



SELOUS GAME RESERVE MT2

Special Wildlife Investment Concession Area

DETAILED UNSOLICITED INVESTMENT PROPOSAL AND FEASIBILITY STUDY



July 2024

TABLE OF CONTENT

1. INTRODUCTION	3
1.1 Description of Selous Game Reserve MT2	5
2.0 Unique Attributes Supporting the Application	7
3.1 Infrastructure overview	9
3.2 Conservation management overview	10
3.3 Law Enforcement overview	11
4.0 Commercial Overview of the Project	14
5.0 Key threats & opportunities of the Game Reserve (SWOT Analysis)	15
6.0 STRATEGIC VISION FOR THE SELOUS GAME RESERVE MT2	17
7.0 KEY OBJECTIVES & STRATEGIES	18
7.1 Co-Management Investment Arrangement, Human Resource and Infrastructure	18
8.0 FINANCIAL OVERVIEW	22
9.0 CONCLUSION	26

1. INTRODUCTION

Neon Investment Limited, a prominent investment firm and a hunting operator in Tanzania, expresses a keen interest in establishing a co-management agreement for the Selous Game Reserve MT2 through the Special Wildlife Investment Conservation Areas (SWICA). In pursuit of this objective, we submit this feasibility study report to the Tanzania Wildlife Management Authority (TAWA) for consideration, with the aim of securing a 20-year SWICA over the Selous Game Reserve MT2.

Having cultivated a special connection in the tourism industry, Neon Investment Limited (NIL) has significantly expanded its investments in Tanzania, reflecting a commitment to the country's promising future.

Throughout the years, the Company has generated employment opportunities, supported local communities, and contributed to the growth of Tanzania's economy

The Project: In this preliminary feasibility study, Neon Investment Limited (NIL) aims to illustrate its strategic collaboration with the Tanzania Wildlife Management Authority (TAWA) under the Ministry of Natural Resources & Tourism (MNRT), utilizing the Special Wildlife Investment Conservation Areas (SWICA) model. The objective is to safeguard distinctive adventures in Tanzania for numerous generations by leveraging the following distinctive attributes:

- a. Upon the grant of the Special Wildlife Investment Conservation Areas (SWICA), NIL anticipates a substantial increase in government revenue from various sources such as game fees, concession permits, conservation fees, corporate tax, payee, SDL, and tourism development levy throughout the 20-year tenure. Additionally, there will be significant job creation, importation and capacity building, as well as the infusion of technological expertise.
- b. Recognizing the success of sustainable conservation initiatives involving local communities, NIL emphasizes community engagement in decision-making processes, needs assessment, and solution development within and adjacent the SWICA area. Special focus will be placed on projects promoting sustainable income generation for local communities and supporting the conservation of natural resources and wildlife.
- c. NIL has also identified untapped avenues to extract greater value and revenue from Tanzania's wildlife resources, particularly through the expansion of non-consumptive tourism, such as photographic tourism. This strategic move aims to complement existing consumptive tourism income streams, like game hunting, thus diversifying and maximizing the overall economic impact.
- d. Aligned with the vision of the Tanzania Wildlife Management Authority (TAWA) and NIL share a common goal centered on fostering harmonious coexistence between communities and wildlife. This objective envisions wildlife populations generating sufficient income for rural communities, making them self-supporting while emphasizing the importance of protecting neighbouring animal resources for the well-being of current and future generations, minimizing conflicts.

- e. Upon the exploring the area, NIL will undertake to deploy initiative involves introducing a photographic tourism model, attracting high-value, low-impact tourists seeking diverse experiences over the 20-year tenure since the animals in the concession are not used to human interaction making some tourist activities challenging.
- f. Through these initiatives, Tanzanians will gain access to diverse income opportunities, creating direct employment for game scouts, rangers, tour guides, camp managers, and various service providers in transportation and hospitality. Indirect employment and business opportunities will extend to local suppliers and procurement, including farmers, builders, artisans, and shopkeepers.
- g. NIL will undertake the development of essential infrastructure, including roads, lodgings, and dining/entertainment facilities, throughout the 20-year tenure. This not only facilitates the tourism plans but also creates additional job opportunities, income streams, and public amenities for the benefit of the general public.

The SWICA Regulatory Frame Work

In the pursuit of legislative authority specified under the Wildlife Conservation Act, Cap. 283, the Government has instituted The Wildlife Conservation (Special Wildlife Investment Concession Areas) Regulations, 2021, G.N. No. 397 of 2021.

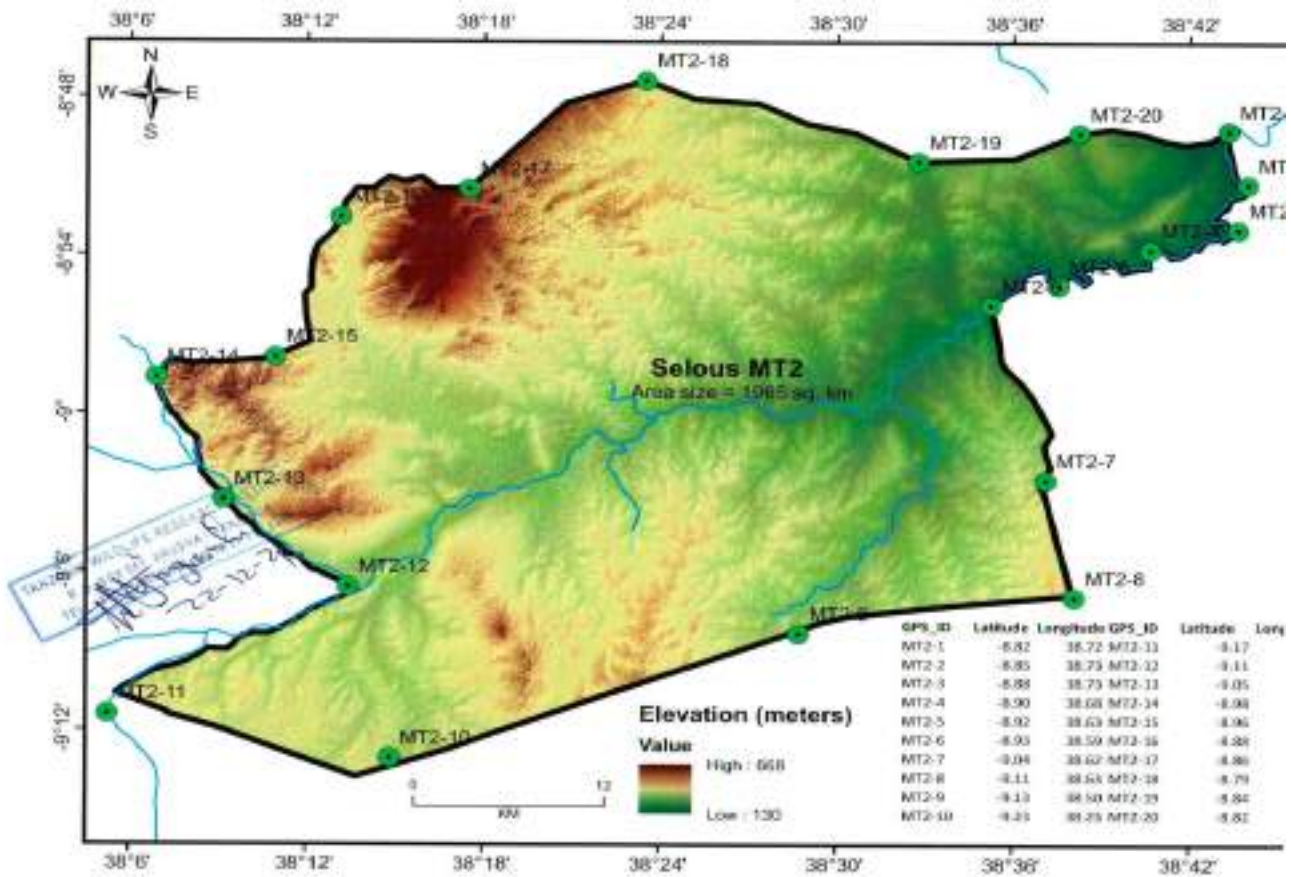
These regulations are intricately crafted to oversee investments within Special Wildlife Investment Concession Areas (SWICA), with a particular focus on aspects such as wildlife conservation and local content. It is noteworthy that these regulations supersede their predecessor, "The Wildlife Conservation (Special Wildlife Investment Concession Areas) Regulations of 2020, G.N. No. 28 of 2020."

Our interpretation underscores the primary intent of these regulations, which is to position Foreign Direct Investment (FDI) as a pivotal component in the development of wildlife tourism, especially within special wildlife investment concession areas. Concurrently, there is a pronounced emphasis on safeguarding Tanzania's interests through stipulations regarding local content and corporate social responsibilities.

This strategic approach is geared towards establishing a balanced framework that not only encourages feasible investment ventures in wildlife tourism but also prioritizes the interests of both local and foreign investors.

The overarching objective is to cultivate mutually beneficial relationships among all stakeholders, ultimately fostering the sustainability and prosperity of investment projects in the domain of wildlife tourism.

1.1 Description of Selous Game Reserve MT2



The Selous Game Reserve MT2 (size 1,965km²) is home to a truly spectacular range ecosystem and species diversity: This Block has a very diverse species of wild animals. The most common are Elands, Hippos, Buffalos, Impalas, Nyasa Wildebeest, Elephants and Zebras. Some species are endemic to Selous game reserve, specifically Sable Antelope and Nyasa Wildebeest.

The concession is bordered by other concessions to the North, West and South. To the East, there is the main border of the Selous Game Reserve, Mtepera Village (North-East), Kilwa-North Open Area Hunting Block and Zinga Village (South). Mtepera Village is very near the river and there is a paved road which links to Liwale-Nangulukulu main road.

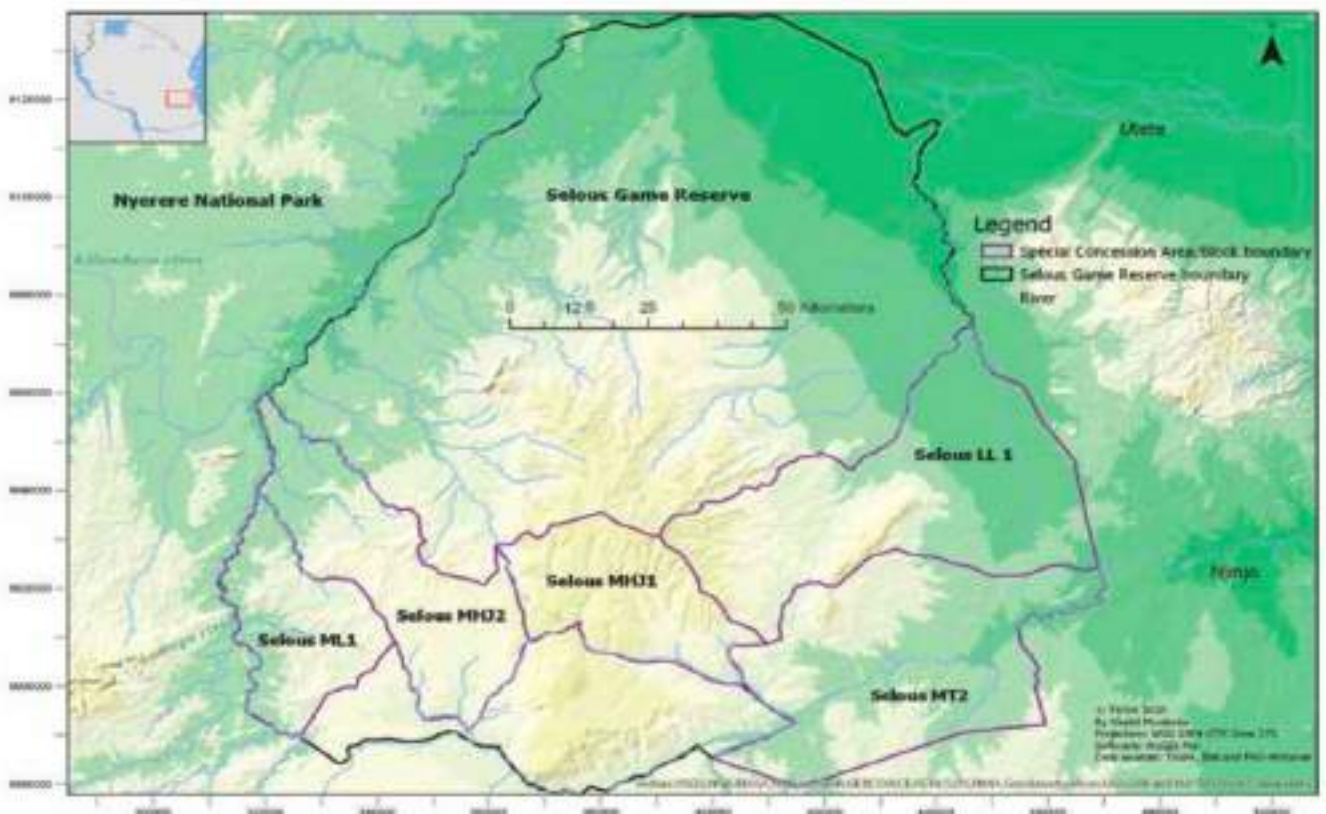
The concession encompasses Matandu River, which is a seasonal river flowing toward the North; Manjole, Nandachi, Kinyanya and other small rivers pour into to Matandu, making it very active during the rainy season.

There are many swamps along the rivers during the dry season where many animals find water, habitat and browse nearby. It is common to find Elephants digging for water in the sand during the dry season. However, **Kibumulukutu Swamp** is an all-year big swamp where you can find the biggest number of Hippos and Crocodiles in the Park. Many hippos go out of the water even during the daytime to find the shade under the big trees along Matandu River.

There are other big seasonal swamps found in the concession, the biggest being Namakono and Kichui Swamps, these swamps depend annual rainfalls. There are also permanent swamps which depends on the flowing springs, Nandachiand, Nambarapi to name some.



The nature of the whole Selous Game Reserve ranges from Grassland, Open Bushland to Forest. Most of the MT2 block is open bushland, grassland and riverine shrubs. This makes it perfect for spotting and hunting of small and big game. The best time for hunting is from June to October.



2.0 Unique Attributes Supporting the Application

The Selous Game Reserve MT2 is currently unlocated to any tour operator. NIL resolved to Partner apply for the SWICA due to the following the following factors:

- 2.1.1 NIL intends to enter into a Co-management Agreement with TAWA so as to boast a longstanding reputation as a duly registered and trusted Tanzanian Investment Firm and hunting safari operator.;
- 2.1.2 NIL possesses specialized technical expertise in wildlife protection, management of protected areas, and the development of high-end eco-tourism enterprises. NIL seeks collaboration with its Partner Kwalata Safaris Zambia Limited to safeguard the landscape and biodiversity of the concession. Additionally, NIL commits to providing the necessary funding in accordance with the SWICA model throughout the Project lifetime.
- 2.1.3 NIL has demonstrated an exceptional track record of engaging in active involvement with local communities and fostering local economic development. NIL plans to evolve into a globally recognized luxury safari operator, contributing significantly to job creation, community enrichment, and the stimulation of Tanzania's economy.
- 2.1.4 A fundamental component of NIL's plans involves close collaboration with TAWA and the surrounding local communities in tandem with wildlife conservation efforts.
- 2.1.5 NIL will undertake to invest in social programs within its investment areas, addressing aspects such as food security, reforestation, anti-poaching measures, infrastructure development, medical clinics, education scholarships, and community-driven income-generating projects.

3.0 Factors attributing to this Application:

In addition to conducting activities in the realm of hospitality and tourist hunting, the initiative encompasses a distinctive element that forms the focal point of this Investment Proposal. All endeavours within the project are poised to receive financial backing from a network of committed investors and partners. In arriving at this significant decision NIL took into account the following critical considerations, aligning with their conservationist objectives:

- the strategic promotion and sale of our exclusive hunting and tourist packages: These packages not only exemplify the unique offerings of our organization but also align seamlessly with the preferences and interests of our discerning Clientele. In order to maximize our market presence and appeal to potential customers, it is imperative that we direct concerted efforts towards effectively showcasing the allure and distinctiveness of our hunting and tourist packages. By highlighting the extraordinary experiences and bespoke services embedded within these offerings, we aim to capture the attention of enthusiasts seeking unparalleled adventures in both the hunting and tourism domains.

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-Challenges in Infrastructure Development:

Recognizing the presence of underdeveloped and inadequate infrastructure within the concession though

- Combatting High-Level Poaching:

Acknowledging the pressing need to address and mitigate the prevalent issue of high-level poaching, prioritizing the protection of wildlife. Poaching is usually done at waterpoints during the dry season.

-Alleviating Poverty:

Identifying the urgency to alleviate the high levels of poverty within the communities surrounding the project areas, emphasizing a holistic approach to conservation that incorporates socio-economic well-being.

- Unlocking Unrealized Wildlife Economic Potential:

Emphasizing the untapped economic potential inherent in wildlife and the need to unlock these opportunities for sustainable conservation and economic growth.

- Developing High End Tourist Facilities:

There needs to be constructed 2 camps where 1 will be a permanent high-end tourist facility and 1 semi-permanent tented camp.

- Addressing Encroachment:

Identifying encroachment and illegal mining operations in the concession pose critical challenges that require targeted conservation efforts, with a focus on mitigating environmental degradation.

- Addressing Human Wildlife Conflict:

The dry season is long and water becomes very scarce in the park, many move out of the park to look for water, this creates Human/Wildlife Conflict which makes it very hard to protect wildlife from poachers and retaliatory strikes from farmers. Elephants, Elands, Hippos and Buffalos are the most threatened animals.

- **Occurrence of occasional Wildfires:** though not common but occasionally start from outside the concession. Controlling wildfires in protected areas involves a combination of preventive measures, early detection, and effective firefighting strategies. Here are some key approaches: creating firebreaks – this involves clearing vegetation in designated areas to create a barrier that can slow or stop the spread of a wildfire; surveillance and monitoring: this involves utilizing aerial surveillance, satellite imagery, and ground-based monitoring systems to detect wildfires in their early stages. This allows for a faster response and containment; using technology and innovation by use of drones to monitor the situation etc

By addressing these considerations, NIL aims to create a conservation initiative that extends beyond the traditional boundaries of business, actively contributing to the protection of biodiversity, community welfare, and the sustainable development of the natural environment.

3.1 Infrastructure overview

There is limited infrastructure in the concession currently and the following table summarises the main infrastructure components:

<i>Road Network</i>	All road infrastructure would have to be upgraded substantially to allow smooth tour operations and patrol activities.
<i>Accommodation</i>	There is no accommodation infrastructure that exists in the concession. There needs to be constructed 2 camps where one will be a 12 bed high-end tourist facility and 1 semi-permanent 8 bed tented camp.
<i>Ranger Stations</i>	There is Miguruwe a Sector Headquarter, 20 minutes' drive will be the center. NIL and TAWA will collaborate to allocate and set up a transit camp to cater the ranger operations.
<i>Boundary & fences</i>	Most of the reserve boundary line is boarded by other game reserves. On the East there is the main border of the Selous Game Reserve, Mtepera Village (North-East), Kilwa-North Open Area Hunting Block and Zinga Village (South). Mtepera Village is very near the river and there is a paved road which links to Liwale-Nangulukulu Main road. There are villages and agriculture directly on the boundary and in many cases, this has encroached into the reserve. Agricultural encroachment is widespread and large numbers of livestock graze "illegally" in the reserve as well as illegal mining activities are undertaken on the reserve.
<i>Plant & Equipment</i>	There is no plant & equipment. NIL will procure a plant and equipment consisting of a few hunting land cruisers, a tractor for roads, drones, etc A comprehensive assessment is being done to ensure that all the required plant and equipment required for the effective management of the reserve is put in place through this SWICA.
<i>Other structures & features</i>	There are no other significant structures or features within the reserve.

3.2 Conservation management overview

In the face of neighbouring game reserves and persistent poaching challenges, the feasibility of the project is underscored by the solid presence of key species within the reserve. Despite existing difficulties, the concession holds substantial hunting and conservation value, with the project identifying primary conservation goals being:

- **Optimizing the Concession's Full Potential and Economic Value:** -Building on the reserve's ecological foundation, the project aims to unlock its full economic potential. This involves developing new tourism opportunities, maximizing utilization quotas, and capitalizing on non-consumptive tourism, etc
- **Restoration of the Reserves Integrity:** The primary focus is to restore and maintain the concession's integrity, safeguarding endangered mammals, flora, and fauna. The diverse habitat supports a rich biodiversity, with significant populations of large mammal species and game.
- **Ensuring Security:** Security in the reserve is a key priority, necessitating increased investment in law enforcement resources. This not only safeguards the reserve's ecosystem but also contributes to regional stability, unlocking benefits for human communities through sustainable ecosystem services.



Immediate priorities within the SWICA Agreement will include:

- Infrastructure Development- Establishing essential infrastructure such as a 1 permanent high-end tourist facility with 12 beds and 1 temporary 8 beds for the tented camps, headquarters, staff accommodation block, communication networks, roads, airstrip, and security/ ranger posts and station.
- Wildlife Protection: Collaborating with TAWA to recruit, train, and manage a proficient wildlife rangers force to combat illegal activities such as poaching and mining in the reserve. Continuous training ensures peak efficiency and safety.
- Management Interventions: Initiating interventions to eradicate illegal hunting, poaching, mining, habitat encroachment, and unregulated fires.
- Wildlife Monitoring: Implementing a monitoring and research program to identify species diversity, track movements, and establish a scientific game count for conservation interventions.
- Tourism Development: Attracting high end tourists and investment to create a world-class eco-tourism facility, providing unique conservation experiences for high-end tourists.
- Community Engagement: Strengthening community engagement, gaining support for a socio-economic baseline, and addressing opportunities and challenges in surrounding communities.
- Community Development: Establishing a community development program to enhance the livelihoods of residents near the reserve.

3.3 Law Enforcement overview

The below outlines the current situation in relation to Law Enforcement, comparing it with the envisioned state.

Capacity Building and Training:

The current teams face a deficiency in comprehensive training, lacking proficiency in tactical, medical, and operational management aspects. It is crucial to conduct regular training sessions to prevent a deterioration of skills.

To address this gap, a comprehensive training program will be implemented to sharpen the skills of the skilled NIL employed rangers/game scouts. This program includes basic field ranger training, supplemented by advanced modules covering medical procedures, communications strategies, and management skills.

Moreover, it is mandatory for basic field rangers to undergo annual refresher training, ensuring the sustained proficiency of their core skills. Specialized individuals in roles such as medic, communications, and management will also partake in regular refresher training, thereby guaranteeing continuous competence in their respective capacities.

The proposed Law Enforcement initiative encompasses various key components:

Patrol Vehicles:

To bolster law enforcement capabilities, acquiring a fleet of at least 1 dedicated 4x4 vehicle is essential for the Field Law Enforcement Patrol and ranger teams. These vehicles will facilitate swift response and security deployments. Furthermore, each ranger requires essential medical equipment, including first aid kits and tourniquets, while a centralized medical package for vehicles and the operations room is also necessary. Upgrading providing new equipment for rangers is part of the essential enhancements.

Communications Equipment:

The plan involves establishing a new repeater station at the proposed headquarters and developing reporting procedures. The creation of new Standard Operating Procedures is imperative to foster regional relationships with law enforcement agencies.

Anti-poaching/Patrol Unit:

Set up a transit camp/fly camp within the Reserve that will operate hand in hand with the Miguruwe Ranger Station.

Operations:

NIL will collaborate with Miguruwe Ranger station. The establishment of a dedicated Operations room for anti-poaching operations at the new headquarters is vital. This operations room will integrate SMART technology, Integration of Earth Ranger into a central Ops room at the project's onset is planned.

Ranger Force:

A comprehensive assessment, in collaboration with TAWA, will determine the need for a ranger force. Ideally, a force of 8 rangers is anticipated to account for rotations and leave. These will work with Rangers from Miguruwe.

Planned Law Enforcement Strategy:

The Law Enforcement Strategy delineates five key capabilities:

1. Protection: Ensuring effective protection and enforcement to mitigate negative impacts.
2. Training and Mentorship: Ongoing development of skills across various domains, including first aid, patrol techniques, and communication.
3. Connectivity and Technology: Establishment of a robust communications network and integration of technology solutions.
4. Community Engagement: Building strong relations with local communities to integrate local skills and knowledge.
5. Inter-organizational Cooperation: Ensuring coordinated enforcement interventions with TAWA and other entities.

High Level Needs:

	SELOUS GAME RESERVE MT2
Law Enforcement Personal	8 NIL rangers and 25 staff (excluding management)
Training & Capacity Development	<ul style="list-style-type: none"> ● Basic Field Ranger Training Course ● Earth Ranger Training Course ● Advanced medical training

Vehicles	4 modified Land Cruisers (1 for antipoaching 3 for operations), 1 tractor and trailer, road maintenance equipment (grader), 1 4x4 truck (5-7tons)
Infrastructure	12 bed permanent high end bed tourist facility 8 bed semi-permanent tented camps 1 airstrip
Communications Network/Connectivity	VHF digital radio network with associated repeaters Satellite internet connectivity

Law Enforcement Personnel Recruitment:

We propose the recruitment of a highly trained and well-equipped team consisting of 8 rangers from NIL and TAWA Game Scouts. To ensure optimal safety, effectiveness, and adherence to standards, joint patrols will be conducted with a ratio of 4 NIL rangers to 2 TAWA game scouts per patrol. This strategic collaboration aims to enhance the capacity for arresting suspects and safeguarding the designated areas.

To maximize the footprint of our presence, the law enforcement team will be organized into 6-man patrol sections. These sections will engage in a combination of vehicles and extended foot patrols, ensuring a proactive approach to wildlife conservation and protection.

Training and Capacity Development: Aligned with TAWA's mandate, training will be conducted at both individual and organizational levels. All rangers will undergo comprehensive training and certification in basic field ranger core skills. Continuous development will be ensured through advanced training interventions, enhancing operational effectiveness and overall competency. The training approach will prioritize a Human Rights-based perspective, with all staff fully briefed on human rights compliance and standards.

Community Engagement and Development Plan:

Recognizing the importance of community involvement, we propose the establishment of a formal Community Engagement Forum and the implementation of a comprehensive Community Development Plan. Key activities include:

1. Establishment of a project-funded community engagement team, led by a local resident well-versed in the community's culture.
2. Direct engagement with all communities surrounding the reserve, including formal and informal structures, leaders, and stakeholders.
3. Formation of structured community entities to represent voices and needs, supported by a detailed socio-economic survey.
4. Reviewing the Land Use Plan for the Reserve and its surroundings, with zoning agreements involving all relevant parties.
5. Implementation of community projects funded by the project, focusing on wildlife economy education, cooperation building, livestock grazing protocols, fire management plans, and sustainable value chains.

Employment and Succession Plan: The project aims to create approximately 40 jobs within the core reserve jobs from potential tourism developments. This employment will have a

multiplier effect, supporting 200 family members in the immediate region. An Employment and Succession Plan will be developed in line with the Employment and Labour Relations Act, 2004.

The Investment Agreement structure will contribute to Pay as you earn taxes, SDL, and attract Foreign Direct Investment (FDI), and generate new income through tourism activities. Procurement strategies will prioritize local suppliers, supporting the country's local content requirements.

The local content Plan shall be as follows:

Item	Year 1 to 5	Year 6 to 10	Year 11 to 20
Procurement of Goods and services	40% to 59 %	60% to 70%	71% to 90%
Personal recruitment and training			
(a) Management staff	30% to 49%	50% to 69%	70% to 90%
(b) Technical staff	30% to 49%	50% to 69%	70% to 80%
(c) Other staff	80%	90%	100%

Other Socio-economic Interventions: The community engagement and development portfolio will include support for education, healthcare, and water, sanitation, and hygiene services in surrounding communities. Various enterprises, identified through a socio-economic survey, will be actively developed to stimulate economic growth.

4.0 Commercial Overview of the Project

In the contemporary approach, the success of preservation efforts hinges on a paradigm shift towards a concession scale approach. This approach transcends the limitations of focusing solely on individual species or habitats, extending its purview to encompass entire ecosystems. It is imperative that conservation initiatives contribute tangible economic and social benefits to local, regional, and national communities. Our co-management of the concession presents an unparalleled opportunity to pioneer such a transformative conservation intervention.

4.1 Foundations of the Commercial Plan for the Concession: Co- management/ Investment Agreement

The primary objective is to secure a robust 20-year investment approval through the SWICA model, followed by a co-management investment agreement. This strategic move aims to ensure the long-term security of the reserve and its immediate surroundings. Regional stability will be fostered, safeguarding ecosystem functionality and unlocking the full potential of benefits for human communities through sustainable ecosystem services.

4.2 Tourism Facility Development:

A phased approach will be adopted, beginning with the establishment of a luxury high-end 12beds permanent bed tourist facility, 8 bed mobile-style camp during the exploration and

assessment phase. Subsequently, a detailed Tourism Development Plan will be formulated based on observed opportunities. The plan is to maximize income generation.

4.3 Community Enterprises:

Our strategy involves the development of scalable community enterprises, encompassing livestock and agricultural farming in adjacent communities. These enterprises will be meticulously aligned with the conservation management plan to ensure a harmonious balance between economic viability and environmental preservation.

4.4 Enhanced Consumptive and Non-Consumptive Wildlife Utilization:

A targeted expansion of the consumptive utilization components of the project is envisaged. This includes optimizing the annual quota and introducing added activities to enhance the overall value of each trip, thereby increasing revenue streams.

The financial analysis for NIL is grounded in our extensive expertise and experience within the hunting industry. We aim to consistently provide hunting services within the designated hunting seasons throughout our operational tenure.

This proposal pertains to the operation within the MT2 Concession which is renowned for its ecological richness, promising heightened allure for hunting tourists seeking exotic game viewing experiences.

This analysis indicated herein on NIL's prospective operations, with the inaugural year serving as the benchmark scenario. We envision the Selous MT2 Concession as an ideal locale to offer a diverse array of species, services, and memorable experiences to our clientele.

Furthermore, NIL is committed to expanding our offerings to encompass **non-consumptive wildlife utilization** through tourism services such as game viewing, walking safaris, and photography during non-hunting periods within this hunting block category. This strategic diversification not only enriches tourism activities but also augments revenue streams for both governmental entities and investors, fostering sustainable growth and mutual benefit.

5.0 Key threats & opportunities of the Game Reserve (SWOT Analysis)

Strengths:

- **Strong Government Commitment:**

Both TAWA and the Tanzanian Government are dedicated to the professional management and protection of designated conservation areas.

- **Biodiversity and Scenic Beauty:**

The reserve possesses a robust foundation of biodiversity and scenic splendour, featuring extensive wilderness expanses.

- **Key Species Population:**

A strong population of key species provides a solid foundation for restoration through effective conservation management practices.

Tanzania being a tourism top destination: The tourism industry has demonstrated interest in exploring this formerly inaccessible frontier.

Conducive Road Network: The reserve benefits from a well-established road network.

Weaknesses:

Seasonal Tourism Access to the concession:

The current challenge faced by our operation is the restricted tourism access due to substantial rainfall, confining the viable season to a brief period. This impediment underscores the importance of strategic road investments to effectively mitigate this constraint and extend the operational duration to approximately 4-5 months annually.

Human Settlement Impact: Densely populated human settlements surrounding the reserve contribute to heightened poaching activities, with a significant reliance on the reserve's natural resources.

Historical Poaching: The area has a historical notoriety as a focal point for elephant poaching, impacting both tourism appeal and ecosystem management in decline in wild animal species.

Unlawful Mining Activities: Unlawful mining activities are being carried out within the boundaries of the reserve.

OPPORTUNITIES:

Conservation Management: With effective conservation management, animal numbers can increase, creating a compelling wildlife product.

Tourism Development: Upon, allocation and utilizing the block full potential, There is a significant opportunity to scale and develop more tourism enterprises.

Potential Block Size: The expansive Block size provides opportunities for restoration, community development, livelihood interventions, and effective biodiversity and conservation management.

Threats:

Persistent Poaching: Poaching remains a significant threat, driven by prevailing poverty in the surrounding region and the reserve's proximity to densely populated communities.

Unregulated Livestock Grazing: Challenges arise from unregulated livestock grazing, impacting the ecological balance of the reserve.

Wildfires: Concerns arise from the occurrence of wildfires, posing a threat to the reserve's ecosystem.

Agricultural Encroachment: There is a risk of unrestricted agricultural encroachment into the reserve, potentially impacting its integrity.

Historical Insecurity: The historical prevalence of poaching and overall insecurity in the region compounds conservation challenges.



6.0 STRATEGIC VISION FOR THE SELOUS GAME RESERVE MT2

Upon the approval of the SWICA application, the project will initiate the development of a comprehensive Business Plan with over **USD 20,000,000.00** investment spanning a 20-year horizon, subject to annual updates to accommodate evolving circumstances. Each update will be crafted within the context of a steadfast long-term vision for the Selous Game Reserve MT2.

In alignment with this vision, the overarching objective is to restore and meticulously manage the reserve as a habitat conducive will be done in conjunction with TAWA and NIL game scouts.

The envisioned reserve is strategically designed to sustainably support various enterprises, including eco-tourism, community ventures, consumptive utilization initiatives, and carbon credit sales. It is envisioned as a lasting legacy of stewardship, delivering tangible and demonstrable impacts on biodiversity rehabilitation and conservation. The reserve is dedicated to facilitating sustainable natural resource utilization, contributing significantly to the economic prosperity of Tanzania and its neighboring communities.

7.0 KEY OBJECTIVES & STRATEGIES

This chapter will detail the key objectives and set out the envisaged strategies to achieve them.

7.1 Co-Management Investment Arrangement, Human Resource and Infrastructure

Co-Management Investment Arrangement:

This application is submitted on an unsolicited basis to secure a SWICA Investment agreement, fostering a collaborative partnership between TAWA and NIL. The objective is to ensure the joint execution of the Project in alignment with the outlined business plan.

Human Resources and Recruitment

The Operations team is envisioned as a dedicated, full-time unit, acting as the primary implementation force within the reserve. Team members will reside in the reserve, with a rotational leave system in place. All human resource and recruitment practices will adhere to full **local content** requirements, and a succession plan will be prepared in accordance with Employment and Labour laws.

- In adherence to Tanzanian laws promoting indigenous participation, NIL has surpassed minimum requirements by incorporating Tanzanian nationals as shareholders and senior management.

7.2 Infrastructure Conservation Management

The overall objective is to provide the forecast of necessary infrastructure, plant & equipment to support the proper functioning of the concession:

- **Development of Essential Infrastructure:**

Our proposal encompasses the meticulous development of vital infrastructure, plant, and equipment essential for the efficient operation and maintenance of the Reserve. Key components of this initiative include the establishment of new ranger facilities, a headquarters facility, phased accommodation for the expanding team, and a communications tower. We are committed to ensuring the ongoing maintenance of all infrastructure, with a focus on timely renovations where necessary.

- **Road Network Development and Maintenance:**

To enhance conservation management, tourism, and frontline protection of the Reserve, we propose the development and maintenance of a comprehensive road network. This includes the creation of essential management roads, featuring a main spinal road designed for year-round accessibility. Additionally, we plan to expand the network to include tourism access roads and loop roads strategically placed in optimal game viewing areas. Signage installation will be a crucial aspect of this initiative.

- **Tourism Infrastructure Installation:**

In alignment with the anticipated growth in tourism, our proposal outlines the development of the first high end tourist facility, complete with access roads and tracks. We also aim to establish the inaugural mobile tourism camps, as detailed in the tourism section of this proposal.

- **Equipment Management for Optimal Productivity:**

To ensure minimal wastage and maximal productivity, we will implement a robust system for managing fuel consumption, overseeing the vehicle fleet, hiring equipment as needed, and instituting an effective replacement system. This comprehensive approach will contribute to the seamless operation of equipment, enhancing overall efficiency.

Our commitment is grounded in a holistic vision for the Reserve's infrastructure, fostering sustainable growth, conservation, and an unparalleled experience for both visitors and the dedicated team managing this unique environment.

7.3 Conservation Management

The Reserve is marked by significant conservation value and aligns with our robust long-term business plan aimed at ensuring sustainability. The primary conservation management objectives are framed to restore biodiversity, including the potential revival of locally extinct species, while meticulously balancing quota considerations.

Core Objectives and Strategies

- Enforce rigorous fire management controls.
- Institute a comprehensive game count program.
- Utilize counts and camera traps to monitor key collared and general species.
- Undertake Environmental Impact Assessments (EIA) as required by law.

Assessment of the High Human-Wildlife Conflict Areas:

- Conduct a thorough assessment of the reserve's boundary and identified high conflict areas
- Determine the viability of installing short sections of electric fencing to mitigate and manage human-wildlife conflicts, including conflicts with cattle and livestock.

7.4 Law Enforcement

Objective

The overarching goal of the law enforcement plan is to establish an anti-poaching presence sufficient to protect the existing fauna and flora of the Reserve and its periphery. Effective law enforcement not only safeguards the environment but also contributes to regional security in neighbouring communities.

Core Objectives and Strategies:

- **Frontline Protection:**
 - Establish a well-trained law enforcement team with global best practice Standard Operating Procedures (SOPs) and fit-for-purpose equipment.
 - Deploy a team of 8 efficient rangers equipped for effective field operations.
 - Enhance reporting, planning, and intelligence through the development of an operations room and disciplined data collection management.
 - Collaborate with local security, police, and defense forces.
 - Liaise with regional security forces for coordinated activities within and outside the reserve's boundary.

7.5 Community Engagement

Objective:

Shifting communities standard of living is pivotal for demonstrating that conservation adds tangible value and opportunities to the surrounding areas. The primary goal is to garner support for continued conservation amidst competing land uses.

Core Objectives and Strategies:

- **Communication and Engagement:**
 - Employ a well-staffed community and government liaison team.
 - Foster strong relationships with the community and local stakeholders.

- **Reducing Human-Wildlife Conflict:**
 - Minimize the risk of dangerous wildlife encroaching into communal areas.
 - Establish a wildlife economy to provide tangible benefits to the local community.

- **Empowering Communities through Wildlife and Tourism Activities:**
 - Emphasize local employment and procurement from the surrounding communities
 - Develop local tourism skills, including community guides, village game scouts
 - Investigate models for expanding the flow of benefits to community produce

- **Supporting Alternative Livelihood and Environmental Projects:**
 - Develop community-based enterprises, initially focusing on honey and livestock.
 - Prioritize capacity building and training in business and trade skills.
 - Formulate comprehensive livelihood interventions

- **Awareness and Education:**
 - Increase community awareness through local engagements, communication, media (including social media), and sports events.
 - Implement an environmental education and programs

7.6 Commercial Strategy**Objective:**

The overarching goal of the commercial pillar is to establish sustainable revenue-generating activities within and around the Reserve, mitigating operational costs and reducing reliance on donor funding. Potential revenue streams encompass tourism entry fees, income from tourism operations, concession fees, hunting revenues, and the commercial scaling of community enterprises.

Core Objectives and Strategies

- **Tourism Development and Facility Establishment:**
 - Develop a comprehensive Tourism Development Plan for the reserve.
 - Establish tourism facilities within the reserve to enhance tourism numbers and related income.
 - Develop a diversified portfolio of tourism products within the Reserve.

- **Scaling Community Enterprises:**

- Increase the scale of community enterprises where feasible to ensure their profitability.
- Focus on providing alternative livelihoods through the sustainable growth of community enterprises.

- **Optimization of Hunting Quota:**

- Maximize revenue from hunting concessions in line with mutually agreed zoning, recognizing the dynamic nature of local conditions.
- Utilize the full hunting quota to optimize revenue and contribute to conservation efforts.

7.7 Environmental Impact Assessment (EIA)

Overview:

In the conservation context, the Environmental Impact Assessment (EIA) presents overwhelmingly positive outcomes. The scope of the EIA covers all nine major tasks outlined in the SWICA application, including community and district development support, wildlife conservation support, lodge and camp facility construction and operation, road infrastructure development/improvement, and airstrip establishment and management.

Key Aspects and Strategies:

- **Positive Community and District Development:**

- Implement initiatives supporting community and district development, enhancing the local economy.
- Contribute to increased household incomes and a reduction in the unemployment rate.

- **Wildlife Conservation Support:**

- Provide crucial support for wildlife conservation efforts.
- Implement measures to reduce poaching activities within the Reserve.

- **Infrastructure Development:**

- Construct and operate facilities such as lodges and camps.
- Develop and improve road infrastructure within the Reserve.

- **Airstrip upgrade and Management:**

- Upgrade and manage an airstrip to facilitate tourism and operational needs.
- Engage an EIA expert to assess the ecological impact of these proposed developments.

The combined effects of these investments are expected to contribute significantly to improved environmental conservation, enhanced biodiversity, and habitat preservation. This holistic approach aims to elevate the ecological value of the Reserve, fostering a positive impact on both the local community and the natural environment.

8.0 FINANCIAL OVERVIEW

As intimated earlier, this proposal is presented by Neon Investment Limited (NIL) for the Selous Game Reserve MT2 SWICA application, in objective is to secure the Reserve for a 20-year period through a strategic partnership with TAWA.

SWICA Designation Criteria:

Notably, not all areas in game reserves can be designated as SWICA. To qualify, the intended area must facilitate wider options for clients, enable innovative tourism investments, grant concessions with exit clauses, develop and market tourism products, maintain protected area quality, utilize capital for infrastructure, enhance conservation and socio-economic benefits, generate substantial revenue, and offer sustainable wildlife utilization.

Capital Requirements:

To be eligible for the concession award, the Applicant must meet minimum investment capital requirement of not less than \$ 20 million, the applicant must demonstrate a high capability to support wildlife conservation efforts and provide security for the SWICA Contract performance.

Proposed Tenure of Contract:

The present proposal is for 20 years (renewable) aligns with this statutory tenure committing to the required financial and performance security.

Commitments by Neon Investment Limited:

NIL commits to the financial requirements, including application fees, bank guarantees, and the minimum investment of \$10 million over the 20-year mandate. The annual fees, royalties, taxes, and other financial obligations are pledged. This commitment is supported by a comprehensive plan to maximize consumptive and non-consumptive activities, optimize hunting quotas, and engage in various operational initiatives.

Operational Matters:

Operational plans encompass management, law enforcement, community engagement, and commercial development. A detailed Management Plan, Law Enforcement Plan, Community Engagement Plan, and Commercial Development Plan are outlined. Emphasis is placed on maximizing consumptive hunting quotas and implementing Monitoring and Evaluation strategies that shall be put in Place by TAWA.

Our Rationale for SWICA Grant:

The proposal asserts that a long-term SWICA tenure of 20 years is essential for financial viability, enabling substantial investments and development of a self-sustaining tourism model. The focus on consumptive alongside non-consumptive tourism aims to increase visitor arrivals, achieving critical mass for self-sustaining operations. The model is considered vital to the national interest, providing a prototype economic model for replication in other regions.

8.1 FINANCIAL IMPLICATIONS:

NIS, qualifying as a local company under the law, seeks approval for the application to engage in the Special Wildlife Investment Concession Area (SWICA). Upon approval, this will establish

a 20-year SWICA Investment Agreement and the financial commitments associated with this Project include:

- *Minimum Investment under the law: USD 10,000,000 whereas NIL projects to Invest over USD 20,000,000*
- *Bank Guarantee: 10% of the investment value upon approval (\$2 million USD)*
- *Application Fee: \$10,000*
- *Annual Rental Fee: \$250,000 (Average) summing up to USD 5,000,000*
- *Annual Royalty Fee: 4% of all generated income in the first 5 years (of gross revenues net of VAT)*
- *Annual Royalty Fee: 8% of all generated income from year 6 onwards (of gross revenues net of VAT)*
- *Contribution towards Community development: USD 287,5000*
- *Contribution to Wildlife Conservation (Protection) : USD 605,000*
- *Research and Development: USD 200,000.00*

8.2 Community Support and Engagement Commitment and Funding Strategy:

In execution of the Project, NIL commits to spend not less than **USD 287,500** for community support during the tenure of the Contract.

The 20-Year Community Support and Engagement Plan for Selous Game Reserve MT 2 Concession at the tune of not less than USD 287,5000 which shall implement the following:

1. Education and Awareness Programs (Year 1-3)

- Establish educational initiatives in nearby schools to raise awareness about conservation and wildlife protection.
- Conduct regular workshops and seminars for local community members on sustainable living practices and the importance of preserving natural resources.

2. Healthcare Infrastructure (Years 4 -5)

- Build or upgrade healthcare facilities in nearby villages to improve access to medical services for community members.
- Provide training for healthcare workers and supply necessary medical equipment.

3. Livelihood Support Projects (Years 6-8)

- Implement income-generating projects such as eco-friendly crafts, agriculture, or ecotourism-related ventures to provide sustainable livelihoods for local residents.
- Provide training, resources, and mentorship to community members to develop these projects.

4. Community Empowerment and Capacity Building (Years 8-10)

- Establish community-led conservation committees to actively involve local residents in decision-making processes related to conservation efforts.
- Provide training on sustainable resource management, ecotourism guiding, and entrepreneurship.

5. Infrastructure Development (Years 11-13)

- Invest in infrastructure projects such as clean water supply systems, renewable energy solutions, and road improvements to enhance the quality of life for surrounding communities.
- Collaborate with local authorities and organizations to ensure the sustainability of these projects.

6. Cultural Preservation and Heritage Promotion (Years 12-15)

- Support cultural preservation initiatives, including traditional dance, music, and crafts, to celebrate and preserve the rich cultural heritage of the local communities.
- Organize cultural festivals and events to promote intercultural exchange and appreciation.

7. Youth Development Programs (Years 16-18)

- Establish youth empowerment programs focusing on leadership development, education scholarships, and vocational training opportunities.
- Encourage youth participation in conservation activities and community development projects.

8. Sustainable Tourism Training and Employment (Years 18-20)

- Provide training for local residents in hospitality, tour guiding, and ecotourism management to create employment opportunities within the tourism sector.
- Collaborate with tour operators and lodges to facilitate job placements for trained individuals.

8.3 WILDLIFE PROTECTION:

NIL commits to spend not less than **\$605,000.00** for wildlife protection activities within the concession area during the tenure of the SWICA.

This comprehensive community support and engagement plus wildlife protection plan aims to foster positive relationships between the Selous Game Reserve MT 2 Concession and surrounding communities while promoting sustainable development and conservation practices.

The contribution shall be done as follows:

- **Year 1 = USD 13,000 with an annual escalation of USD 2,000 from year 2 to year 10 (USD 31,000 by year 10)**
- **Year 11 to 15 = USD 36,000 annually**
- **Year 16 to 20 = USD 41,000**

8.4 TOTAL INVESTMENT COMMITMENT

1. Application Fee, Bank Guarantee, and Investment Commitment Fee:

- NIS will fund all required application fees for the SWICA.
- NIS will issue a bank guarantee to TAWA for \$2,000,000 as stipulated.
- Over the 20-year mandate period, NIS commits to meeting the minimum investment requirement of **\$10,000,000 by projecting to invest over \$20,000,000.000**

2. Ongoing Financial Commitments:

NIS further commits to covering the following annual fees and charges:

- **Annual rental fee of \$250,000 to TAWA (summing up to \$5,000,000) over 20 years**
- **Annual Rental Fee: \$250,000 (Average) summing up to USD 5,000,000**

- **Annual Royalty Fee: 4% of all generated income in the first 5 years (of gross revenues net of VAT)**
- **Annual Royalty Fee: 8% of all generated income from year 6 onwards (of gross revenues net of VAT)**
- **Contribution towards Community development: USD 287,5000**
- **Contribution to Wildlife Conservation (Protection): USD 605,000**
- **Research and Development: USD 200,000.00**
- **Game fees, hunting permits, and conservation fees**
- **Observer fees, fees, and professional hunter licenses**
- **Corporate tax, VAT, PAYE, skill and development levy**
- **Professional hunter income tax, withholding taxes, and Tourism Development Levy**

Expected Income:

NIL plans to maximize the consumptive hunting quota and non-consumptive tourism, aiming to attract high-end clients and initiate new investments.

Expected income from consumptive tourism shall be as indicated in the financial projections (assumptions) attached to this Business Plan whereas as for Non-consumptive tourism, NIL projects revenue of USD 1,666,000 from (photographic safaris).

Monitoring and Evaluation:

NIS is dedicated to setting a track record of sustainable tourism, community engagement, and local economic growth. To achieve this, an M&E plan will be developed, facilitating an annual performance review aligned with concession performance and TAWA guidelines. This strategic approach ensures transparency, accountability, and the continual success of the investment project. NIL shall allocate USD 200,000 for the 20 years project life).

9.0 CONCLUSION

This endeavor is poised to receive robust financial backing from our Directors and esteemed Partners, with a primary goal of securing the concession for an initial thirty-year term, subject to the possibility of renewal.

The collaborative effort is firmly committed to adhering to the guidelines and thresholds set forth by the Selous Wildlife Investment and Concession Agreement (SWICA), with the ultimate aim of initiating a transformative project for the preservation of Tanzania's wildlife and the concurrent stimulation of economic development.

In conclusion, we earnestly seek the favorable consideration of the Tanzania Wildlife Authority for our investment proposal. This collaborative venture between Neon Investment Limited and TAWA is intricately aligned with President Samia Suluhu Hassan's strategic vision to boost tourism and elevate the national GDP.

By securing the Selous Game Reserve MT2 under the comprehensive framework of SWICA, our initiative not only champions the principles of wildlife conservation but also signifies Tanzania's unwavering commitment to becoming a preeminent destination for sustainable and responsible tourism.

We firmly believe that this strategic partnership, characterized by meticulous plans for community engagement, conservation management, and commercial development, will make significant contributions to the President's overarching objectives of augmenting the tourism sector's impact on the national economy.

We place our trust in TAWA's endorsement of this proposal, anticipating that it will mark a substantial stride towards realizing President Samia Suluhu Hassan's vision for a thriving and sustainable tourism industry in Tanzania.