



# IFC Hotel Investments – Delivering Development Impact in Africa

**Washington, D.C. November 1, 2011**—IFC, the world's largest development institution focused exclusively on the private sector and a member of the World Bank Group, has invested more than \$2.5 billion in hotels since 1956.

Of the 250 hotel projects IFC has invested in worldwide, about half were located in the poorest developing countries. Currently, IFC has 68 active hotel projects in 29 countries with 19 located in Sub-Saharan Africa.

In 2007, a World Bank study looked at two large hotels (one four-star and one five-star, both operated by Sun International) in Livingstone, Zambia and concluded that the 380 rooms directly employed 840 (2.2 per room), were responsible for 60,000 tourists coming to Zambia in 2006, provided the government \$8 million in direct revenue from taxes, visa fees, and park fees, and spent \$4 million in the local economy. That \$4 million generated another 400 jobs, of which over 300 went to women, and paid for nearly 1,000 children to attend school.



While the direct benefits from hotels are easier to measure, indirect benefits are key. They include payments made by the hotel to governments for taxes, licenses, and utilities; increased foreign exchange earnings; payments to suppliers of goods and services to the hotel; impact of hotel employee salaries and benefits on the local economy; and non-hotel spending by guests on transport, retail, food, entertainment, and so on which support a wide range of economic activities.

## Examples of Active Hotel Projects in Sub-Saharan Africa

In Africa, IFC's high-end hotel investments are creating an average of 1.5 to 3 jobs for each hotel room and have a major multiplier effect on local economies. Because they provide better quality service and facilities than more basic hotels, four- and five-star hotels generally employ more people than other types of tourist accommodations and contribute more to tax revenues and foreign exchange earnings.

Tourism Promotion Services, an organization of the Aga Khan Fund for Economic Development operating under the brand name of Serena Hotels is an example of IFC helping an emerging hotel chain work across borders. Over 40 years, IFC has invested in Serena Hotels in Uganda, Kenya, Tanzania, and Rwanda (as well as in Afghanistan, Pakistan, and Tajikistan).

Besides investing in and helping to rebuild some post-conflict economies, Serena works closely with local communities to develop skills for the hotel sector, providing extensive training and a strong 'promote from within culture.' The company maximizes linkages with local suppliers for ongoing operations and is developing unique safari lodges and related services throughout East Africa.

IFC financing and technical assistance is revitalizing the hotel industry in post-conflict Rwanda. Aside from the Serena Hotel, IFC has invested in the refurbishment and renovation of the existing historic Hotel des Mille Collines ("Hotel Rwanda" of movie fame).

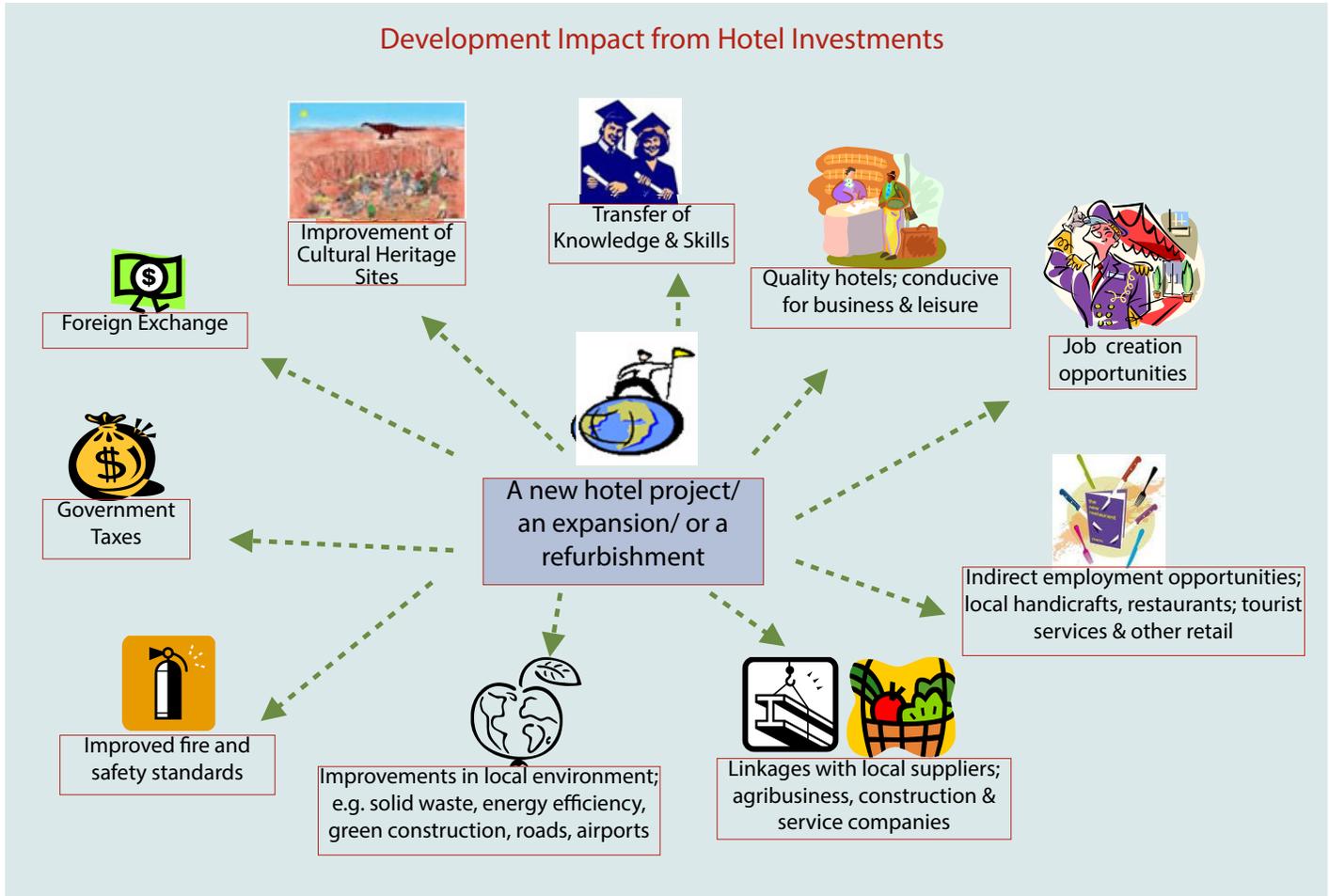
The IFC-supported Radisson Dakar – Teylium in Senegal is boosting business and tourism and improving Dakar's competitiveness as a domestic and regional commercial hub.

As the middle class expands in Nigeria, Moorehouse Properties Limited is developing a chain of budget hotels (the Ibis and Travelhouse brands) to primarily support price-conscious domestic travelers.

## IFC and Hotels

Hotels can have a significantly higher development impact when compared to other industry groups. This impact is evident in direct and indirect jobs, income generation, a variety of taxes, and public good dimensions, such as, encouraging infrastructure development, enhancing the image of a country, and contributing to environmental conservation.

As well as putting money into local economies, IFC's support for hotel investments can have a catalytic effect on boosting a country's tourism sector and contributing to its economic diversification and sustainable growth. Some of the direct and indirect benefits from hotel investments, including some public good dimensions are evident in the chart below:



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