be the case; there are markets, such as Spain, from which visitors can be expected in this period. And if the spring and summer in Europe prove to be wet and miserable good numbers will be achieved, especially if incentives are applied.

This table is important and the estimates crucial to the entire financial performance and viability of the project. The figures applied are supported by a great deal of experience in the Zanzibar and Mafia Islands tourism sectors in well-managed resorts and also reflect the influence of logistics, which the investors will limit by their operating presence in Zanzibar (Zanzibar Travel Services Limited), Dar es Salaam and Mafia airports.

While Mafia lags Zanzibar in preference as a destination, its growing reputation as an island destination with a long list of attractions is bearing fruit, especially when matched to Zanzibar’s notoriety for “overtourism” and declining environmental conditions, rapid population growth and traffic congestion, as well as troublesome tourist harassment. Nevertheless, much needs to happen in terms of travel ease and cost of flights for Mafia to bloom and doing so is an agenda that is now underway in partnership with the Tanzania Tourist Board.

LUA CHEIA BEACH RESORT				TABLE 5.6	
OCCUPANCY PROJECTIONS					
MONTH OF SEASON	DAYS IN MONTH	BEDS AVAIL	TOTAL BEDS	OCCUP RATE (%)	BEDS SOLD
January	31	40	1240	70	868
February	28/29	40	1120	50	560
March	31	40	1240	40	496
April	30	40		closed	0
May	31	40		closed	0
June	30	40	1200	30	360
July	31	40	1240	40	496
August	31	40	1240	65	806
September	30	40	1200	45	540
October	31	40	1240	55	682
November	30	40	1200	40	460
December	31	40	1240	70	868
Year-on-year			12,160	56	6,156

5.4 Pricing and Revenues

The limited guest numbers – designed to allow personalised services, yet large enough to create atmosphere and ensure attentive management is a key factor. The pricing structure reflects this goal.

Table 5.7 forecasts revenue at eventual maximum occupancy, but once again, these are expected to be conservative for the targeted clientele. The accommodation rate is an average bed & breakfast basis (B&B) for net to the business (free of agents' fees) at the stable occupancy level and per bed-night. The other revenue heads are also averages for each guest bed-night. We have chosen a B&B formula in view of the two restaurant options (day and evening) and menu options, as well as the need to cater for a flow of non-resident day guests.

Similarly, guests are expected to accumulate significant bar bills from the range of cocktails, fresh juices, a comprehensive high-value international wine list housed in a dedicated underground cellar.

Water sports such as kite-boarding (including training), catch-and-release sport fishing and scuba diving (plus training to all levels) will be charged to guest accounts and are expected to generate a minimum of \$ 50 per guest bed-night (a double-dive excursion is charged at \$ 90 at the present time in addition to gear rental).

There will be a shop providing essentials such as sun screens, toiletries, books, clothing and swimming apparel, selected jewellery (especially Tanzanite and other local gemstones), quality curios and hand-woven cloth, bamboo clothing, locally designed and printed cotton fabrics, Mafia basket ware and mats.

From our experience at Kinasi Lodge in the mid-market price range the spa should generate useful income and it is a must-have addition to the services available. The spa manager will also manage the shop.

The management will handle all travel arrangements of guests on an exclusive basis for Mafia (air and road logistics) and is planning to have at least a financial stake in an air service company providing

flights to the future airfield¹². This will generate revenue in the form of commissions for the direct transfers as well as safari and hotel accommodation elsewhere in Tanzania. This is not included in the current projections.

Outside guests are expected to be a significant income source for the hotel in both paid activities (all activities except the use of the swimming pool will be additional), the restaurants (especially the beach restaurant) and bar. This has not been included here at this stage of the feasibility analysis, but it will also inflate the earnings and improve financial performance.

LUA CHEIA BEACH RESORT		TABLE 5.7			
REVENUE PROJECTION AT STABLE OCCUPANCY					
	TOTALS	PER MONTH	PER BED-NIGHT		
INCOME	(Based on average stay of 4.5 nights/visitor)				
OPERATIONS	annual	p/m	\$/nt		
Accommodation (Net Rate)	800280	66690	130.0	6156	Bed-nights B&B
Land/sea excursions	61560	5130	25.0	2462	2 Excursions/Visitor
Bar sales	73872	6156	15.0	4925	80% of vistors
Restaurant sales	166212	13851	27.0	6156	all visitors
Water sports & scuba	406296	33858	110.0	3694	60% of Visitors
Spa & Wellness	32319	2693	35.0	923	15% of visitors
Shop sales	29548.8	2462	12.0	2462.4	40% of vistors
Transport and transfers	49248	4104	20.0	2462	2 per Visitor x \$45
Other trading income (laundry, extras)	24624	2052	4.0	6156	average
SUB-TOTAL	1643960	136997			

Planned evening entertainment will cover music (including live performances from local musicians, and many guests are competent musicians, so a small range of instruments will be available including piano, sax and guitar) for jam sessions, roulette, blackjack, poker competitions (non-gambling, for entertainment only), bingo nights (to raise funds for CSR projects), board game competitions, slide and video shows highlighting nature, history and culture, old movie nights, blind debating and public speaking (including story nights). These are just some of the many ideas that are enjoyable and involve guests and staff and create atmosphere and new friendships, without being compulsory or imposing on private space.

5.5 Management and Human Resources

Selection, training and team-building are the keys to success in any hospitality management challenge and it is no secret that Tanzania is not well endowed with a healthy pool of well-trained, experienced, honest and reliable human resources. In fact, there are no recognised training schools of any quality so in-house training is the only option tied to selection of known and recommended personnel from the experience of project management.

For this reason the importance of personnel is highlighted by its rank in the financial projections as the third most important parameter, after occupancy and rates. Good quality, engaged staff create the

¹² This infrastructure development is in advanced planning for the 2024 year. Kinasi Limited has been in the aviation industry with three aircraft previously and is planning to commence air services again, to be able to ensure direct connections to Zanzibar, market circuits in the Southern Tourism Circuit and be able to offer “packages” including flights, a distinct cost and marketing advantage.

conditions for achieving the first two performance parameters so becomes the principal key to viability and condition for success.

Table 5.8 presents the key personnel positions and basic financial conditions. A healthy tip and bonus policy goes hand-in-hand with these proposals as additional performance incentives.

LUA CHEIA BEACH RESORT						TABLE 5.8	
SENIOR MANAGEMENT PERSONNEL							
TITLE	Number	BASE	BENEFITS	PAYE	NSSF	TOTAL	
Hotel Manager	1	30000	3000	7500	3300	43800	
Hospitality Manager	1	6000	600	1500	660	8760	
Water Sports/Instructors	2	18000	1800	4500	1980	26280	
Administration Manager	1	12000	1200	3000	1320	17520	
Spa & Wellness	1	15000	1500	3750	1650	21900	
Head Chef/F&B Manager	1	18000	1800	4500	1980	26280	
TOTAL		99000	9900	24750	10890	144540	

The company's F&B Manager, based at Kinasi Lodge, will design the catering and menu selection and manage all supplies to the resort. He is familiar with the location and the project details and has created dual restaurants at Kinasi with options for private dinners at the beach and other venues at the Lodge (which is to be re-branded to Kinasi Beach Resort and Spa). This year a cocktail bar and coffee shop have been inaugurated for residents and walk0in clientele to the Marine Park. We will be building on this experience at Ras Bweni.

Accounting will be maintained at our head office in Zanzibar, with the Administration Manager handling cash accounts and checkouts and reporting from the various point-of-sale stations using cloud-based software. Each sale point will operate tap-and-go digital payment systems.

A work force of 55 skilled and semi-skilled Tanzanians will be required to operate Lua Cheia and its water sports and excursion activities with a build-up over four years, with training at Kinasi Lodge¹³. A seasonal work load will require an average of 4 additional staff for landscape and gardens, beach-cleaning and off-season maintenance.

Kinasi Limited has a comprehensive Human Resources Management Manual and implements upskilling and hotel training in its operations. The company also complies with Government policy in ensuring that expatriate personnel carry out training of counterparts as well as staff candidates for new positions in skills such as scuba diving and kite-boarding.

5.6 Trading Account

The stable occupancy level is the conservative number of bed-nights that has been projected. It is expected to be reached in 2029 and continue thereafter, based on an opening for the high season at the end of 2024, with project initiation in late 2023. This stable occupancy baseline is only 42% of the total bed-nights available on a 10-month operating season, although a possible target of 60% is believed to be 60%.

¹³ We recently extended the kitchen and service facilities with the launch of a programme for local community training and HRD for the tourism industry.

That level of occupancy may be reached with steeper investments in marketing and the evolution of market engagement through special seasonal rates, dynamic pricing, partnerships with other destinations and operators and activities tailored to specific market segments.

That is in planning but at this stage we have taken the route of caution in predicting revenues. Higher occupancy will also entail more specialist personnel and division of labour at the management level as well as activity sports.

Notes to the table relevant to the Working Capital Schedule

NOTES						
Prepaid items held in stock		19784				
Prepaid items (work-in-progress)		7123				
Item due (liability) with grace period		23417				
Prepaid items (food & beverage)		10260				
Other expenses requiring working capital		2967				

Further detail on financial performance and the annual build-up in occupancy and sales and expenses is provided in the **Cash Flow Schedule** and **Profit & Loss Account**.

LUA CHEIA BEACH RESORT				TABLE 5.9	
TRADING ACCOUNT AT STABLE OCCUPANCY					
INCOME	TOTALS PER MONTH PER BED-NIGHT				
	(Based on average stay of 4.5 nights/visitor)				
OPERATIONS	annual	p/m	\$/nt		
Accommodation (Net Rate)	800280	66690	130.0	6156	Bed-nights B&B
Land/sea excursions	61560	5130	25.0	2462	2 Excursions/Visitor
Bar sales	73872	6156	15.0	4925	80% of visitors
Restaurant sales	166212	13851	27.0	6156	all visitors
Water sports & scuba	406296	33858	110.0	3694	60% of Visitors
Spa & Wellness	32319	2693	35.0	923	15% of visitors
Shop sales	29548.8	2462	12.0	2462.4	40% of visitors
Transport and transfers	49248	4104	20.0	2462	2 per Visitor x \$45
Other trading income (laundry, extras)	24624	2052	4.0	6156	average
SUB-TOTAL	1643960	136997			
EXPENDITURE					
OVERHEADS (FIXED)					
Management fees to Head Office	30780	2565	5.0		Bookings and sales
Management salaries & allowances	144540	12045			See Sub-table
Staff salaries & wages - Operations	99000	8250			55 staff
Casual wages & bonuses	7200	600			4 staff average
PAYE (staff taxes)	21681	1807			Seniros
PAYE (staff taxes)	4950	413			Junior staff
NSSF (social security)	9900	825			Junior staff
VETA/SDL	5940	495			Junior staff
Medical, welfare insurances	4950	413			all staff
Staff travel & transport	3000	250			Junior staff
Contract works (special equipment and services)	5000	417			
Uniforms & clothing	4250	354			
Electricity generation	0	0			solar
Insurances & WCF	15000	1250			
Insurances and medivac - third party	8500	708			
Insurances - buildings, boats, etc	4000	333			
Land leases and rents	2500	208			
Licences & fees, work permits	8000	667			Labour, Immigration
Transport, airfreight, clearing & wharfage of goods	14500	1208			
Telephone, internet	3600	300			
Satellite TV & video for hotel	850	71			
Stationery, printing, photocopy & postage	3000	250			
Marketing, advertising & promotion	30000	2500			Budget allowance
Legal, secretarial & audit	9000	750			
Donations, subscriptions & entertainment	2000	167			Allowance
Repairs & maintenance - Buildings & services,pests	6861	572			4 % of buildings
Repairs & maintenance - Service Equipment	14895	1241			15 % of value
Repairs & maintenance - Furnishings	20452	1704			12.5 % of value
Repairs & maintenance - Tools, equipment	3864	322			10 % of value
Repairs & maintenance - Vehicles	9900	825			15 % of value
Repairs & maintenance - Boats & marine	24500	2042			15 % of value
Swimming pool salts and chemicals	6500	542			
Theft, damage & losses, write-offs	15000	1250			Allowance
Miscellaneous & variations	12000	1000			Allowance
SUB-TOTAL	556113	46343			
DIRECT COSTS (VARIABLE)					
VAT	251526	20960			
Hotel food - Meats	12312	1026	2.0		Based on bed-nts
Hotel food - Seafood	21546	1796	3.5		Based on bed-nts
Hotel food - Poultry	9234	770	1.5		Based on bed-nts
Hotel food - Dairy	9234	770	1.5		Based on bed-nts
Hotel food - Fruit & vegetables	15390	1283	2.5		Based on bed-nts
Groceries & housekeeping supplies	18468	1539	3.0		Based on bed-nts
Bar stock	36936	3078			
Shop stock	14774	1231			
Cooking gas	9234	770			
Transport of guests - vehicle fuel & lubricants	21546	1796			
Water sports & excursion costs	162518	13543			Fuels, repairs
Spa and Wellness consumables	6156	513			Consumables
Miscellaneous & variations	18000	1500			Allowance
SUB-TOTAL	588875	49073			
TOTALS (US \$)	1144988	95416			
NET CASH FLOW (in US \$)	498972				

Trading Account: Overheads and Cost of Operations

The forecast management and operational costs are divided into direct operational expenses that vary directly with occupancy and those overheads that are met irrespective of occupancy, including marketing. Estimates have been generated based upon experience and the standards to be pursued in the management of the Hotel as a luxury resort. Food and beverage of the best possible standard must be achieved and presented. So too must the activities and water sports, so the facilities need to be first-class and professional services provided.

The direct costs reflect a substantial local input of production from the vegetables and poultry that will be included under the sustainability activities; these will be “bought” from the production units, which are to be based upon commercial principles. Bweni is one of Mafia’s most important fishing stations and there will be a ready supply of seafood administered under contracts made directly with the villages on FairTrade principles.

5,7 Project Investment Cost and Financing

Project Financing Plan (Table 5.10)

There are two core elements to the financing schedules: capital investment and working capital. The construction, interiors fit-out, furniture and equipment determine the investment requirements in terms of equity and loans. Working capital has a direct impact on the funding required to launch and operate the hotel before welcoming guests (training, “soft opening”). It must also cover scheduled interest and principal redemption of the borrowings.

Limitations to either at critical points in project execution and management will adversely affect time schedules, performance (especially quality) and have resounding impacts down the line to marketing and occupancy levels, rates and market opinion. It must be avoided by ensuring adequate finance, cost control, detailed project implementation planning and site management. In the estimates we have also allowed for adequate financing for unexpected price escalation or setbacks (excessive rain, import delays).

Table 5.10 is the resort financing plan and shows the build costs, contingencies on capital expenditure, the trading account (forecast revenue and cost of operations) and the resulting financing requirements. Supporting tables detail each of these key inputs. The calculations lead to the need for equity and loan contributions totalling \$ 1.6 m. Underlying this are the critical occupancy and revenue projections over the initial business growth period of end-2024 (when the resort is scheduled to open) to the 2029 year when occupancy is expected to settle at just over 40% on a 10-month operating season.

In Table 5.10 a loan (from an offshore entity) is embedded and divided into two parts: a) \$ 300,000 in late 2023 (for gearing-up and orders for pre-fabrication of building components, equipment and furnishings), and b) \$ 900,000 in 2024 for the site works and build, drawn down as required and construction and installations demand.

This borrowing required has been treated as a development loan with attractive terms: a 7-year tenure with 2-year grace period for capital redemption, an interest rate of 6%. A revenue royalty is also due in years 6 and 7 and will fall in the 1% to 3% range and be based on performance. The financing plan indicates that – with targets achieved – this requirement is able to be covered with a good yield to the lenders.

The investing entity will be structured around ensuring official certification to repatriate investment commitments. Collateral in the form of the assets of Kinasi Limited as well as the Ras Bweni project site

are available for securitization. Cash flow support for avoiding risk in providing the equity and funding loan repayments will be provided by agreements with sister companies (Zanzibar Travel Services Limited, Zanzibar Flowers Limited).

It is noted here that the tax implications of the financial structuring of future investment will be carefully planned with advice from our tax consultants and auditors TSGT (Imara Consultants in Zanzibar, who are very experienced with hotel clientele).

Supporting Tables

Tables 5.11 to 5.13 provide the **Project Financing Costs, Working Capital Schedule** and **Sources & Uses of Funds**, all of which underpin Table 5.10 the Development Finance Plan.

LUA CHEIA BEACH RESORT													TABLE 5.10					
PROJECT DEVELOPMENT FINANCING PLAN																		
INCOME/COST ASSUMPTIONS				YEAR OF OPERATIONS - FORECAST														
TOTAL				2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034			
CAPITAL COSTS																		
Landscaping and plants	15000				15000													
Infrastructure & services	165500			99300	66200													
Vehicles	66000			66000					19800	19800								
Buildings & Structures	857617			171523	686094													
Service Equipment	38640				38640						9660	9660	9660	9660				
Furnishings & Fittings	163619				163619						40905	40905	40905	40905				
Sports/Tourist Equipment	0				0					0	0	0						
Project Development and Formation	118200			118200														
INVESTMENT/REPLACEMENT COSTS	1424576			455023	969553	0	0	0	19800	19800	50565	50565	50565	50565	0			
Contingencies:																		
Physical contingency	5%	0.05		22751	48478	0	0	0	990	990	2528	2528	2528	2528	0			
Price contingency	5%	0.05		22751	48478	0	0	0	990	990	2528	2528	2528	2528	0			
TOTAL CAPITAL COST	500526			1066508	0	0	0	21780	21780	55621	55621	55621	55621	55621	0			
INCOME																		
				NET														
				FULL	PER	UNITS												
				OPS	B-NT	SOLD												
TRADING INCOME ON OPERATIONS																		
Accommodation	800280	130.0	6156	0	80028	240084	400140	560196	720252	800280	800280	800280	800280	800280	800280			
Land/sea excursions	61560	25.0	2462	0	6156	18468	30780	43092	55404	61560	61560	61560	61560	61560	61560			
Bar sales	73872	15.0	4925	0	7387	22162	36936	51710	66485	73872	73872	73872	73872	73872	73872			
Restaurant sales	166212	27.0	6156	0	16621	49864	83106	116348	149591	166212	166212	166212	166212	166212	166212			
Water sports & scuba	406296	110.0	3694	0	40630	121889	203148	284407	365666	406296	406296	406296	406296	406296	406296			
Shop sales	29549	12.0	2462	0	2955	8865	14774	20684	26594	29549	29549	29549	29549	29549	29549			
Transport and transfers	49248	20.0	2462	0	4925	14774	24624	34474	44323	49248	49248	49248	49248	49248	49248			
Other trading income	24624	4.0	6156	0	2462	7387	12312	17237	22162	24624	24624	24624	24624	24624	24624			
SUB-TOTAL	1611641	0	161164	483492	805820	1128149	1450477	1611641	1611641	1611641	1611641	1611641	1611641	1611641	1611641			
EXPENDITURE																		
FIXED COSTS (NON-VARIABLE)	556113			0	55611	166834	278057	389279	500502	556113	556113	556113	556113	556113	556113			
DIRECT COSTS (VARIABLE)	588875			0	58887	176662	294437	412212	529987	588875	588875	588875	588875	588875	588875			
TOTAL TRADE EXPENDITURE	1144988			0	114499	343496	572494	801492	1030489	1144988	1144988	1144988	1144988	1144988	1144988			
NET TRADING INCOME	466653			0	46665	139996	233326	326657	419988	466653	466653	466653	466653	466653	466653			
CASH FLOW BEFORE FINANCING				-500526	-1019843	139996	233326	326657	398208	444873	411032	411032	411032	411032	466653			
Net Funding Required:																		
- Equity	200000			200000	200000		100000											
- Term loans	800000			300000	900000													
- Short-term loans (bank)	0																	
TOTAL FINANCING	500000			1100000	0	100000	0	0	0	0	0	0	0	0	0			
Loan Repayments:																		
- Principal				0	0	60000	240000	240000	240000	240000	180000	0	0	0	0			
- Interest				0	72000	72000	68400	54000	39600	25200	10800	0	0	0	0			
CASH FLOW WITH FINANCING				-526	8157	7996	24926	32657	118608	179673	220232	411032	411032	411032	466653			
CUMULATIVE CASH FLOW				-526	7632	15628	40554	73211	191819	371491	591723	1002755	1413786	1824818	2291471			

MAFIA ISLAND TOURISM LIMITED			TABLE 5.11											
LUXURY TOURIST RESORT AT RAS BWENI, MAFIA														
WORKING CAPITAL SCHEDULE			YEAR OF OPERATIONS - FORECAST											
	NOTE 1/ Estimate formula	TOTAL DIMENSION FULL DEV'T												
			2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
CURRENT ASSETS														
Trade receivable in-house (extras)	1 mth	843680		7031	21092	35153	52730	63276	70307	70307	70307	70307	70307	70307
Trade receivables (accommodation)	1 mth	800280		6669	20007	33345	50018	60021	66690	66690	66690	66690	66690	66690
Short-term loans & advances (pre-payments)	6 mths	32703		1635	4905	8176	12264	14716	16351	16351	16351	16351	16351	16351
Inventories (prepaid expenses):														
- Food and Beverage stores	1 mth	123120		1026	3078	5130	7695	9234	10260	10260	10260	10260	10260	10260
- Spares and replacements	1 mth	86972		725	2174	3624	5436	6523	7248	7248	7248	7248	7248	7248
- Fuels and lubricants	1 mth	193298		1611	4832	8054	12081	14497	16108	16108	16108	16108	16108	16108
Other current assets (shop, spa stock, etc)	3 mths	14774		369	1108	1847	2770	3324	3694	3694	3694	3694	3694	3694
TOTAL NON-CASH CURRENT ASSETS		2094828	0	19065.8	57197	95329	142993	171592	190658	190658	190658	190658	190658	190658
CURRENT LIABILITIES														
Fixed costs	1 mth	556113		4634	13903	23171	34757	41708	46343	46343	46343	46343	46343	46343
Trade accounts payable (Creditors)	1 mth	355349		2961	8884	14806	22209	26651	29612	29612	29612	29612	29612	29612
Short-term provisions (work-in-progress)	1 mth	10089		84	252	420	631	757	841	841	841	841	841	841
Other current liabilities (VAT, etc)	1 mth	24500		204	612	1021	1531	1837	2042	2042	2042	2042	2042	2042
TOTAL NON-DEBT CURRENT LIABILITIES		946051		7884	23651	39419	59128	70954	78838	78838	78838	78838	78838	78838
INCREASE/(DECREASE) IN WORKING CAPITAL			0	11182	33546	55910	83865	100638	111820	111820	111820	111820	111820	111820
NOTE: 1/ Projections for working capital are based on a formula of how many months ahead the working capital is required														

NOTE: in 2024 the resort should be opening for customers in mid-December after completion of all works and a “soft opening” in early December. Cash receivables is therefore highlighted to emphasize that – if this does not eventuate – turnover will not be achieved in the year 2024 and the working capital requirements to weather the post-peak season will increase and exacerbated by the low season that occurs post-peak and into the rainy season of April-May. It is a key aspect of project management that the December opening in 2024 take place.

MAFIA ISLAND TOURISM LIMITED**TABLE 5.12**

LUXURY TOURIST RESORT AT RAS BWENI, MAFIA

DEBT FINANCING SCHEDULE

(position at end of the calendar year)

YEAR OF OPERATIONS - FORECAST

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
TERM LOANS												
Disbursement Tranche 1	300000											
Principal repayment			60000	60000	60000	60000	60000					
Balance outstanding	300000	300000	240000	180000	120000	60000	0					
Interest payable	6.00%	0.06	18000	18000	14400	10800	7200	3600				
Debt service payment	0	18000	78000	74400	70800	67200	63600	60000	0	0	0	0
Disbursement Tranche 2	900000											
Principal repayment			180000	180000	180000	180000	180000	180000				
Balance outstanding		900000	900000	720000	540000	360000	180000	0				
Interest payable	6.00%	0.06	54000	54000	54000	43200	32400	21600	10800			
Debt service payment	0	54000	54000	234000	223200	212400	201600	190800		0	0	0
SHORT-TERM LOANS												
Disbursement (Overdraft)												
Principal repayment												
Balance outstanding												
Interest payable	18%	0.18										
Debt service payment	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL PRINCIPAL REPAYMENTS	0	0	60000	240000	240000	240000	240000	180000	0	0	0	0
TOTAL INTEREST PAYMENTS	0	72000	72000	68400	54000	39600	25200	10800	0	0	0	0

LUA CHEIA BEACH RESORT

TABLE 5.13

DEPRECIATION SCHEDULE

ACCOUNT CATEGORY	TOTAL	RATE	COEFF.	YEAR OF OPERATIONS - FORECAST											
				2023	2024	2025	2026	2027	2028	2029	2030	2032	2032	2033	2024
Landscaping and plants	15000	4.0%	0.04	0	600	576	553	531	510	489	470	451	433	416	399
Infrastructure & services	165500	4.0%	0.04	3972	6461	6203	5955	5716	5488	5268	5057	4855	4661	4576	4292
Vehicles	66000	25.0%	0.25	16500	12375	9281	6961	5221	8866	11599	8699	6525	4893	4302	2595
Buildings & Structures	857617	4.0%	0.04	6861	34030	32669	31362	30108	28903	27747	26637	25572	24549	25792	22535
Service Equipment	38640	12.5%	0.125	0	4830	4226	3698	3236	2831	2477	3375	4161	4848	4242	4919
Furnishings & Fittings	163619	12.5%	0.125	0	20452	17896	15659	13701	11989	10490	14292	17619	20529	17963	20831
Sports/Tourist Equipment 1/	110000	12.5%	0.125	0	0	0	0	0	0	0	0	0	0	0	0
Project Development and Formation 2/	118200	333%	0.333	39361	26254	17511	11680	7790	5196	3466	2312	1542	1028	267179	-88285
TOTAL ANNUAL DEPRECIATION ALLOWANCES				66694	105002	88362.1	75867.5	66303	63783	61537	60843	60724	60942	324470	-32714
NOTE: 1/ This item is already funded and depreciation is allocated in the parent company accounts (to be amended and re-allocated to Lua Cheia accounts)															
2/ These are capital costs of the assets (fixed and moveable) and can be depreciated															

LUA CHEIA BEACH RESORT

TABLE 5.14

DEVELOPMENT PROFIT AND LOSS ACCOUNT

YEAR OF OPERATIONS - FORECAST

AS AT 31ST DECEMBER EACH

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
GROSS SALES												
Trade Income		161164	483492	805820	1128149	1450477	1611641	1611641	1611641	1611641	1611641	1611641
Non-Trade Income		0	0	0	0	0	0	0	0	0	0	0
VAT (ADDED-BACK)		2096	75458	125763	176068	226373	251526	251526	251526	251526	251526	251526
GROSS INCOME	0	161164	483492	805820	1128149	1450477	1611641	1611641	1611641	1611641	1611641	1611641
COST OF SALES												
Variable Costs (Excluding VAT & other taxes)		58887	176662	294437	412212	529987	588875	588875	588875	588875	588875	588875
GROSS PROFIT	0	102277	306830	511383	715936	920490	1022766	1022766	1022766	1022766	1022766	1022766
OVERHEADS												
Fixed Costs		55611	166834	278057	389279	500502	556113	556113	556113	556113	556113	556113
Depreciation	66694	105002	88362	75867	66303	63783	61537	60843	60724	60942	324470	-32714
Finance costs (Interest on Loans)		72000	72000	68400	54000	39600	25200	10800	0	0	0	0
OPERATING EXPENDITURE	66694	232614	327196	422324	509583	603885	642851	627756	616837	617056	880583	523399
PROFIT (LOSS) FOR THE YEAR	-66694	-130337	-20366	89059	206354	316605	379915	395010	405929	405711	142183	499367
TAXATION (AT 30%)	-20008	-39101	-45211	26718	61906	94981	113975	118503	121779	121713	42655	149810
PROFIT AFTER TAX	-46685	-91236	24845	62341	144447	221623	265941	276507	284150	283997	99528	349557

NOTE: 1/ Profitability calculations exclude net VAT (VAT expenditure is not deductible - it has a neutral value in financial projections)

LUA CHEIA BEACH RESORT

TABLE 6.15

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS AT 31ST DECEMBER EACH YEAR:	YEAR OF OPERATIONS - FORECAST												
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
ASSETS													
Net Fixed Assets 1/	388330	1252880	1164518	1088651	1022347	978365	936627	926349	916190	905812	631907	664621	
Contingencies:													
Physical contingency	22751	71229	71229	71229	71229	72219	73209	75737	78265	80794	83322	83322	
Price contingency	22751	71229	71229	71229	71229	72219	73209	75737	78265	80794	83322	83322	
- Fixed and mevable assets (after accumul depr)													
Current Assets:													
- Cash on hand and bank (cash receipts)													
- Prepayments 2/													
- Accounts Receivable													
- Inventories													
Cash from cash flows	-526	7632	15628	40554	73211	191819	371491	591723	1002755	1413786	1824818	2291471	
Deferred income tax													
TOTAL ASSETS	433306	1402969	1322603	1271662	1238016	1314621	1454536	1669546	2075475	2481186	2623369	3122735	
LIABILITIES													
Current Liabilities:													
- Trade and other accounts payable													
- Tax payable	-20008	-59109	-104320	-77602	-15696	79285	193260	311763	433541	555255	597909	747720	
- Interest due on loans													
- Short-term loans													
- Other current liabilities													
Long-term Liabilities													
- Shareholders' equity 3/	200000	400000	400000	500000	500000	500000	500000	500000	500000	500000	500000	500000	
- Term loans principal outstanding 3/	300000	1200000	1140000	900000	660000	420000	180000	0	0	0	0	0	
- Deferred income tax													
- Other Long-term Liabilities													
TOTAL LIABILITIES	479992	1540891	1435680	1322398	1144304	999285	873260	811763	933541	1055255	1097909	1247720	
Represented by:													
Capital:													
- Share capital/Owners Equity													
- Advance on shares													
- Capital Reserve position													
- Retained earnings (Profit & Loss Account)	-46685	-137921	-113077	-50735	93712	315336	581276	857783	1141934	1425931	1525459	1875016	
TOTAL EQUITY & LIABILITIES	433306	1402969	1322603	1271662	1238016	1314621	1454536	1669546	2075475	2481186	2623369	3122735	
NOTES:	<ul style="list-style-type: none"> - 1/ From Projct Development Financing Plan and Depreciation Schedule - 2/ Including construction cash flow - 3/ To be issued as share capit as long-term loans are redeemed 												

5.8 Business Viability

5.8.1 Key Financial Indicators

The key parameters of viability that we can present at this time with confidence are as follows, based on the cash flow before financing (TABLE 5.10):

- Net Present Value (NPV) of over \$ 2.13 m the 10% discount rate after ten years from breaking ground on the site, to which must be added the value of the business as a going concern, not less than US\$ 2 m, as estimated on the basis of financial returns to a new investor;
- An Internal Rate of Return (IRR) of 16%
- A break-even achieved within the third year of operations and (July -June basis)
- High liquidity after opening

This level of performance is realistic and comparable to the known performance of high-value hotel investments the consultants are familiar with in Zanzibar, under very competitive and high-tax scenarios.

5.8.2 Discussion

Assets and Balance Sheet

1. Land

It should be noted that we have not included a land value, which at this time would be in the order of US\$ 400,000, given the recent surge in interest in Mafia Island as a tourism greenfield, which seems to be intensifying. This is represented in the Balance Sheet as Owner's Equity.

2. Investment and Work-in-progress

The current undertaking to develop the water sports activities at Lua Cheia have also not been taken into the books until completed. However, the depreciation and its contribution to the P&L and Balance Sheet has been reflected.

5.8.3 Risk & Sensitivity to Performance

As with other projects of this nature the key impact on viability will come from the operations – achieving the occupancy, prices for services and activities. On these depend previous investor experience and – once operational – the management.

Viability is – as expected – particularly sensitive to net sales rates achieved per bed-night and the occupancy levels. Adding beds by increasing the number of accommodation units in the design improves viability calculations, at least on paper, but there is a limit to excellence in management once a threshold of 40 beds is achieved in a remote location under Tanzania's conditions. There is also the and importance of restricted numbers of guests in creating an intimate, friendly atmosphere and ensuring the value of experience of the location is achieved for guests.

As for many similar projects we have worked, on the key risks that stand out are well known:

- ❖ Project implementation delays
- ❖ Project cost over-run
- ❖ Marketing response is muted and occupancy falls short
- ❖ Price expectations are not achievable and must be reduced to win market share
- ❖ Operating costs prove to be higher than expected

- ❖ *Force majeure* events external to Tanzania
- ❖ *Force majeure* events within Tanzania

These are discussed here with reference to the proposed investment.

1. Delays

Construction and services are all based on local costs and supplies from manufacturers there should be no delays other than force majeure with the weather.

We will need to import furniture, fittings and specialised equipment for kitchens, solar and electricals. In the last two years supply delays with containers have proved to be serious for projects, especially in Zanzibar. We will import through Dar es Salaam Port but will still be subject to international delays, if they occur. We will ship to avoid Mombasa Port, where recent delays have taken place on projects that we were sub-contractors for.

2. Project cost over-run

We have made every effort to ensure the costs are based on current building and finishing works we are implementing, with a margin for additional transport. We will be landing goods directly to the site, mainly by dhow but possibly by barge. We will be self-reliant for all equipment needed for excavating, small earthworks as required (Bobcat, tipper) and all small tools.

3. Marketing and Occupancy

We have adopted a thoughtful approach to the challenges of marketing a new property in a remote destination but mindful of the extra positive impact of the “new” for the market, direct and agent-based. There is a “wow-new” factor that gives new launches and extra push to market. We have also adopted a slow build-up forecast for the occupancies each season and overall occupancy on a 10-month season is only 45%.

The detailed marketing plan and rollout (ANNEX III) and concurrent launch of Mafia Island Tourism destination marketing will underline a specific market launch roadshow in each of our major markets. We have conducted many roadshows in all major European territories but will also add the Gulf states, as we receive expatriate and national guests from that region.

For the launch market push we are connected to consulting agencies who prepare roadshows with the specific buyers we are targeting and many of them are our existing buyers. Magazines and some internet travel sites are also a powerful tool, as well as some influencers. While construction is going on we will be proceeding with pre-opening market creation and “teasers” with special offers and incentives, including the club model.

Mafia is also rapidly gaining traction as the “better destination” and alternative to Zanzibar. It may be coincidence but the pandemic has accelerated the process.

4. Occupancy and Price

We constantly monitor price of the competition and the international market supply and demand situation (for example the current dampening of demand by international air fare levels) as well as new trends and shifts that are constantly evolving.

We respond immediately to these if we think they are realistic and likely to be permanent. These have been reflected in the design and offer provided by the Lua Cheia concept. Developing new marketing strategies and messages – supported by a greater visual content is now under way for Kinasi and include new joint marketing with organisations and agencies that are targeted to “nature”, climate-friendly travel and sustainability, as well as specific activity sports.

The price offer is reasonable and less than the equivalent Zanzibar market for equivalent standard (few of which would compete with the range of activities and attractions). The larger all-inclusive resorts are operating at the \$ 500 per room per night level. We are confident of both the occupancy and price expectations.

5. Operating costs

We have incorporate the current higher costs of food and beverage and fuels, cement and other building materials. Much of Tanzania’s inflationary pressure has come from its constantly declining exchange rate that works in favour of foreign currency-based enterprises.

6. Force majeure

Another war, another hike in oil prices, continuing inflation in major markets such as the UK ? Local political problems ? Possibly, but travel still remains on the agenda and flights from Italy to Zanzibar (NEOS, handled by our sister company Zanzibar Travel Services) are full until end of March. NEOS maintained its 2022 pricing into the current season (which is an indication of the “gouging” currently taking place in the airline industry (and is likely to be short-lived as many “alternative” airlines build up their fleets and switch to larger aircraft and new alliances develop in the industry).

Tourism remains resilient although fluctuations persist and the pandemic caused a shift back to a strongly seasonal occupancy profile after melting much of this in the 2018-2019 years in Zanzibar and Mafia (which gets about 2% of Zanzibar’s number of arrivals). There is vast growth potential for Mafia as we need so fewer numbers to fill our beds.

The company also intends to insure against major disruption through the Allianz-Jubilee business partnership serving East Africa and is exploring this possibility at the present time.

5.8.4 Key Non-financial Factors for Investment Success

- ✓ Over 25 years of experience operating an up-market tourism hotel and excursions business at Kinasi Lodge in Mafia, with established systems, trained personnel, extensive operating assets and marketing.
- ✓ A complementary diversification of existing tourism operations that offers direct impact in terms of experience and local knowledge for management, administration and operations.
- ✓ Establishment of a dive and kite-boarding centre under-way with all equipment in place to being operations in October 2023.
- ✓ Sound community relations and supporting interest, with a readily available labour force. Many villagers have already been involved working for the investors.
- ✓ The land-owning company (Mafia Island Tourism Limited) has not traded and is able to immediately implement administrative changes - such as transfer of ownership or share redistribution (to Kinasi Limited) - to be rapid and trouble-free. All past operations at the site have been conducted by Kinasi Limited.

- ✓ There are extensive tourism assets in terms of nature, isolation, avoidance of any chance of conflict over beach use and access with other tourism users and/or local people (who do not use the area). A location which offers accommodation and high-value services for up-selling and a premium rate.
- ✓ Magnificent orientation and site (native trees, terrain undulation, two beaches) layout for accommodation and service buildings for views, full moon and sunset, prevailing breezes and protection from early morning sun.
- ✓ Bitumen road to the north of Mafia under construction.
- ✓ A rural electrification project has brought power to Bweni Village with a new spur line from Kilindoni, the District centre and site of the diesel-powered TANESCO generators (and the airport). Access on site to the new electricity grid line for backup power (to be used for construction works).
- ✓ Sustainability by design for conservation that ensures efficiency of resource use and operations as well as long-term cost savings.
- ✓ Independent water supply.
- ✓ A site has also been approved by the Village Council for a light aircraft runway, some 800 m from Ras Bweni to the East (see image below). An alternative site has been identified at Mrali some 5 km away, which would ensure no aircraft noise. It is – from a pilot’s standpoint – a better location.
- ✓ Bweni Village is a registered harbour, ensuring easier landing of all building and equipping imports and ongoing supplies for operations.
- ✓ Access to sister company competencies, equipment and specialisations (construction equipment, landscaping, air services and long-term tourism management in Zanzibar).
- ✓ Established relationships with architects, engineers, solar and water supply enterprises, all with experience of working in Mafia.

6 IMPLEMENTATION & MANAGEMENT¹⁴

6.1 Modus Operandi

6.1.1 Manging the Development

The ivestors see the project being implemented under standard project management concepts with the following sequence of steps:

- Detailed land survey and selective clearing
- Agreement on the stages of development and components of each stage
- Concept designs – landscape and buildings
- Detailed designs – landscape and buildings, infrastructure, interiors
- Construction
- Installation including interior decorating
- Recruitment and training
- Commissioning
- “Soft” opening

The project management and development of Lua Cheia will be undertaken by Kinasi Limited, the parent company, and supervised by a full-time project manager. Coordination and financial management will be in the hands of the Managing Director (Peter Byrne), who will also be assisted by an accountant for financial control and stores control. The MD is an economist and has been active in the industry both as an investor-builder, landscaper and consultant to various tourism projects in Tanzania and Zanzibar. He is a trained EDGE building expert and will guide the certification of Lua Cheia as a “green” resort.

The company has accumulated two decades of experience in architectural needs under coastal weather conditions, extensive knowledge of design requirements for a salt-laden environment that challenges building maintenance, and the need for detailed readiness planning for undertaking works. With our own needs and experience we have stablished a team of trained and experienced local craftsmen specialising in masonry, carpentry, roofing, plumbing, electrical works and tiling. Fitting out such as installation of ceilings and glass-work is now out-sourced in Mafia through a growing body of small businesses.

The shareholders own a landscaping and irrigation business based in Zanzibar that will see to the landscaping elements.

6.1.2 Professional and Technical Backstopping

The team will be supported by an engineering-construction company (Salem Construction) with specialists from its projects in Mafia and the mainland and from its head office in Zanzibar. This project will require professional design of foundation works, roof slabs and weather-proofing and layout of service lines. An additional task is the design of the concrete header tank at the primary water source.

Salem will provide a core construction supervision unit for the intensive casting of foundations and slabs for rooves, as well as electrical and plumbing installations. This has been incorporated into project management and building costs.

Installation of solar systems will be outsourced to the supplier-contractor (Lumen).

¹⁴ Refer to ANNEX IV for team activities.

6.2 The Development Team¹⁵

With over 100 years of hands-on, East African hospitality experience among them, the management team is amongst the most experienced of Tanzanian tourism professionals in the region, specializing in tourism operations and tourism property development. team members include Peter Byrne (landscaping, construction, logistics), Robert (Bobby) McKenna (project management and marketing), Antonella Balestra (hospitality operations, travel management, air services). Their collective experience and skill-set embraces disciplines as diverse as Landscaping, Construction Project Management, Hotel Management, Luxury Property Sales and Marketing, Resort Master-planning and Commercial Development, Procurement, Government Liaison (Local and National), CSR Program Management, Donor-Funded Program Management, Financial Control, Commercial Agriculture, Tourism Consultancy and more, be it for international agencies, Investors or their own Limited Companies.

Past projects include luxury safari camp operations, pioneering Mafia Island properties, award-winning luxury hotels in Zanzibar, luxury commercial villa rentals on Zanzibar, with over \$1bn mixed-use resorts on Zanzibar.

Each of the team members has been involved in founding and managing executive positions of private sector tourism associations in Zanzibar and the Tanzanian mainland, including TATO, ZATI, the Tanzania Confederation of Tourism and, most recently, the formation and funding of MITO.

¹⁵ Full curricula vitae are available if required.

ANNEXES

What the Destination Offers

MAFIA ISLAND – HISTORY, NATURE AND ISLAND LIFE

A Visitors experience of Mafia...

Mafia has had a prominent place in the history of the East Coast of Africa, as it was a safe haven for ships to stop for water and for repairs; Mafia was part of the sultanate of Kilwa and prospered as a settlement during Kilwa's rise as an economic power. The island lies across the trade routes from the Gulf and has seen Egyptian, Omani, Greco-Roman, Chinese, Portuguese, English and German occupation.

To reach Mafia one no longer sails, but must fly in light aircraft from Dar es Salaam or Zanzibar, or one of the game parks such as the Selous. The experience is fantastic, with great views of the African bush and coastline.

Mafia is a beach and ocean wonderland. There is excellent snorkelling and diving within the Bay, especially at the outer islets near Kinasi Pass – the entrance to Chole Bay. It is a short boat ride to reach the coral gardens. All snorkelling and diving activities inside the Bay are tide-dependent to avoid strong currents and obtain the best visibility.

For the diver there is a range of “bommie”, wall, shelf, drift and night dives. We specialise in novice and sport diving and we have excellent facilities, boats, equipment and experienced staff to take care of you. Training is offered in all PADI specialties as well as introductory diving if you would like to try for the first time. There is exciting and challenging diving on the walls outside Chole Bay, and full-day or overnight trips can be arranged to remoter dive sites, such as Ras Mkumbi (the Lighthouse), Kifinge (Forbes Bay), the Jibondo Gap and Okuza Island.

Kuwa Channel is one of our common daily destinations for the excursion boat *El Nino*, which will go somewhere each day for guests who wish to sunbathe and picnic on beaches or islets. Kuwa Channel has many little bays and beaches and a feature is the Blue Lagoon, a coral grotto fed by the sea. *El Nino* will also often go to the Marimbani Sandbank, which stretches across Chole Bay and provides a completely private beach. The excursions programme depends on tides and weather. See the notice board near the Cocktail Bar for details.

Other lovely secluded picnic spots abound in Chole Bay and along the southern and northern coastlines: Miewe Island with its secluded beach and baobab trees; beaches on Juani and Jibondo Islands (by boat), Didimiza (at the end of the Nature Trail, by walking).

The Kua Ruins, across the Bay from Kinasi, is an archaeological site from the 12th Century, established by settlers from Kilwa. The principal mosque, with its superb *mihrab* and the Great House are interesting features. There are many giant baobab trees throughout the area. All over the ruins you can readily dig up pottery sherds, some dating hundreds of years to Chinese and Persian origins.

Guided excursions are also arranged to the islands and village communities of Chole and Jibondo. The boat building on both these islands is justly famous throughout East Africa. All traditional methods are used, with hand tools and hand-forged nails to create the *jahazis*, *dhows*, *mashuas* and *ngalawas* you will see in Mafia. Ropes are hand-woven from coir (coconut fibre) and sails sewn from rough cotton sheeting (*madrouf*). There are also ruins of early settlement on Chole, which was the “capital” of Mafia until the early Twentieth Century.

On Chole Island and at the mosque near Kinasi the giant flying fox (*Pteropus*) can be seen in roosts.

At Kisimani Mafia an old town has been submerged. This was fully excavated in the 1970s and details can be found in our library, along with a description of Kuwa Ruins and the reports on the archaeology of Kilwa. Kisimani Mafia is at the far south-western tip of Mafia and is an all-day excursion.

Road safaris to other areas of Mafia complement the visitor's experience and understanding of traditional village life: Kirongwe village famous for its clay pots, Jimbo for its *ukili* mats, Mrora Forest, Ras Mbizi coconut plantation and Kitoni.

Bird watching in Mafia adds a very interesting dimension to a Tanzania wildlife safari, as the visitor will see many species of shorebird, including migrants such as the Crab Plover, and other species found in coastal thickets and mangroves that cannot be observed in the National Parks and Reserves. The visitor will see many spectacular rollers (Lilac-breasted) and bee-eaters (White-cheeked) between Kilindoni and Kinasi, and there are five species of sunbird in the Kinasi gardens. The black or white Dimorphic Heron is the common species at roosts in Chole Bay. The Kinasi Nature Trail has been designed with bird-watching very much in mind.

There are now five small hotels of international standard on Mafia and one lodge hotel of 80 beds. A recent addition is Thanda Resort, an exclusive island destination on Shungu Mbili island. Most of the hotels are on Chole Bay, in the centre of Mafia Island's Marine Park, one of the most important ecosystems in the Indian Ocean. Of these the most modern and well-appointed is Kinasi Lodge. The Lodge is sculpted into the hillside of the Bay, and each room is a separate, en-suite bungalow with expansive, shaded verandah; all are set in tropical gardens in an old coconut plantation.

Kinasi Lodge faces to the south-east. Looking out from Kinasi you will see Chole Island in the left foreground, with Juani island behind – separated by a narrow channel that is not visible, and Jibondo island in the distance, to the right of Juani. Chole Bay and the outer reefs from Kifinge (Forbes Bay) in the north-east to Kitutia in the south and Ras Kisimani and Bwejuu island in the west are now encompassed by the Mafia Island Marine Park, gazetted in 1995.

There are two restaurants: the formal dining room and an alfresco pool bar and grill for lunches and seafood barbecues. To make full use of excellent South African and European wines the owners have designed and built a temperature-controlled wine cellar and wine-tasting terrace that leads into the evening Cocktail Bar. The lounge area is sculpted in tiers that provide space and warmth, yet maintaining homeliness and style. Lovely fabrics provide a classic decorating finish.

Kinasi has a swimming pool and the well-equipped PADI water sports centre can cope with twenty divers and thirty snorkellers.

The Lodge also operates a beautiful spa, completed with modern ceramics and tilework, fine antiques and an Egyptian theme, celebrating ancient Egypt's invention of aromatherapy at least 3,000 years ago. The spa offers three separate rooms and a range of essential therapies; the facilities include a hot hydrotherapy bath with massaging micro jets, a dedicated massage therapy room with pedicure/manicure facilities, and the magnificent Pharaoh's Bath for couples. The rooms are air conditioned and outdoor massage is also available overlooking the sea.

Activities List	Details of the Diving, Snorkeling and Excursions – Mafia has so much to offer.....
<p>Diving</p> <p>Mafia Island is East Africa's best diving destination with over 50 genera of corals and more than 460 species of fish so far identified. The "micro-fauna" is amazing on our tropical reefs.</p>	<p>There is a dive, snorkel and excursion programme organized every evening with each individual guest prior to the next day's activities. All diving is by our fiberglass dive boats and dhow.</p> <p>Diving inside Chole Bay- Kinasi Wall, Chole Wall, Coral Gardens, Coral Gardens (the Pinnacle, Kinasi Pass, Milimani Reef, Msumbiji). There is also "Seahorse City" a shallow dive just off Utende Beach where you will see these beautiful fish.</p> <p>Diving outside Chole Bay - Dindini Wall North, Dindini Wall South (Jina Pass shelving reef, Jina Reef, Kinasi Pass Entrance), Juani Island reef</p> <p>Excursion Dives by Boat - Mange Reef and Sandbar; Kitutia Reef and Sandbar and the Lighthouse at Ras Mkumbi with Kifinge Bay on the way.</p> <p>Night Diving - Focusing on the many small, delicate reef species usually missed during the day, garden eels and more.</p>
<p>Snorkeling</p>	<p>Mafia Island Marine Park is a snorkeler's paradise with the Coral Gardens: Kinasi Pass Islets, Darusi & Miewe Island, Mange Reef, Kitutia, Jibondo Pass, Chole Channel and Reef, North Side of Kinasi Pass. This trip can be organized with a picnic lunch on the Marimbani Sandbank or Miewe Island.</p>
<p>Special Private Boat Excursions</p>	<p>By arrangement for guests when the weather and tide conditions are suitable and at the convenience of guests as all day special excursions on one of our dhows. This can be a half- or full-day excursion including snorkeling, picnic lunch and soft drinks.</p>
<p>Sport Fishing</p>	<p>Catch-&-Release fishing (trolling, popping, jigging) with "Pyxis"; twin engines and room for up to six fishermen. Equipped with life jackets, food & drinks and first aid kit. Enjoy the adventure along Mafia's famous drop-offs.</p>
<p>Kayaking</p>	<p>Available to our guests free-of-charge at any time for paddling the mangrove alleyways and forests. The beach attendants will provide you with the paddles.</p>
<p>"Sun-Banking"</p>	<p>For beach- and sun-lovers to enjoy beautiful locations in Chole Bay if not diving or snorkeling, according to weather, tides and other excursions with a picnic excursion and snorkeling or simply swimming and lazing away under the sun shades we erect on the beach..</p>
<p>Snorkel with Whale Sharks</p>	<p>This wonderful trip includes snorkel gear, road transfer to Kilindoni and back and boat hire. Seasonal from October through March. We make this a full-day excursion leaving Kinasi at 10 and following the latest news on the location of the sharks. After snorkeling with these magnificent fish you relax on a sandbank with picnic lunch and refreshments.</p>
<p>Turtle Hatching</p>	<p>From July through September is the usual hatching season during which you can witness these tiny creatures emerge from their nests in the race for the sea. An early morning walk across the island of Juani brings you to the hatching beaches.</p>
<p>Sunset Cruise</p>	<p>To be arranged (min. 4 and max. 12 persons). This is a 2 hr dhow sailing cruise with crew, reserve engine and refreshments. A lovely experience accompanied by anecdotes from our Mafia culture, nature and history guide. We usually also take in the Blue Lagoon and Kua Channel on the cruise.</p>
<p>Road Safaris & Picnic Excursions</p>	<p>Visitors will see surrounding villages and traditional life of Kilindoni Town & Harbor areas, Ras Mbizi Plantation area; Baleni & Kifinge Bay, Kirongwe, Kanga & Jimbo, Ras Mkumbi (The Lighthouse), Mrora Coastal Forest and the Hippo Pools and others great opportunities to explore Mafia by road. We can also organize motor bikes and the three-wheel <i>tuktuks</i> for the adventurous. These activities are arranged as half- or full-day safaris with refreshments and picnic lunch on a per vehicle basis. You will be accompanied by one of our guides.</p>
<p>Cultural Experiences</p>	<p>Being accompanied by a trained and experienced personal guide, visitors can experience the cultural heritage and traditional village life of Mafia. The excursion includes visiting Chole island and village, Jibondo Island and village, Juani Island, Utende village and environs and Kilindoni Town.</p>
<p>History & Archaeology</p>	<p>Visit the 850-year old Kua Ruins on Juani Island or Kisimani Mafia at Ras Kisimani where a once-famous settlement was lost to a cyclone in 1856, after being previously sacked by Sakalava cannibals (from Madagascar). On the way you can visit what we believe is Africa's largest known cycad. There are also interesting ruins at Baleni Village and German colonial buildings on Chole Island and at Kanga in the north of Mafia.</p>
<p>Biking</p>	<p>We arrange for bike rides through village farming areas to give you the chance to meet the local people and see what happens on Mafia Island and how and what the farmers grow. You will be accompanied by our experienced personal guide, if you wish.</p>

Nature Trails & Bird Watching	Arranged on request to experience the shore and mangrove nature trails, the open fields and bushland in the environs of Utende village and Kiegeani; this area is rich in a wide variety of species of birds. Serious birders should contact us in advance so that we can send them the Mafia Bird Checklist that we have worked on for two decades.
Hiking & Bush Walks	We also have a series of nature trails along the wild coastline north of Chole Bay, crssing the peninsula of Mafia at Ras Mkumbi through the dense coastal forest and on the Island of Juani.



A SHORT HISTORY OF MAFIA ¹⁶

Introduction

Mafia lies across the historic trade routes of the ancient Azania Coast, running from Somaliland to Sofala, in Mozambique. The trade route yielded gold, ivory, slaves, live animals, animal furs and skins. Mafia's location would have provided an excellent stop for refilling water containers and making repairs to ships, as it was a peaceful island that welcomed travellers. The more important port was Kilwa, where ships could be fully victualled and cargoes bartered.

Our historical research shows that Egyptian, Phoenician, Roman, Arab, Indian, Greek, Chinese, Portuguese, French, American and British ships have visited Mafia from at least 500 BC. Peoples of many different foreign origins have lived in Mafia: African (Madagascar, Mozambique), Indian, Yemeni, Baluchi, Omani, Shirazi, Chinese, Japanese and from several European countries. The racial potpourri can be seen today in the wide variety of the "Swahili" people and this historical mix has also left a culture of great tolerance and self-sufficiency.

Mafia has at different times been the property of the Sultan of Kilwa, the Sultanate of Oman, Germany and Britain, before Tanzania became independent and it became part of mainland Tanzania (formerly Tanganyika, before the union with Zanzibar).

The history of Mafia has been a study of special interest for us and our library holds many papers, books and reports of Mafia down through the ages, its people and its trade and cultural links to the World.

The *Periplus of the Erythraean Sea*, (Indian Ocean) written in approximately AD50¹⁷, describes a well established trade route, linking Arabia with Azania, as the east coast of Africa was known in the Graeco-Roman era. The principal port of trade was Mocha (or Merku and Mark'a) in present day Yemen, and the last port in Azania was Rhapta, lying some two *courses* (a sailing measure, possibly tacks) from the island of Menouthesias, itself 300 *stadia* – a measure of distance equivalent to about 50 km - from the coast. Menouthesias was "...a low island covered with trees in which are rivers...". according to the *Periplus*. And Rhapta lay to the south "...beside and to the east of a cape with a river..." according to a separate source, Ptolemy¹⁸, in his famous *Geographia*. The locations of both Menouthesias and Rhapta have confounded scholars since the *Periplus* was first translated in 1912. Some scholars argue that Zanzibar or Pemba may be the fabled Menouthesias with Rhapta somewhere between Bagamoyo and Dar es Salaam.

The trade links to Mocha indicate that the Sabaeans, ancestors of the Yemenis, claimed ancient right to overlordship of the Azania coast, although this is believed to have been an arrangement to reduce trade competition rather than the result of conquest. Rhapta and its hinterland was governed, undoubtedly tenuously, by these people, believed to be the Ma'afir, a tribe of Himyaritic stock. The control from the Ma'afir may explain the name of "Mafia".¹⁹

It is not too fanciful to suggest that Mafia is the Menouthesias of the ancients and Rhapta was in the area of Kilwa. Ptolemy located Rhapta at 8° South (where the Delta lies) and "...near a big river..."; these geographical descriptions and the mention of many crocodiles in the old writings certainly support the possibility of the Rufiji Delta as Cape Rhapton. The respected archaeologist Neville Chittick believed this was possible and at his death in 1984 was investigating the Rufiji Delta for evidence of the lost metropolis of Rhapta.

A Persian family, apparently from the town of Shiraz in Persia, led by Ali ibn Sultan al Husayn ben Ali settled in Kilwa in AD975. The *Kilwa Chronicle* states that he purchased Kilwa from the ruling chief for a great quantity of cloth (sufficient to encircle the island!). Bashat, one of his seven sons, settled in Mafia to govern under this

¹⁶ By Peter Byrne MD Kinasi Limited

¹⁷ The book was probably written in Alexandria by a Greek author in the First Century, and is a guide to the ports and trade of Arabia, East Africa, India and the connecting route to China and comprises the first eye-witness written account of the coast of Azania.

¹⁸ Claudius Ptolemy was also an Alexandrine Greek and composed *Geographia* in approximately AD150. The text however, is either heavily edited by other authors or has been added-to and is regarded as a compendium of all known and written information for sailors of that period.

¹⁹ Portuguese maps and manuscripts from their earliest voyages (circa 1492-8) mark the Mafia archipelago as *Monfia*, *Morfiya* and *Monfiyeh* but these names are derivatives of the Arabic for "archipelago".

new Kilwa Sultanate and he is thought to have established the towns of Kua and possibly Kisimani Mafia. Chittick dated the ruins there to the early 11th Century.

Kilwa prospered from the gold and ivory trades, tariffs on cargoes, and as a source of pitch and resin as it is a convenient port for victualling and re-caulking ships. Here the literature is vague: Did Kilwa already exist as a significant port (Rhapta)? How did this new settler from Shiraz assume such economic and political power so quickly? It is hard to believe that Kilwa was not already prosperous and therefore attractive to the Persians, who stepped into or complemented an economic and power vacuum, possibly because the Yemenis were itinerant trader-sailors and did not settle²⁰. It is certainly an exceptionally good port for a sailor, with an entrance that is easily negotiated and a superb protected anchorage in deep water.

Work being done by Professor Felix Chami and other archaeologists, anthropologists and linguists strongly supports the school of thought that between AD700 and AD1250 an identifiable Swahili culture emerged that was predominantly Bantu with influences from the Indian Ocean and Arabia, rather than an imported culture with minor aspects of Bantu living; the picture that the Bantu were merely Stone Age slaves is unacceptable. Much evidence from very old settlements and from the writings of travellers such as Idrisi and Masud suggest a well organised society that was able to raise an army that could defeat an Arab crusading force proselytizing Islam, led by an Omani Prince, in the 7th Century.

Evidence for the period AD300-700 is still unclear except that there was an apparent rise in native military and political power, undoubtedly based on economic strength as a mutual trading partner.

The 'Swahili Period' is now identified as AD1200-1500 when relations between the Middle East and Azania appear to have been very good and peaceful with much prosperity ensuing, the latter indicated by the proliferation of trade goods dating from this period. The Swahili culture was predominantly Muslim²¹ although the southward spread of Islam was slow between the 10th and 12th Centuries, and there was for that period a clear divide at Malindi (Kenya) between the Islamic north (Swahili) and the land of Zinj²², to the south. Interestingly there is no mention of slavery and a slave trade in the writings of this period.

Construction of buildings using limestone dates from the 10th Century and the use of beautiful Persian monochrome and Chinese bowls to decorate mosques and homes began in the 12th century (and is still used in hotels and private homes in Zanzibar as an attractive decorative feature).

Trade and exploration must have been extremely active for, by the 12th Century, Arab and Chinese explorers knew even of great areas of the interior, including the great lakes that were the focus of European exploration 600 years later.

There is growing evidence that the emergence of the Swahili culture may have originated in the central Tanzanian coast, in the area of the present Rufiji delta, where archaeologists have found sites of continuous occupation from the last centuries BC to the 12th Century. This area is now believed to be the crucible of the ancient (First Millennium) civilization, the earliest being the Triangular Iron Ware. The proximity of great herds of elephant for ivory, hippo for fat (used for boats) and mangrove poles for export to the Gulf could have been economic bases. Later sea level changes, sedimentation of the river mouth (leading to extensive mangrove development), salt incursions into groundwater, the spread of malaria, filaria and leprosy could have contributed to the decline of these towns.

Kilwa became the most prominent port in the trade of the Indian Ocean by the 14th Century, although it was in decline by the arrival of the first Europeans. The rise of Kilwa and its great influence from the 11th through 13th Centuries coincided with the early spread of Islam to eastern Africa and very active trade, especially after the 10th Century. During this process Mafia played an important albeit supporting economic role.

There are Early Iron Working sites on Mafia from BC300-AD300 that have produced Graeco-Roman beads, glassware and pottery from the Mediterranean World. It is now believed that there was contact between Azania and Arabia from well before Christ, with Phoenicians, Egyptians (a BC600 expedition sent by Pharaoh Necho) and Ethiopians. The Indonesians reached Madagascar 1500 years ago.

There is clear evidence in Mafia of contacts in the Graeco-Roman period from about BC200. Early writers (e.g. Pliny and the *Periplus*) describe cave-dwellers and our exciting finds on Juani Island in the last two years may be a link with this period. All of the trade goods from that period are represented in the sites and we now have skeletons that can be dated and ethnic origin determined from bone samples. Rome controlled the Red

²⁰ Settlement on the Azania coast was stimulated by an exodus from the north in the wake of the aggressive proselytizing of Islam from 400-800 AD.

²¹ The word *Swahili* may have been adopted to denote someone who was a Musim; there is much debate about the word and its vernacular use; it is clear that it is not simply used to refer to the people of the coast nor those of mixed race (the latter were almost sure to be Muslims as well).

²² The word *Zinj* is no longer believed to denote "black" people; rather there is much linguistic evidence to suggest it is derived from *zi/za* (body of water, the sea) and *nji/nchi* (territory/place).

Sea and the Azania trade at this time, but like the Portuguese conquerors much later, their role was tenuous and could not compete with the Bantu-Arab links already in place, including inter-marriage.

The inhabitants of Mafia are recorded in the *Kilwa Chronicle* as the Mwera, who were ruled from SongoSongo Island by Muslim settlers prior to the arrival of Bashat. Who these rulers were we do not know, and what of the first 1,000 years AD ? Who were the people and what was the government of Mafia ? Dr. Chami of the University of Dar es Salaam believes that the first settlers were Early Iron Working and farming Bantu people²³, who crossed from the mainland and settled the islands, probably for their marine and forest resources. This culture was followed by a later native culture recognised as Triangular Iron Ware, which was extant with the settlement and domination from Arabia.

The Portuguese arrived in April 1498, when Vasco da Gama first sighted Mafia off to starboard on his way northwards, but the first Viceroy did not arrive to establish control and depose Arab rule until 1505. Portugal formally annexed the east coast of Africa in 1515 after the Papal bull of 1514 divided the known World between the warring Portugal and Spain. Portuguese control in Azania was always erratic and brutal and tenuous, at best, in Mafia.

In 1588 Kilwa was sacked by an African army of cannibals referred to as “Zimba” or “Muzimbe”, believed to be from central Africa (other literature sources suggest somewhere in southern Africa). This put an end to the remainder of Kilwa’s declining supremacy as a trading port and to its control over Mafia, for the cannibals literally devoured the inhabitants²⁴. From this time Zanzibar became the epicentre of trade in Azania, especially with the rise of power of the Omani Arabs.

Control of Mafia changed hands frequently in the 16th and 17th Centuries, as Portugal’s fortunes declined, Oman’s interest waxed and waned, and the influence of other world powers played their part, The defeat of the Portuguese by Oman in Mombasa in 1698 ended what had been a troubled and cruel Portuguese rule and gave the Sultan of Oman control of the coast from Lamu to Kilwa.

In 1829 the town of Kua on Juani Island was destroyed by Sakalava cannibals from Madagascar and in 1872 the remarkable town of Kisimani Mafia was lost in a cyclone. By then the seat of power had moved to Chole Island, a more convenient and productive location. The arrival of the Sakalava prompted the Sultan of Zanzibar to send a punitive expedition that included some of his personal Baluchi regiment. Descendants of these Pakistani people are still to be found settled mainly in the area of Kitoni near Kismani Mafia. There is also evidence for minor settlement of Mafia by Madagascans, Chinese, Malay and Indonesian peoples (who first settled in Madagascar about 1,500 years ago). Pottery and coins indicate trade took place from, at latest, the 8th Century and our new finds may help to prove Dr Chami’s theories of a much earlier active trade.

²³ The coast of Tanzania is known to have been originally settled by Late Stone Age people.as recently as 200-400 AD.

²⁴ An excellent, graphic account can be read in Esmond Bradley Martin’s *Cargoes of the East*.

THE MAFIA ISLAND MARINE PARK²⁵

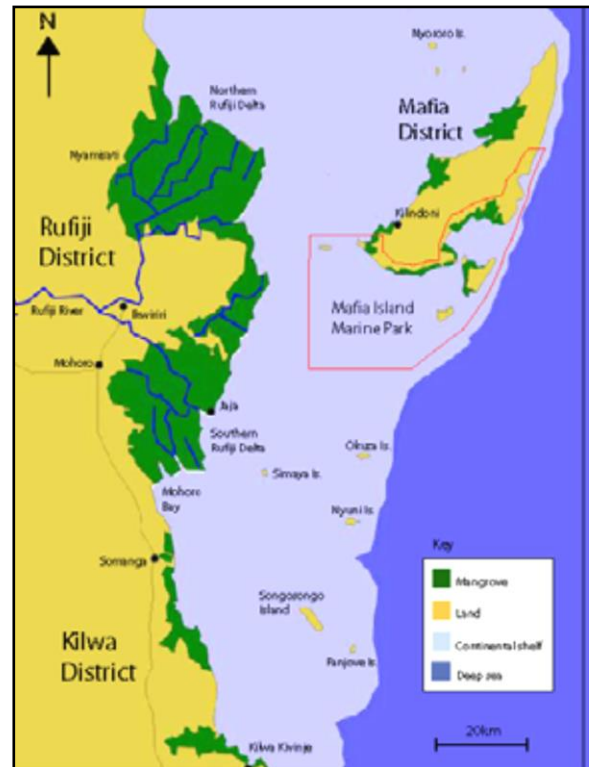
Background

The Mafia Island region (see map) which includes the Rufiji River Delta and Mafia channel, forms one of the finest complexes of estuarine, mangrove, coral reef, and marine ecosystems in the world, all lying in an area of around 1500km². The coral reefs are particularly diverse for Eastern Africa. Habitats in the area of the MIMP (821km²) include hard coral dominated reefs, soft coral and algal dominated reefs, sheltered back reef systems, inter-tidal flats with hard and soft substrate, mangrove forests, extensive seagrass beds, algal, sponge and soft coral sub-tidal beds. The area includes critical habitat for the dugong (*Dugong dugon*, vulnerable, IUCN, 1994) and sea turtles (*Chelonia mydas*, *Eretmochelys imbricata*, *Lipidochelys livaceae*, *Dermochelys coriacea*, all endangered and *Caretta caretta*, vulnerable, IUCN, 1994) and has been recognized as a critical site for biodiversity.

The first formal initiatives to create marine and coastal protected areas in Tanzania came in 1975 through regulations made by the then Ministry of Natural Resources and Tourism under the Fisheries Act, 1970. Seven small areas of reef were declared Marine Reserves for total protection; these included two areas of Mafia Island, Chole Bay and Tutia Reef. Lack of personnel and funding resources have slowed implementation of these initiatives. Suggestions from various quarters urged the creation of larger, multiple use areas combining conservation and sustainable use and development.

Continuing studies initiated in 1988 by the University of Dar es Salaam (through the IMA0, with some financial support from Shell Petroleum Development Tanzania Limited, and with the collaboration of other agencies including, Frontier – Tanzania project, have provide important baseline information on which to develop planning. Along with resource data accumulated for the area the socio-economics of the area were also studied. A total of ten village communities lie within the boundaries of the MIMP. The villages are widely scattered with one adjacent to an area of coastal forest, which has been identified as important for conservation. The other villages exist close to the coast or on the offshore islands. All the inhabitants are highly dependent on the natural resources of the area for food, shelter and income. In addition, there are several commercial concerns whose businesses also directly depend on the natural resources. The local marine resource uses of the area include in decreasing order of importance; finfish fishing, octopus fishing, coral collection, shell collection, sea-cucumber and lobster collection.

In February 1991, a widely attended meeting was held in Dar es Salaam discussed the concept of a marine park on Mafia and resulted in the formation of a Steering Committee appointed by the Principal Secretary of the Ministry of Tourism, Natural Resources and Environment, to further develop planning and propose the mechanism for creating and managing a marine park centered around Mafia.



²⁵ By Greg Andrews, first WWF Coordinator for Mafia island Marine Park

The Steering committee collated existing information and made full use of the co-operation extended by the Mafia District authorities and the Frontier-Tanzania project which was producing wide-ranging information on resource-use in addition to ecological studies (Horril and Ngoile, 1991). The Frontier group and local counterparts had also spent time discussing the idea of a multi-user marine park with residents of the area.

The proposed strategy was to concentrate on developing MIMP as an efficiently managed and fully functional marine park. Some support may also be provided for the BoT and MPRU as defined in the Marine Parks and Reserves Act 1994 so as the MIMP has a functional administrative umbrella.

Goal

- The ecological and economic sustainability of Tanzania's coastal and marine ecosystems is improved and maintained.

Objectives

- To assist the management of the Mafia Island Marine Park so that the ecosystem processes and biodiversity are maintained for the benefit of the people of Tanzania, and particularly the Mafia Island community.
- To facilitate the development of economic activities to reduce pressures on the Park ecosystems, while ensuring all natural resources within the Park are used sustainably.

The management goals, which reflect the integration of development, environmental protection and sustainable resource use, were previously expressed in the General Management Plan of 1993 as:

- To protect natural ecosystem processes and areas of high species and genetic diversity;
- To stimulate the rational development of non-utilized natural resources including tourism;
- To promote sustainability of existing resource use incorporating recovery strategies for over utilized resources.
- To involve marine park users, especially Mafia community, in the planning, development and management of the Park, and to give priority of resource use and economic opportunity to Mafia community in pursuance of goals two and three.

Mafia Island was chosen as an ideal site for the Marine Park because its unique shallow waters provide ideal habitats for over: 400 species of fish, 400 types of sponge, 200 algal types and other species, some yet to be identified. The unique Mafia island ecosystem provides a vast array of larvae which are swept into The Indian Ocean, and carried northwards by the prevailing North East African Current ultimately adding to the rich diversity of marine life found as far north as The Red Sea.

The Park borders south-east Mafia Island and stretches over 700 square kilometers, encompassing six islands. Stretching from the top of Forbes Bay to the north and Tutia Reef in the south. Circulating the entire park an 800m wide buffer zone exists, protecting the park from any detrimental practices ie. Commercial fishing and coral mining. The park is patrolled by wardens, maintaining a permit system. This enables these areas to be restricted, however, local fishermen and tourists alike, are permitted to enjoy the wonders on offer.



The General Management Plan (GMP) for Mafia Island Marine Park

The GMP document for Mafia Island Marine Park, signed by the Honourable Ms. Zakia H. Meghji, Minister for Natural Resources and Tourism, is available to the Tanzania public, particularly MIMP stakeholders. The document framework reflects the participatory, collaborative process that was conducted over several years, accounting for the lengthy path that has finally led to publication. The published version is in English, with the Kiswahili version expected within 2-3 months.

Ten surface marker buoys have been positioned to demarcate the specified-use zone within Chole Bay in Mafia, with assistance from local fishermen and support from WWF. This is part of the multi-user zoning plan set out in the new MIMP General Management plan. Other fishing is permitted in the Chole Bay Zone, but all forms of seine or pull nets are banned. Fishing rights are reserved for fishers resident within the park, using “traditional Gear” such as hand-lines and fence or basket traps. The zone is about 20 km² in size and is rich in coral reefs and sea grass habitats. Further demarcation buoys are shortly to be installed in the other priority user zones, especially Kututia Reef, Kinasi Pass and the main boundary between Ras Fikirini and Bwejuu.

MAFIA FISHING GEAR – EXCHANGE PROGRAMME

The Community Unit of the Mafia Island Marine Park has started a pilot programme of promoting sustainable fishing gears. This is part of a wider strategy to find alternatives to destructive fishing gears such as seine nets, which harm long-term fishing prospects by taking out large numbers of juvenile fish, whilst damaging corals and seagrasses. WWF is supporting the programme. The Marine Park has assisted the provision of gillnets and collapsible fishing traps to fishers at Juani and Chole villages inside the marine park. Statistics on catches are being monitored to assess the effectiveness of the gears.

ENVIRONMENTAL EDUCATION IN MAFIA ISLAND MARINE PARK.

The Tanzania shoreline has an extensive system of diverse marine and coastal habitats, which support some of the richest concentrations of biodiversity in the East African Marine Ecoregion. These vital ecosystems are currently under severe threat due to combined impact of population pressure, poverty, over-exploitation and other destructive human activities.

It has been increasingly recognized that an integrated and holistic approach is necessary for the sound and sustainable management of these invaluable life support systems. In this context environmental education and training assume a pivotal role.



The new Environmental Education Strategy and Action Plan (EESAP) for Mafia Island Marine Park has been recognized as an essential element in the sustainable development process by the marine park's partners. The launching of the EESAP by the Park, with support from WWF, signifies another positive step in guiding a marine park at Mafia Island to its ultimate goal of sustainability.

Some of the most pressing problems of Mafia district include depletion of both renewable and non-renewable resources; haphazard solid waste disposal; unsustainable agricultural practices; loss of biodiversity; poverty; population pressure and low standard of education.

The challenges to sustainable development are staggering in number, scale and complexity. Mafia district needs to develop and to modernize in less wasteful ways than those prevalent elsewhere, without losing the sound social and cultural values and practices which underpin the traditional way of life. Mafia district needs to find alternative paths to an alternative goal; a goal which ultimately is the true goal of development; an environmentally sound and sustainable quality of live, which is socially just and equitable.

The primary purpose of the EE Strategy & Action Plan is to present a framework by which to educate and train people to deal with major environmental problems such as degradation of ecosystems, depletion of natural resources, loss of biodiversity, soil, water and air pollution and haphazard urbanization and industrialization. Also, it is aimed at sensitizing people on the need to eliminate the root causes of environmental degradation such as poverty, population pressure, overpopulation, wasteful production of marine products, human greed and underdevelopment. Above all, it attempts to move forward from traditional conservation approach of excluding people, to an integrated approach that fully involves local communities and recognizes and respects their livelihood needs.

The Action Plan has been specially directed to resolving issues in four critical target areas; formal and non-formal education; planning and decision making; public awareness and participation; and information, networking and communication. The implementation strategy has spelt out 13 priority actions for project formulation and implementation during the period 2000 to 2004.

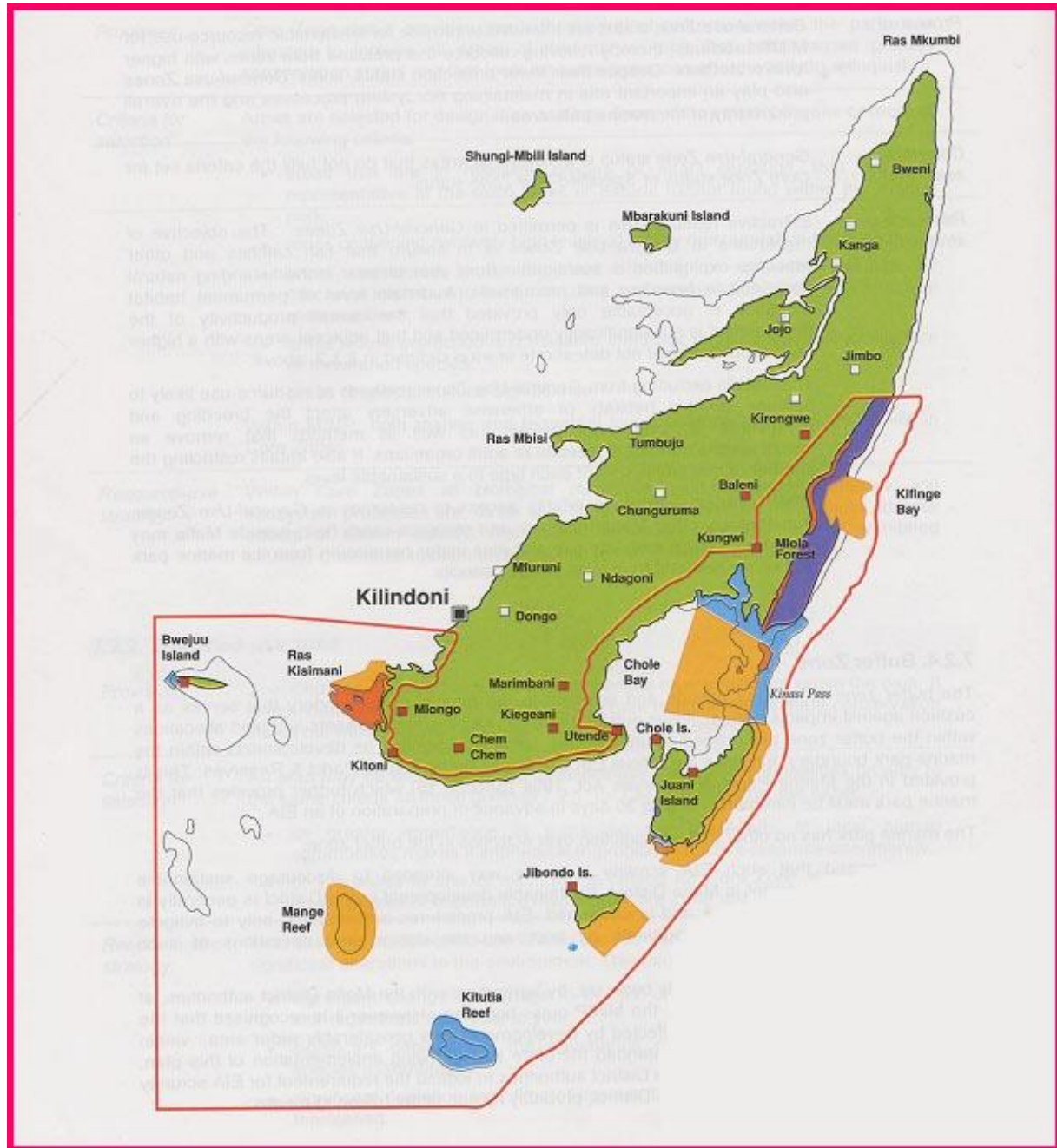
The Strategy & Action Plan envisages a future where the community is mobilized to work hand in hand with the marine park to uphold the diverse riches of the marine environment whilst still allowing sustainable use of its resources for the benefit of the community.

EDUCATION & SUSTAINABLE DEVELOPMENT

Sustainable Development is a process of change in which the exploitation of resources, direction of investment, orientation of technological development and institutional changes are made consistent with present as well as future social and economic needs. An effective educational system is the fundamental prerequisite for sustainable development. The core themes of education for sustainability include lifelong learning, interdisciplinary education, multicultural education, partnerships and empowerment.

THE "DON'TS" OF MARINE PARKS AND RESERVES

- ❖ The collection of marine organisms whether dead or alive by visitors is prohibited.
- ❖ Users of the marine parks & reserves should avoid all physical contact with reef organisms, such as corals and sponges. They can be easily damaged.
- ❖ All forms of waste disposal are regulated within marine parks & reserves.
- ❖ Fishing in marine parks is mainly reserved for registered local fishers.
- ❖ Visiting fishers require a special permit issued by the Warden-in-Charge.
- ❖ All extractive activities are prohibited in marine reserves and core zones.
- ❖ It is illegal to pick up or possess any marine organisms from a marine protected area without a valid permit or license.



Site Details with Maps

1) RAS BWENI (LUA CHEIA)

The property is owned and registered in favour of Mafia Island Tourism Limited, a limited liability company incorporated in Tanzania of P.O. Box 47, Mafia, for a long-term Right of Occupancy of 33 years from the first day of January, 2003. It is registered under C.T NO.55474 and L.O NO.207334. The remaining term is 20 years from the date of valuation in 2014.

The land area is 2.08 ha but this excludes a larger area from the high tide mark extending 60m inland along the entire shoreline that is no longer included in leases (to prevent undesirable permanent construction on shorelines) but can be utilised only by the land owner²⁶. The lease agreement specifies that the Lessee has the right first option in renewing the lease.

The property owner is obliged to pay an annual Land Rent to the Commissioner for Lands and a Property Tax to the Mafia District Council in accordance with the Urban Authorities (Rating) Act, 1983. At present the annual lease fee is TShs 936,000 (equivalent to approximately USD \$ 450).

Buildings

Over the last three years the owners have simply maintained the site, especially the key buildings, having decided that the project should be undertaken with full financing in place for a well-designed and constructed resort that will maximise future returns on capital and the attributes of the site and location.

The key buildings that are in good order and are being used and maintained are described by the valuers in their 2014 report as follows:

Water Sports Centre

Located at the north-eastern corner of the compound. It has a pitched roof covered with *makuti* thatched leaves on wooden members. The ceiling is of T&G timber. Walls are of concrete blocks which are plastered and painted on both sides. Windows are of timber frames incorporated with wooden louvre shutters. The floor finishing is of cement sand screed throughout. It accommodates one room used as water sport facilities.

Staff Quarters

It is located at the eastern corner of the compound. It has a pitched roof covered by thatched leaves on wooden members. Walls are of concrete blocks which are plastered and painted on both sides. Windows are of timber frames incorporated with wire mesh and mosquito gauze. The floor finishing is of cement sand screed. It accommodates five bedrooms and a verandah.

Staff Ablution Building

The staff ablutions have a pitched roof covered by thatched *makuti* on wooden members. Walls are of concrete blocks which are plastered and painted on both sides. The floor finishing is of cement sand screed. It accommodates two toilet rooms each fitted with an Eastern w.c units and two bathrooms.

All runoff is collected and treated in septic tanks and soak-away pits.

²⁶ The Owners are re-surveying the land to confirm the existing details and measuring shorelines and beaches.

Kitchen

This building is in good order and is located in between the main bar and the restaurant building. It has a pitched roof covered with *makuti* thatched leaves on wooden members. Walls are of concrete blocks which are plastered and painted on both sides. Windows are of timber frames incorporated with round iron bars, wire mesh and mosquito gauze. The floor finishing is of cement sand screed throughout. It accommodates a store, food preparation area and dishes washing area, as well as an outside fish preparation area.

This building will be needed during any new construction process to serve the building team.

Manager's House

A small manager's house is under construction close to the kitchen building. If this is preserved it may better serve as a chef's accommodation.

Bar & Restaurant

These buildings have not been renewed in terms of annual maintenance as the Owners planned to reconstruct both to new, permanent designs. These plans have been placed on hold pending the process of re-investment, planning and design for a completely new concept for the site.

Landscape

The site is well-maintained and has been selectively cleared to preserve natural vegetation and key trees and palms. Additional plantings have been made of Baobabs, palms and flowering trees.

Figure 1: THE GARDENS HAVE BEEN LEFT TO NATURAL

Harbour & Anchorage

Bweni is a registered harbour and goods can be landed at the beach provided arrangements are made with the Harbour Master in Kilindoni and any dues paid to the Tanzania Revenue Authority office with appropriate documentation.

This provides a huge advantage in construction as dhows and barges can unload directly to the site and avoid any transshipment by road from Kilindoni Harbour.

There is a deep-water anchorage in front of the site suitable for yachts and motorised vessels at a minimum depth of 9m of water.



Infrastructure & Utilities

Electricity from the grid is available at the site for construction following the completion of the line to Bweni Village in February 2016.

As mentioned earlier, the Owners have acquired a small piece of land that includes a reliable underground water source that was exposed during quarrying for road materials. A plan to develop this water source with a solar-powered unit and various holding tanks to gravity feed the site has been completed and will be undertaken as a first priority.

The shallow well on the site is adequate for current usage and supported the Lua Cheia camp in 2010 and 2011 but will become contaminated with salt water induction of heavily exploited.

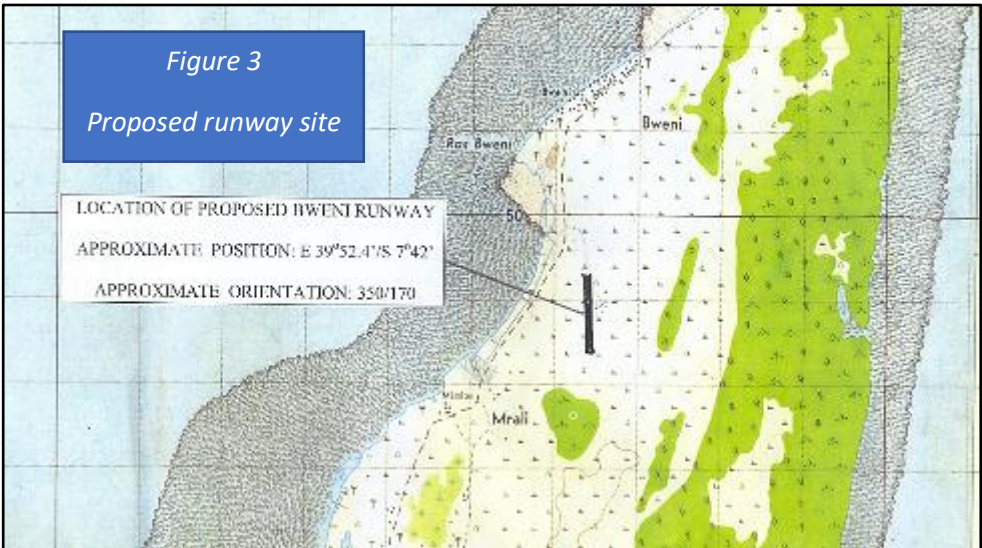
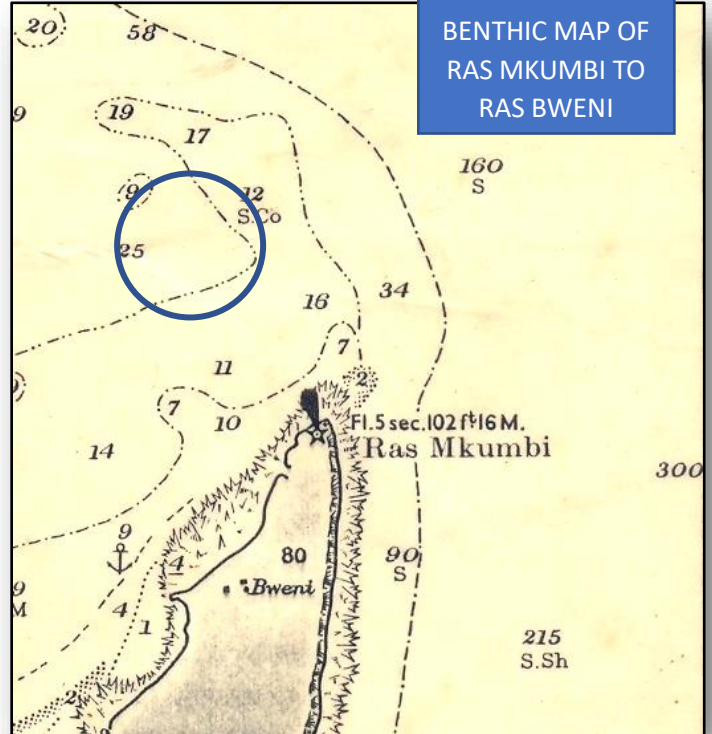
Plant & Equipment

There is considerable plant and equipment at the site, including a tools and building equipment, generator, compressor for dive cylinders, kayaks, and kitchen equipment (including gas stove and cylinders), four solar hot water units, furniture and dining crockery and cutlery. This is sufficient to provide for the construction and site landscaping.

Runway for Light Aircraft

Investigations into the viability and details of constructing a runway in the north of Mafia have been completed with a positive outcome. The District Council and Lands department have expressed support and assisted the Owners to identify two sites, while Bweni Village Council has offered the Mibuyu Saba site, shown below. Either would be good landing grounds for a 1200 m runway. This component of the project is now a recommendation of the Mafia Island Tourism Organisation and is being managed actively to support the logistics of northern Mafia. We are actively working with the Village Council.

Figure 2:
BENTHIC MAP OF RAS MKUMBI TO RAS BWENI

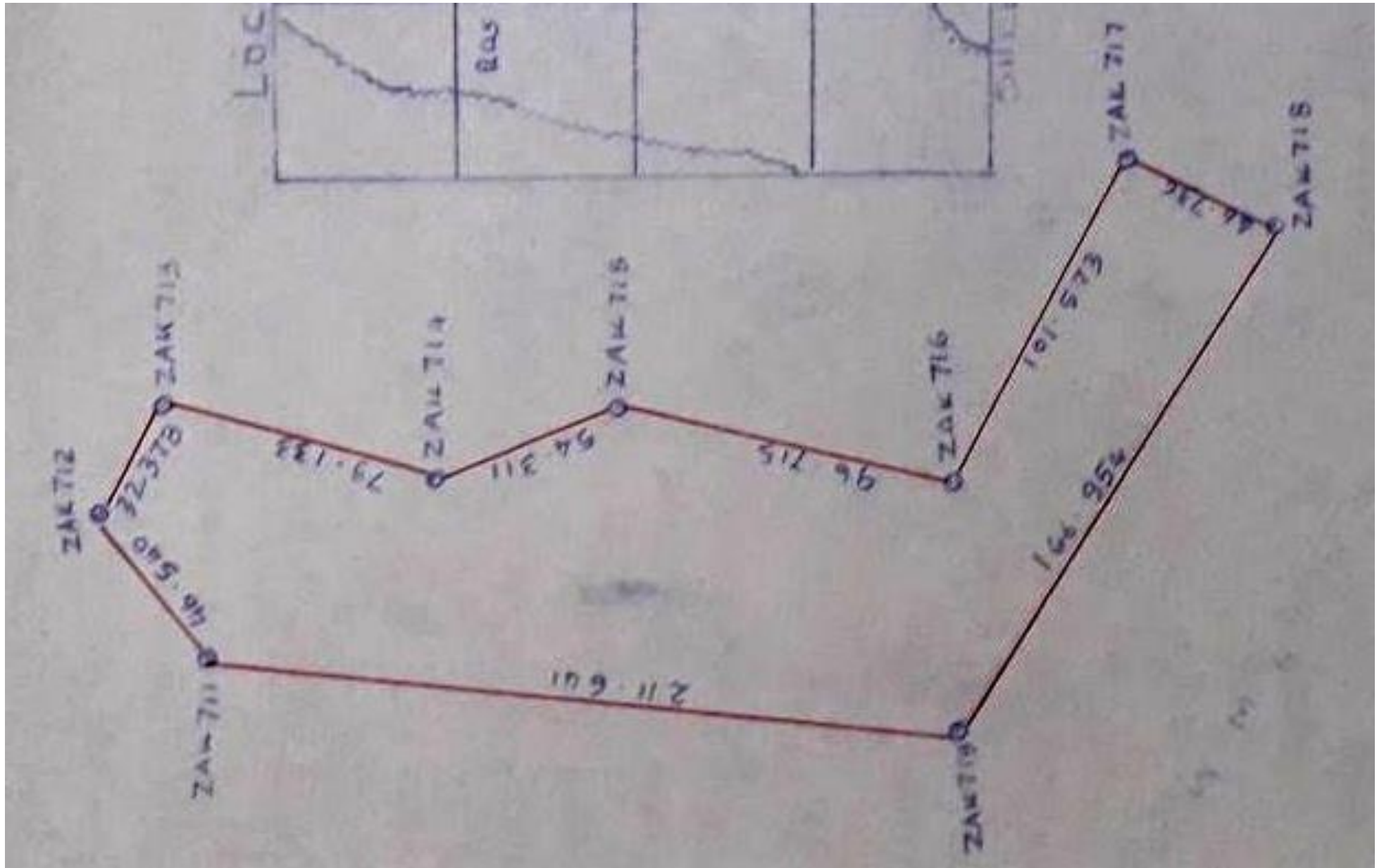


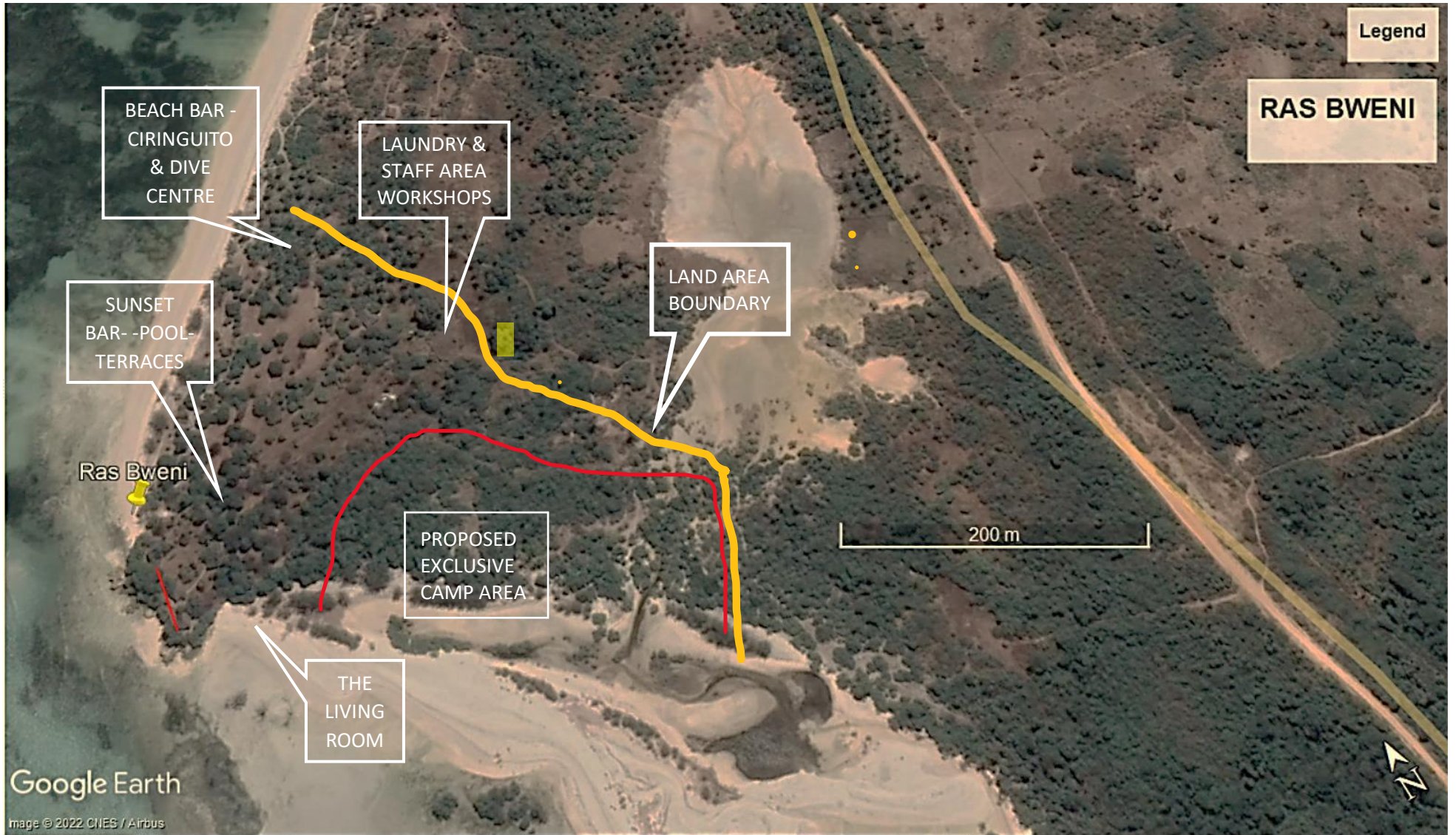
Name of Business: RAS BWENI - MAFIA ISLAND TOURISM LIMITED

Type of Business proposed:	HIP HOTEL AND ASSOCIATED TOURIST SERVICES INCLUDING DIVE & WATER SPORTS CENTRE, RESTAURANTS AND SPA, BEACH BAR ACCOMMODATION UNITS - FREE-STANDING SERVICED 1 AND 2 BEDROOM VILLA-STYLE WITH POOLS
Location of Business:	Between KANGA and BWENI Villages, north Mafia
Current Status:	Vacant Land surveyed and being selectively cleared, with strict environmental controls, for 1m contour survey and future development
Terms of Offer:	Development by KINASI LIMITED
Land leases:	66 years
Lease Option:	Extendable to Lessee by FIRST OPTION
Land lease costs per annum:	US\$ 450 pa (approximately)

Name of Business:	BWENI BAY - MAFIA ISLAND TOURISM LIMITED
Type of Business proposed:	HIGH-VALUE VILLAS 4-6 BEDROOMS SCULPED INTO THE LANDSCAPE OF EACH OF THE EIGHT LAND PARCELS SEPARATE DESIGN AND ARCHITECTURAL DRAWINGS FOR A 25 ROOM BUNGALOW RESORT HAS ALSO BEEN COMPLETED WITH EIA AND TIC APPROVAL IN PLACE
Location of Business:	RAS BWENI, Bweni Village, north Mafia lying between Bweni and Kanga villages
Current Status:	Natural vegetation carefully managed to preserve all native species
Terms of Offer:	Sale of the company and/or co-investment
Land leases:	In process with Land Ministry Over 10 ha with approximately 900m beachfront Leasehold 33 years commencing 2016 in 8 separate parcels
Lease Option:	Extendable to Lessee by FIRST OPTION
Land lease costs per annum:	US\$ 2,500 pa (approximately)









Marketing Action Plan

1 Introduction

Promoting a destination resort in Mafia will face difficulties for a number of inter-related reasons:

- Generally poor promotion of the Tanzanian destination, perceived insecurity in international travel and travel advisories plus the cost of long-haul travel to Tanzania and still limited international flight connections from major European cities
- The (low) level of awareness of tour operators and travel agents of Mafia Island and its attractions compared with Zanzibar
- Low level of awareness concerning the characteristics and comparative advantage of Mafia Island Tourism over its rivals, and details of its high standards of accommodation, facilities and services
- Competition from Zanzibar, which has a well-established image
- Competition from other Indian Ocean islands (Mauritius, Seychelles, Maldives)
- Competition from emerging markets such as Mozambique
- Lack of market penetration in specific markets such as Netherlands, Belgium, France, Scandinavia and Spain
- Perceptions amongst agents and tour operators that Mafia is logistically a difficult location
- Neglect by the directors of the need to invest more time in marketing and allocate time and resources to promotion in targeted markets, coupled with financial constraints

However, there is great potential for the destination and intensive and well-targeted actions are required to exploit this.

2 Seasonality

One of the most important strategies for raising occupancy is to twin with Kinasi Lodge for an extended stay on Mafia and to increase visitor numbers in the low occupancy (off-season) months. The seasons can be defined by occupancy averages experienced by Kinasi Lodge; the initial performance targets set (and used in the financial analysis) are as follows:

SEASON	OCCUPANCY
HIGH	
Mid-December to mid-January	75 %
SHOULDER	
Mid-January-end March	45 %
LOW	
June-July	30 %
HIGH	
August to end October	65 %
LOW	
November-mid-December	45 %

The goal of the marketing programme is to raise occupancy to a 60% overall annual occupancy for 10 months of operation each year.

Specific target markets are;

- Target the British market with a “beach and bush” circuit
- Target the Italian market with a beach option
- Increase visitors from Netherlands, Switzerland, Belgium and Scandinavia through a roadshow
- Target sales through Tanzanian agents who are partnered to overseas agents

Specific strategies include:

- Increasing length of stay through incentives and offers of excursions, etc and by adding value such as fly-camping options, extra excursions
- Raising off-season occupancy rates with (i) special offers and by (ii) targeting different markets with varying seasonal travel characteristics and (iii) showing that the off-seasons are actually the best times of the year for weather conditions, diving and excursions
- Increase occupancy through marketing alliances and activity (diving) packages with other beach resorts
- Increase occupancy through marketing alliances and off-season packages with wildlife safari lodges and camps
- Segmenting markets to specific characteristics of La Lua Cheia and Kinasi Lodge and their attractions (e.g. beach for Italians and Spanish) and activities (for Swiss and British)
- Expanding the referral and repeat business through the ***Friends of Mafia*** concept, involvement in community projects such as schools

Agents are still the best source of bookings, so at the same time the internet presence is being upgraded and expanded (with new websites and links) the emphasis on agents needs to be intensified. The method being adopted to

- Obtain better bookings from existing agents
- Acquire new agents

...Is to personally contact agents who are/are thinking of selling Mafia Island in their product range and

- Try to place Mafia Island Tourism in their product range as an accommodation option
- Try to place the hotel in their brochure

It is not difficult to locate these agents at travel and trade shows, the national tourism trade associations, internet search and through Tanzanian agents. Also some countries publish this kind of information (e.g. Netherlands).

Information on each agent is recorded in specific country files and the annual bookings compared at the end of each year. We have also identified those agents who produce the “ideal” Mafia Island Tourism guest i.e. who inform their clients correctly and therefore get good results in the form of completely happy customers. Specific country markets/sectors have also been identified from the agent details (i.e. agents have specific market sectors that they are targeting).

4 Defining the Product for Market

There is a need to develop and “identity” or image for Mafia Island Tourism – what is the “product”. This involves the following factors:

- An owner-built and operated small, luxury hotel constantly being improved and receiving a great deal of attention to achieve uniqueness and high standards
- Informal, homely feel and atmosphere
- Individual character that is unaffected, unpretentious but very stylish
- Excellent cuisine and a top class wine list
- Professional and personalized services and activities such as excursions and scuba diving
- Excellent value for money

We are trying to promote the following image (taken from the sales pitch of EcoRes, a web-based sales company):

- single in kind and excellence
- based in a very natural setting, unspoilt
- individual style and personality
- dedicated to cultural enrichment
- committed to conservation
- providing the essence of the travel experience

5 Mission statement

While Mafia Island Tourism enjoys an excellent reputation for its standards more work needs to be done to create a strong image and unique identity for the hotel and Mafia island itself (especially with the competition from Zanzibar). That is, the marketing message needs to present answers to the two questions that both agents and potential guests will ask: Why come to Mafia ? What is so special about Mafia Island Tourism ? These two points need to underscore a strong motivational campaign – Mafia Island Tourism needs to stand out as an exceptional hotel and Mafia as a very special place.

Our goal is to make Mafia Island Tourism an experience through water sports and active excursions, cultural contacts with Mafia Island and its people, leisure and relaxation, good cuisine, health and wellbeing. We wish to convey the enjoyment of Mafia as we have been able to experience it as a family-owned small hotel, with an informal atmosphere. One of the most important selling factors of Mafia Island Tourism is that it is owner-operated.

“Mafia is a destination that has all the attributes of the coast and islands that visitors are looking for and Mafia Island Tourism is somewhere very special with style, ambience and care...and good value for money.....” this is the message that has to come out of the marketing collateral.

6 Market Segments and Products

Mafia Island Tourism is directing its marketing activities to the following segments:

- Beach holidays: relaxation and good cuisine without the crowds (ie based on the market for special destinations, small luxury hotels, etc), including:
 - Honeymoons
 - Singles, especially middle-age
 - Family and small group incentives

The range of product interest segments are as follows:

- Wellness and relaxation (spa)
- Activity-oriented: biking, snorkeling, kayaking, wind-surfing and special emphasis on:
- Scuba diving, including training (Mafia Island Tourism)
- Game fishing
- Nature and conservation: underwater attractions, bird-watching (marine park)
- Adventure-oriented eco-tourism groups, including female travel groups (cycling, kayaking, walking, fly-camping)
- Incentive and special purpose group travel (e.g. corporate training workshops or planning conferences)

7 Who are our Customers ?

Mafia Island Tourism has a niche market because of its price and size. Many tourists want to pay less and enjoy the company of others in the club atmosphere of large hotels. By its nature Mafia Island Tourism does not offer entertainment of this nature and chooses to be in an undeveloped area, i.e. “untouristic” rather than Zanzibar. That is, Mafia Island Tourism and Mafia offer a specific experience. The marketing plan is linked to this niche market.

The interlinked questions that define this niche market are:

- Who are our customers?
- What do they want ?
- What services will Mafia Island Tourism offer them ?

A Mafia Island Tourism guest is typically middle-class with probably a professional or self-employed background, established in terms of social achievements, home ownership, etc. and with well-defined interests. Age range is 35-50. Most travel each year or more often and many are on a “circuit” holiday involving three or more hotels/lodges-safari camps in Tanzania. They want something private and personal.

The clientele is split between those ending a holiday with a relaxing stay at the coast (hence the importance of marketing alliances with resorts in wildlife areas) and those making Mafia Island Tourism-Mafia the prime destination for their interests and activities (hence the importance of alliances with other beach resorts that are activity-oriented).

We have taken great care in not promoting Mafia Island Tourism as a “dive destination” partially to avoid confusion with those dive areas such as the Red Sea which are solely focused on intense diving programmes, but mainly to avoid the impression that Mafia has only diving to offer. We wish guests to “experience” the island and its culture and the excursion programmes provide for this at Mafia Island Tourism. This also accounts for the generally long stay of our guests of an average 5 nights, with a target of 7 nights.

8 Corporate and Incentive travel

Mafia Island Tourism is an ideal location for corporate benefit and incentive groups, including the team-building and specialised subject-oriented workshops and focus groups.

In the past we have not promoted the lodge in this sector, yet there are agents in each country and within the agencies we are already working with who that specialise in this form of travel. Naturally Mafia Island Tourism’s scope would be limited to smaller groups and/or the chief executives.

9 Target Market Geography

Mafia Island Tourism maintains close ties with Tanzania-based tour operators and travel agents, as these companies handle large numbers of incoming tourists on behalf of their overseas partners. Since 9/11 we have noticed that there has been an increase in visitors booked through agents and a decrease in direct bookings through the internet.

Major markets are:

EXISTING	POTENTIAL
Italy	Spain
United Kingdom	France
Switzerland	Middle East
Germany and Austria	Poland, Czech Republic, Hungary
Sweden, Denmark, Norway	Finland
Netherlands and Belgium	Lithuania

Other potential markets include Russia.

In each of these markets Kinasi has established agents with marketing contracts but there is a need to intensify market awareness through a diversification of the tour operator base. This necessitates attendance at trade fairs targeting these markets, and visitation to tour operator offices through follow-up to:

- Identify tour operators and travel agents who market Tanzania and/or are planning to include Tanzania in their brochures and sales products
- Ensure tour operators and agents are aware of Mafia and its attractions and include it in their Tanzania programmes
- The appropriate agents (ie those marketing lodges in the category/style of Mafia Island Tourism) include Mafia Island Tourism in their portfolios.

It is essential to reaffirm and strengthen existing marketing alliances, and identify emerging tour operators, and support each with good marketing material and briefings. Personal contact is of key importance.

Mafia Island Tourism will therefore attend the following trade fairs:

- WTM 2005, London
- Vakantiebeurs, Utrecht
- TTG Italia, Lugano
- ITB Berlin
- INDABA, South Africa
- ILTM, Cannes

Roadshow will also be conducted in United Kingdom, Netherlands, Switzerland and Italy to visit agents and enhance product knowledge amongst marketing staff in the offices of our primary tour operator partner companies. Targeting the marketing to a limited geographical – and proven – region will give better results in terms of bookings/cost.

There may also be a synergy from geographical intensification in two forms:

- when agents realise the competitor/s is/are marketing Mafia Island Tourism they may decide also to offer us in their portfolio
- agents may be more likely to book in the belief that guest will not be “isolated” by their nationality and that Mafia Island Tourism is truly international and gregarious
- With a geographic focus we can also apply “smart” advertising using advertising focused on one country/region; this will also be effective in this case, as more agents are offering Mafia Island Tourism and the impact is more likely to lead to bookings when all the agents/tour operators are listed in the ads-brochures-flyers. Thus a country-specific brochure would also assist and promote agents and tour operators, increasing product loyalty.

Mafia Island Tourism also conducts bi-annual email (e-zines) when it sends a newsletter to its tour operator and travel agent partners and former guests of Mafia Island Tourism. This group – past guests - is one of our most valuable customer bases as guests return to Mafia Island Tourism and/or recommend Mafia Island Tourism to friends and travel agents so that as much as 40% of our business is now referral.

The marketing campaign requires that Mafia Island Tourism is well prepared with marketing materials to provide to the tour operators and travel agents.

10 Entry into Agent and Tour Operator Brochures

Inclusion in our agents’ and tour operator’s brochures is a very effective method of promotion, especially with those companies that have a wide reach. Also the inclusion in brochures of companies that are well established and recognized as market leaders (reliability, integrity) and standard bearers (quality). Such companies include TURISAZNDZA and HOTELPLAN in their respective markets. These brochures help to establish the image of Mafia Island Tourism as a quality product and endorse Mafia and Mafia Island Tourism as a recommended destination.

11 Building agent and tour operator loyalty

One of the most important objectives of this marketing plan is to create a strong sense of loyalty, product confidence and mutual dependence with tour operators and agents. Many agents may offer Mafia Island Tourism and its competitors; we need to make sure that Mafia Island Tourism is the first choice of any agent. Personal contact is vital for this, as within the booking offices there will be staff who have never visited and will probably never visit Mafia. We need to bring Mafia Island Tourism to them vividly and enthusiastically.

One strategy to build loyalty is to include selected agents on the hotel’s flyer that is enclosed in brochures. Listing agent-partners in each country and recommending them to clients at trade fairs, through referral and over the internet is a statement (especially with the threat posed by the internet) that reassures agents that we do not undercut them when quoting to direct enquiries.

12 Tanzanian tour operators and travel agents

Promotion in Tanzania is vital, as many agents are crucial in determining which destinations their foreign partners should include in itineraries and which hotels are the best in any location.

The Managing Director will also attend the KaribuTTF show in Arusha in May each year and hold an evening lecture/workshop on Mafia Island and a slide show presentation on Mafia Island Tourism. The Sponsors have

attended all previous KaribuTTF shows to provide information for all local agents, especially those located in Arusha (these agents often dictate the products sold by their overseas contractors). The show is now gaining momentum and importance so in 2004 the Mafia Island Tourism presence will be strengthened and be much more professional.

Mafia Island Tourism is now regularly holding familiarization trips to Zanzibar and Mafia. A similar programme will include Mafia with invitations to local agents to visit Mafia Island Tourism. This is always very effective as most have never visited Mafia – while they have usually always been to Zanzibar.

13 Marketing Alliances

Mafia Island Tourism has developed marketing alliances with other hoteliers in Zanzibar and the southern circuit, as follows:

- Zanzibar
 - Collaborative sales by joint offers
- Mafia Island
 - Existing sister resort, Kinasi Lodge
- Selous Game Reserve
 - Sand Rivers, Asilia Lodge
- Ruaha National Park
 - Mwangusi Camp
 - Ruaha River Lodge

The circuits include:

- Ruaha-Selous-Mafia-Zanzibar
- Selous-Mafia-Zanzibar
- Serengeti-Ngorongoro-Mafia-Zanzibar
- Serengeti-Ngorongoro-Mafia

The main purpose of these alliances is to increase occupancy rates by enhancing specific types of holidays, such as:

- ❖ Safari circuits including wildlife (Selous and Ruaha)
- ❖ Scuba diving and fishing (Zanzibar, Mafia)
- ❖ Historical tours (Kilwa)

...and to encourage greater occupancy in low seasons:

- February and March
- June
- July and September
- November and early December

We have therefore created the following special offers and pricing arrangements:

- Incentive prices for off-season periods, with peak season pricing only during August and Christmas-New Year (Best Weather rates)

- an “up-market” itinerary with Sand Rivers Selous and Mwangusi Safari Camp in Ruaha (“Beach and Bush”)
- a divers special offer with Ras Nungwi resort in Zanzibar and Kinasi Mafia
- a dive special offer at Mafia Island Tourism for one week for off-peak periods

14 Internet links

Cross links to other websites of collaborating partners and other approved associates is a powerful tool for generating more interest, disseminating information and making eventual bookings. These include:

- Links to sites of partners in joint marketing, agents, tour operators
- Links to tourism association sites (e.g. ZATI, TTFC, TTB)
- Links to foreign trade office sites (e.g. Tanzania trade mission in London)
- Links on search engine sites (e.g. Google, MSN, yahoo !)
- Links to destination marketing sites (e.g. zanzibar.net)
- Links to special activity sites and clubs (e.g. scuba diving)
- Links to sites of travel associations and special offer sites (eg last minute fly, expedia)
- Links to special interest sites (eg nabataea)
- Links to specialized booking sites (e.g. EcoRes, safari.net)
- Links to specialized membership sites for the tourism industry (e.g. Luxury Small Hotels of the World, private islands)
- Links to e-zine and opt-in sites for the travel industry (e.g. eturbonews))
- Links to official travel and trade fair websites (e.g. WTM INDABA)
- Links to historical, conservation-community development and ecotourism sites (e.g. Mafia Island Marine Park)

15 International Airlines

Many airlines have travel departments (e.g. Emirates Holidays, SAA) and most have in-flight magazines. Both are very powerful for increasing awareness of the destination, as they are widely read and disseminated. A new marketing activity is to bring Mafia Island Tourism into the product portfolios of those airlines offering holidays in Tanzania.

Exposure in magazines by making a special country offer is being discussed with Emirates, KLM and KLM and Swissair. This would be accompanied by an article on Mafia Island and an advertisement of Mafia Island Tourism Lodge.

16 Domestic airlines

Formerly Mafia Island Tourism offered special incentive packages with Precision Air and is now trying to rekindle this in two ways:

- Mafia Island Tourism special offers including flights and accommodation (in-house package)
- Special offers to overseas and regional agents involving the Selous with our own aircraft and expansion of our air services through acquisition of twin-engined aircraft and wider domestic air services

Mafia Island Tourism will work with the domestic airlines to make package special offers for flights and accommodation in Mafia.

17 Marketing Materials

Marketing will be targeted to five sectors:

- Overseas tour operators
- Tanzanian and overseas travel agents
- Internet
- Repeat guests and referral from past guests
- Media

The goal of the brochures, flyers and other marketing collateral is to separate Mafia Island Tourism from its competition by creating an image and illustrating the services and value for price that Mafia Island Tourism offers. The concept of price and value for money is important in this sector of the tourism market and is linked to the need to show why visitors should (a) pay more to come to Mafia and (b) stay at Mafia Island Tourism.

The main marketing materials will include:

Presentation folder (including map) (500) to contain:

- Brochures (500)
 - Postcards (4 variants)
 - Flyers (Blue World Diving, Mafia Fishing Club)
 - Flyers – special dive offer (Mafia, Mafia-Zanzibar, Mafia-Mafia)
 - Rate sheets (Accommodation, Activities)
 - Fact sheet – Welcome to Mafia
 - Fact sheet – Mafia Island Tourism Lodge
 - CD ROM – Presentation of hotels and facilities
 - Mafia Club Newsletter (2 x each year with Special Offers and News)
 - Map of Mafia
- Powerpoint presentation – hotel
 - Powerpoint presentation – website

In 2004 a desk calendar (for 2005 year) with some of the best images of Mafia and Mafia Island Tourism will be produced.

The more effective display and distribution of brochures is a high priority. This means

- ensuring that all agents have stocks and an up-to-date CDROM
- finding strategic points of display such as airline offices and VIP loges

We have also designed and produced carved wooden display stands for agents' desks which are extremely attractive and reflect the craftsmanship of East African carvers. These should be an attractive addition to agents' desks in Europe drawing attention to the Hotel/s within retail agencies.

Once the project is underway the Sponsors will print new brochures to cover the following aspects of the product:

- Building style and furnishings
- Rooms, location and orientation, facilities
- Leisure and relaxation centre
- Diving and water sports
- Sport Fishing
- Special Interest Excursions and Activities

It is essential to complete and publish a “Southern Circuit” brochure to complement the (i) promotion of the southern areas and coast of Tanzania as a destination, (ii) intensification and advertising of marketing alliances.

18 Marketing messages and approach

The following principles have been adopted in designing and drafting new promotional materials:

- Enjoyment: Mafia is fun ! Mafia Island Tourism is relaxation and enjoyment....
- Value for money: what is included in the prices and how it competes in the market, special services` that no-one else offers (e.g. meet-and-greet); 5-star luxury for 3-star prices ! we look after you better for less !
- The facilities and services are offered in the form of questions (e.g. Do you want to be pampered ? Do you want to dive the best reefs ?)
- Urgency and efficiency: (e.g. Now is the time to visit Mafia as it was 1000 years ago)
- Consistency and repetition of specific characteristics e.g clear, concise messages about standards, services, efficiency...

Website: <mafiaisland.com>

Mafia Island Tourism will launch a new website for Mafia. The main goal of the website is to be an information portal that is easily navigated so that visitors can take the price and booking information without browsing other parts of the site, or can download specific information such as travel connections to Mafia. The message from the website is that Mafia is an experience, not just a hotel on an island.

The website is a powerful marketing tool and assists agents and tour operators by providing a great deal of general information on Mafia and on Mafia Island Tourism’s accommodation, facilities and services. A set of frequently asked questions will be added, as well as special offers and incentives highlighting the off-season periods.

The site will also have the capability of downloading a brochure and other information such as the *Bird Checklist of Mafia* (in PDF). We will also add information on our other websites concerning Mafia (e.g. diving) and will direct internet users back to the Mafia Island Tourism site.

Improved registration with search engines has been achieved and we will also take a Sponsored link from the search engines Google, MSN and Yahoo to the new Mafia Island Tourism site. We are seeking new links and new methods of improving “hits” on the site by links and search-words.

However many potential guests of Mafia Island Tourism do not have fast or sophisticated internet access at home, so the use of general media and brochures distributed through agents will remain important. Working closely and loyally with agents (i.e. supporting them with marketing collateral, not under-cutting on prices) is still the most valuable form of marketing.

19 Email response information

We are not using the full power of email in our correspondence and a much more attractive and informative email front page is to be developed and used.

The email standard response of Mafia Island Tourism is also being improved to contain the following information:

- Thanks and appreciation for the contact
- Brief description of Mafia Island Tourism and its attributes
- Why come to Mafia ?
- Value for money
- Personal contact from owner-MD (signature)

All emails are followed-up after supplying initial information. During this process we add file attachments about the hotel and its facilities and activities and offer ideas and suggestions as to why Mafia and Mafia Island Tourism are the choice; we may also

- Offer a phone-in option
- Offer a referral agent/tour operator
- Offer a referral past guest
- Offer other services and help e.g. book other lodges, flights, meet&greet

All contacts are asked if they would like to receive additional information in the future even if they don't book now. If guests do not book after considerable correspondence we ask them what factors affected their choice:

- Price ? in which case we offer a new package for, say the low season or offer an alternative partner hotel/destination
- Competition ? if the other lodge looked better we explain the differences and try to get the booking back

10 Making it easy for customers to book and pay

Mafia Island Tourism needs to urgently establish internet payment via credit card. We need to orient sales toward the growing need of customers to pay via credit card, especially for last-minute bookings.

It may also bring more benefits to consider:

- Discounts for advance payment
- Offering attractive cancellation policy conditions

21 Market Research and Monitoring Analytics

21.1 The need for research

Data is needed to find out what our customers want and how successful we were in providing it. Mafia Island Tourism and Mafia need to fill a specific market need, otherwise competing and cheaper destinations will force out Mafia. Why do people want to come to Mafia? What is the motivation that makes people travel and to visit the islands? This means monitoring the industry and specifically the competition, through data gathering, observation, press, trade shows, etc. We need to be aware of what others are doing, how they are doing it and gaps in their strategy that we can exploit/improve upon.

The marketing plan will therefore change with time – as the product evolves - and as new markets or messages are identified. It may need to be country-specific to reflect tastes, culture (e.g. accommodation, cuisine) and interests (e.g. diving). The marketing work will be monitored by determining which strategies are working best in terms of bookings and cost-effectiveness, as well as the type of guest generated.

Questionnaires are conducted with each guest after departing Mafia Island Tourism Lodge; the information gathered covers:

- Satisfaction regarding the key aspects of the lodge and its facilities
- Origin of the guest, information on the guest to create a typical profile, circuits travelled, interests
- How guests find out about Mafia and Mafia Island Tourism (referral, advertising, agents)
- Seasonality of markets and emerging markets
- World (e.g. “World Tourism Barometer”) and Tanzania tourism trends and markets
- Tracking and monitoring special markets and changes in markets
- Information from national and international tourism bodies
- Effectiveness of various marketing advertising strategies

21.2 Competitor-watch

We constantly monitor competitors or other companies with similar products who are successful in terms of occupancy and profitability. Reliable information is often not possible to acquire but observing the competition, products, standards, apparent occupancy, etc are all useful in indicating what strategies Mafia Island Tourism should adopt.

We regularly compare accommodation rates and exclusions/inclusions, activity and excursion prices, bar prices, etc and communicate with a small network of other hotel operators to understand the viability of the season (e.g. Are bookings normal from Britain? Are spending levels on extras normal?). We make sure our rates are attractive and reflect market affordability.

21.3 Website survey and the rise of AI

We also monitor and survey competitors’ websites for ideas and to understand important features and links.

22 The Mafia Island Club and “friends of Mafia”

Mafia Island Tourism has a very powerful marketing tool in the form of its referral and repeat business. We are now building on this neglected concept by collecting email and postal contacts of all guests. The main focus of the club will be to implement small community projects in Mafia that are actually managed by Mafia Island Tourism. Each guest will be asked if he/she wants to receive the biannual newsletter and purchase a club T-shirt. Funds from the sales will go into a fund for community projects to be chosen by submitting projects to a vote of the club members (via mail and email) each year. In this way we hope to maintain

interest and continuity in Mafia and will be expanding the concept to Zanzibar, Mafia and Kilwa, where new ventures are being planned under the Mafia Island Tourism banner. Guests may not come back to Mafia Island Tourism but may refer a friend and/or may visit one of the other associated or marketing alliance partner hotels.

Members will be asked to bring in friends as new members and benefits will include reduced rates at Mafia Island Tourism during off-peak periods.

Additional promotional coverage will be achieved with completion and publication of the:

- Map of Mafia
- “Mafia Book” which will be a guide book and source of information on the island, its nature and people, their history and culture

23 Media Exposure

Concurrently Mafia Island Tourism will seek coverage in a number of international newspapers and magazines, in particular Conde Nast’s Italian-language honeymoon guide to Kenya and Tanzania, which had a very significant impact on creating bookings. This was first published in 2001 and is to be republished in 2004 and will also cover Spain.

These features complement the overall marketing programme and a single newspaper or magazine article has a very powerful effect on creating immediate bookings. The Managing Director will continue to actively seek coverage in:

- Selected magazines and newspapers (including airlines)
- Newspapers/lift-outs specializing in travel
- Guide books
- Style books and magazines

In its media exposure Mafia Island Tourism is creating an image that reflects its specific market targeting and its unique design, quality of accommodation and furnishings, facilities and services. It has a style and character that places it in the mid-upper market and this – in turn – specifies the market. To this end we will pursue contacts with *Food and Travel*, Conde Nast (including advertising subscription to *Traveller*), *Telegraph* and *Sunday Times* .in the United Kingdom, *Airone* in Italy and travel magazines in Netherlands, Germany and Switzerland.

To do this Mafia Island Tourism works with specific writers who are well known to the newspapers and magazines that we have targeted. For some British newspapers there is an eighteen-month backlog of travel articles. We work with agents to make sure articles are published quickly and prominently. Also we are creating feature story content for writers on Mafia so that we increase destination awareness.

	1.22	Final Marketing Concept		
	1.23	Final Operational Concept		
	1.24	Final Architectural Concept		
	1.25	Final Engineering Concept		
	1.26	Final Cost Estimations		
	1.27	Final Approval		
1.30	Building Permission Documents			Professional Engineering Fees
	1.31	Architectural Drawings		
	1.32	Engineering Documents (Water, Sewage, Electricity)		
	1.33	Environmental Impact Assessment		
	1.34	Final Approval		
1.40	Supervision of Building Permission Procedure			Lump Sum
1.50	Construction Planning			Professional Engineering Fees
	1.51	Infrastructure		
	1.52	Construction		
	1.53	Engineering		
		1.531	Structural Analyses and Drawings	
		1.532	Wastewater System	
		1.533	Water Supply	
		1.534	Electrical System	

		1.535	IT	
		1.536	Sound	
		1.537	AC	
	1.54	Technical Facilities		
		1.541	Energy Plants	
		1.542	Waste Management	
		1.543	Incinerator	
		1.544	Pools	
		1.545	Kitchens	
		1.546	F&B Areas	
		1.547	Cold Storage	
	1.55	Interior Design		
	1.56	Landscaping		
		Final Approval		
1.60	Project Management			Percentage of Project Costs or Fixed Monthly Payments
	1.61	Administration		
	1.62	Administration - Mafia		
	1.63	Representation		
	1.64	Representation - Mafia		
	1.65	Change Management		
	1.66	Change Management - Mafia		
	1.67	Cost Controlling		
	1.68	Cost Controlling - Mafia		
	1.69	Reporting		
		Final Approval		
1.70	Construction Management - Mafia			Percentage of Project Costs or Fixed Monthly Payments
	1.711	Bill Of Quantities - International		
	1.712	Bill Of Quantities - Mafia		

	1.721	Tendering - International		
	1.722	Tendering Mafia		
	1.730	Contracting		
	1.740	Budgeting		
	1.751	Logistics - International		
	1.752	Logistics Mafia		
	1.761	Procurement - International		
	1.762	Procurement Mafia		
	1.770	Site Supervision		
		Final Approval		
1.80	Operations			
	1.81	Planning		
	1.82	Recruitment		
	1.83	Introductory Training		
	1.84	Change Management		
1.90	Marketing			
	1.91.	Product Profile		
	1.92	Brand Profile		
	1.93	Niche Market Profile		
	1.94	Rate Structure		
	1.95	Marketing Collateral		
	1.96	Marketing roll- out		
	1.97	Product introduction		
	1.98	Final Approval		

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