



# USAID | MOZAMBIQUE

FROM THE AMERICAN PEOPLE

## TRADE AND INVESTMENT PROGRAM

# TOURISM ACTIVITY APPROVAL DOCUMENT

### FISCAL YEARS 2005-2007





TRADE AND INVESTMENT PROGRAM

**TOURISM ACTIVITY  
APPROVAL DOCUMENT**  
FISCAL YEARS 2005-2007

# CONTENTS

<b>I.</b>	<b>EXECUTIVE SUMMARY</b> .....	<b>1</b>
	A. Statement of the Problem .....	1
	B. Summary of the Project.....	1
<b>II.</b>	<b>THE PROJECT</b> .....	<b>3</b>
	A. Background .....	3
	B. Link To Strategic Plan & Results Framework .....	4
	C. Detailed Program Description .....	4
<b>III.</b>	<b>INSTITUTIONAL ARRANGEMENTS AND FRAMEWORK FOR IMPLEMENTATION</b> .....	<b>19</b>
<b>IV.</b>	<b>RISK AND SUSTAINABILITY ANALYSIS</b> .....	<b>21</b>
<b>V.</b>	<b>LINKAGES TO OTHER SOs</b> .....	<b>23</b>
<b>VI.</b>	<b>OTHER DONORS AND DONOR COORDINATION</b> .....	<b>24</b>
<b>VII.</b>	<b>RESULTS</b> .....	<b>26</b>
<b>VIII.</b>	<b>PERFORMANCE MONITORING PLAN</b> .....	<b>29</b>
<b>IX.</b>	<b>PROGRAM ANALYSES</b> .....	<b>31</b>
	A. Technical Analysis .....	31
	B. Economic Analysis .....	33
	C. Gender Analysis .....	36
	D. Environmental Compliance.....	39
	E. Biodiversity .....	40
<b>X.</b>	<b>SO TEAM MANAGEMENT OF IR3</b> .....	<b>42</b>
<b>XI.</b>	<b>SUMMARY PROCUREMENT</b> .....	<b>43</b>
<b>XII.</b>	<b>FINANCIAL PLAN</b> .....	<b>44</b>
	<b>ANNEX 1: Work plan and Timeframe for Project Activities</b> .....	<b>45</b>
	<b>ANNEX 2: IEE</b> .....	<b>48</b>
	<b>ANNEX 3: Tourism Value Chain and On-trip Value Chain</b> .....	<b>66</b>
	<b>ANNEX 4: Key Markets Identified In Mozambique Government Tourism Strategy</b> .....	<b>67</b>
	<b>ANNEX 5: Proposed Policy Interventions</b> .....	<b>68</b>
	<b>ANNEX 6: The International Technical Assistance Project of the U.S. Department of the Interior</b> .....	<b>69</b>

# I. EXECUTIVE SUMMARY

## A. STATEMENT OF THE PROBLEM

Since 1993, Mozambique's macroeconomic growth has been impressive. Real GDP growth was 7.2 percent in 2004, while GDP per capita grew at an average of 8% over the last decade. Annual inflation decreased from over 54% in 1995 to 13.5% in 2003 and 9.1% in 2004. Likewise, literacy and school enrollment have all recorded significant increases. Despite these achievements, Mozambique remains one of the poorest countries in the world. Per capita income in 2004 was \$320. The economy remains largely dependent on donor funding, a weak smallholder agricultural sector, and a manufacturing and trade sector that are faced with many structural problems. Mozambique ranks low in competitiveness, placing 93 out of 102 countries in the World Economic Forum's 2004 Competitiveness Index. Overall, Mozambique's business environment discourages labor-intensive growth and the establishment of formal sector small and medium-sized enterprises. This situation is further worsened by disproportionately high costs of entry and operation in the domestic market. It is not a surprise then that the formal sector remains very small with one of the lowest labor participation rates in the world—5% (500,000 out of a workforce of 10.0 million).

The plethora and richness of Mozambique's cultural, historic and natural attractions, especially in the northern provinces of Cabo Delgado, Nampula and Niassa, make tourism a tradable sector in which Mozambique potentially has a comparative advantage. It is also a sector in which it can develop international competitiveness. Developing tourism into a major industry therefore remains one of the best options for exports, economic growth, and labor intensive job creation in the Mozambican economy.

The development challenge is therefore to create an investor friendly environment and an internationally competitive tourism industry in Mozambique based on its historic, cultural and natural resources. To enhance competitiveness and sustain economic growth, Mozambique must transform tourism into a major sector that: (i) creates increasing opportunities for employment; (ii) attracts large private investments and partnerships; (iii) contributes significantly to rural development and diversification, poverty alleviation, community enrichment and empowerment, particularly of women, and (iv) preserves the environment that sustains the industry.

## B. SUMMARY OF THE PROJECT

Within the context of USAID's Strategic Objective 7 there are three intermediate results: IR1—increased market access; IR2—improved enabling environment; and IR3—capacity of labor-intensive enterprises increased. The tourism program will

contribute to all three of these Intermediate Results, although the primary link is with IR3.

IR 1 – Increased Market Access. This IR aims to increase appreciation in Mozambique of the benefits of openness, especially for an economy with a very small domestic market (about twice the size of Peoria, Illinois, population 108,364). In addition, it aims to deepen (or, in many cases, create) an awareness in government that successful exports are the cornerstone of growth, poverty reduction and, eventually, prosperity.

IR 2 – Improved Enabling Environment. Through a grant to an umbrella private sector association, CTA, and long and short-term technical assistance, this IR works with the Mission’s Trade and Investment Program (IR1 and IR2) to relax constraints in the policy and legal environment. This program will contribute to IR2 by enhancing access and title to land and property for tourism investments; assuring competitive air access to key destinations in northern Mozambique; removing bottlenecks to building conservation in historic townships and cities; improving the concessioning regime relating to hunting and facility development; removing unnecessary and punitive licensing and regulatory controls over tourism businesses; and encouraging the tourism trade and associations to establish self regulatory mechanisms that assure international standards and quality service delivery.

IR3—capacity of labor-intensive enterprises increased. The Tourism Program, within IR3, has as its goals:

(1) To generate measurable economic benefits through job creation and investment;

(2) To demonstrate positive effects of economic liberalization.

The project focuses on increasing tourism arrivals and expenditure through the promotion of a Northern Mozambique tourism product; attracting investments and creating jobs, building the capacity of local service providers to respond to this expected growth while expanding the quantity and quality of the tourism services and products provided; and preserving the environment. The results of these activities as a whole will be quantified through the following indicators: number of jobs created; amount of new investment generated; number of new rooms; increase in occupancy rates; number of new tourists attracted to northern Mozambique; average daily spending of these tourists; increase in conservation areas and terrestrial and aquatic wildlife and, number of new supporting businesses started.

## II. THE PROJECT

### A. BACKGROUND

In its National Tourism Policy and Implementation Strategy of April 2003, the Government of Mozambique decided to promote the development of tourism into a major industry that will alleviate poverty, create jobs, boost foreign exchange earnings, sustain protected areas and reduce pressure on the environment. Within the framework of this policy, northern Mozambique, specifically the Provinces of Cabo Delgado, Nampula, Niassa and Zambezia, are to be developed as exclusive destinations and marketed to affluent segments of the international travel market based on the region's historic, cultural and natural heritage. These include "icons" of the North such as Ilha de Mozambique (currently Mozambique's only World Heritage Site); the Quirimbas archipelago (with its rich biodiversity and some of the world's endangered marine and terrestrial fauna and flora); Pemba Bay (the third largest in the world after Sydney and Rio de Janeiro); Reserva de Niassa and Lago Niassa (one of the World's outstanding, unspoiled and remaining wilderness and fresh water lake and ecosystems including freshwater corals). There is also the rich history, culture, crafts and the arts of the Macua and other peoples of the region not to mention the melting pots of African, Arab, Chinese, European and Indian cultures, which can be found along the coast of northern Mozambique.

Through an Action Memorandum submitted to the Mission Director in May of 2004, the mission approved the Northern Arc<sup>1</sup> as the focus area for tourism activities. Shortly after that, and as a result of a competitive procurement, Nathan Associates, Inc., a U.S.-based consulting firm, was contracted to design and implement The Northern Mozambique Tourism Project.

The Ministry of Tourism (MITUR) also recommended the three Northern provinces as focus areas: Cabo Delgado, Nampula and Niassa. Consequently, a multidisciplinary team of consultants from Nathan Associates and its local partner Cimpogest conducted extensive fieldwork and wide ranging consultations involving public, private sector and local community stakeholders in January/February 2005. The team also visited many current and potential tourism destinations in the three provinces. To assure Mozambican ownership and the integration of the project into Mozambique's national tourism policy and implementation strategy, the team leaders from Nathan & Associates and Cimpogest met and exchanged ideas with the Minister of Tourism prior to commencement of the field visits. In addition to further briefing of the Minister and his technical team on findings of the design team, a draft project design report was circulated to key stakeholders, including MITUR, for their comments and inputs, assuring the commitment of the government to the project.

---

<sup>1</sup> The Northern Arc refers to the geographic area stretching from Ilha de Mozambique (Nampula Province) in the South East, along the coast, to Pemba and the Quirimbas Archipelago and National Park (Cabo Delgado) in the North; North West through the Niassa Reserve and ending on the Mozambique shores of Lake Niassa (Niassa Province).

The Northern Arc stretches from the coastal destinations of Ilha de Mozambique, Nacala and Angoche in Nampula Province, through the Quirimbas archipelago and Pemba in Cabo Delgado Province, to the Niassa Reserve and Lake Niassa in Niassa Province. The initiatives focus on: (i) the promotion and development of a sustainable tourism industry in the north of Mozambique; (ii) supporting policy changes which will make the investment environment conducive to the private sector; and, (iii) ensuring that these happen in an inclusive and environmentally sound manner. In particular, the project will create an investor friendly policy and legal framework that will relax current constraints to conservation while enabling land and property to be made available for tourism investments.

## B. LINK TO STRATEGIC PLAN & RESULTS FRAMEWORK

The project supports the goal of USAID/Mozambique's 2004-2010 Country Strategic Plan, i.e. "broad-based, rapid economic growth sustained through expanded capacities and opportunities". It seeks to achieve the results of Strategic Objective 7, specifically Intermediate Result (IR) 3 – "Capacity of Labor-Intensive Industries Strengthened" and increasing labor intensive exports. Because of its private sector and investment promotion activities, and due to the fact that tourism development is inherently multisectoral, the project further supports the achievement of Intermediate Result (IR2) – "Improved Enabling Environment" for tourism businesses; as well as Intermediate Result (IR1) – "Increased Market Access".

## C. DETAILED PROGRAM DESCRIPTION

**Background:** With the exception of a few enclaves in the south, the tourism resources of Mozambique, especially in the northern provinces of Cabo Delgado, Nampula, Niassa and Zambezia are largely undeveloped. Infrastructure to support an internationally competitive tourism industry in these areas is lacking. In spite of recent improvements, private sector investors face a largely hostile policy and legal environment. Major cultural, historic and natural assets such as the Ilha de Moçambique, (a World Heritage Site), Ibo Island and Lake Niassa, which have the potential for development as iconic attractions, are endangered by lack of conservation and dysfunctional land allocation, housing, property and concessioning regimes. The result has been continuing decay and destruction of these sites and their development potential. The impact of this situation is the denial of economic growth and opportunities for job and wealth creation in the communities and municipalities where these attractions are sited.

Labor regulations, red tape, enforcement and patchy application of laws redound in corruption and serve as disincentives to private investment. According to the World Bank's "Doing Business in 2004" report, it takes on average 153 days to open a business in Mozambique. There is a lack of understanding of the economic cost of not developing the nation's cultural, historic and natural assets such as historic sites,



marine and nature parks. For the three northern provinces of Cabo Delgado, Nampula and Niassa, a combination of factors including colonial policy, the liberation and civil wars, and distance from the main centers of power and economic activity in the south, have resulted in relatively low levels of economic development.

Set against this background, Mozambique's potential to attract requisite investments for developing a world class and an internationally competitive tourism industry is constrained by the myriad of daunting and anachronistic legal and bureaucratic bottlenecks, the undeveloped product base, and the lack of human resource capacity to sustain current and future growth needs of the sector. Achieving the goal of tourism development in northern Mozambique as outlined in Government's Tourism Policy and Implementation Strategy remains a challenge. It calls for major interventions in tourism product development, related investment promotion, branding and marketing, private-public sector dialogue and partnerships, regulatory enhancement, and policy reform. The project intends to work in line with this strategy and, as such, has integrated many of the recommendations presented in the Government's plan. The project will seek to implement these activities in a way that promotes private sector development, encourages local ownership, and preserves and protects northern Mozambique's cultural, historical, and natural heritage.

The project will create a basis for a major tourism industry in Northern Mozambique by attracting niche market segments interested in diving, bird watching, game fishing, whale watching, hunting, mountain (Inselbergs) climbing, culture, and adventure trails. In addition, and based on conservation activities planned during the implementation of the project as well as on-going underwater archaeology around Ilha de Mozambique, the SAVE (Scientific, Academic, Volunteer & Educational) segment of the international tourism market will be targeted to ensure that sizeable tourism traffic is generated into Northern Mozambique. This will establish Northern Mozambique as an emerging destination and thus redress the current situation where tourism visits are mainly to destinations in the Southern parts of the country. It will also lay the foundation on which a large and diversified tourism market will be built.

The basis for selecting tourism as a target sector and the specific interventions proposed are as follows:

- significant employment creation, including small and rural enterprise opportunities, compared to manufacturing and other service sectors;
- opportunities to capitalize natural and cultural assets, mainly located in rural communities and to stimulate rural transformations;
- easy export market it provides for the poor;
- capacity to promote gender equality;

- preserving priceless cultural resources and biodiversity for present and future generations;
- potential to attract major investments into poor areas;
- potential to leverage infrastructure for otherwise marginal rural areas;
- The position spillover of policy changes in tourism to the general economy; and,
- ability of the tourism industry to contribute to enhancing the international image of Mozambique as a destination, which will positively impact other sectors.

As such, this activity seeks to promote the tourism sector in Northern Mozambique and build the capacity of the region to convert growth in the tourism industry into sustainable regional development. This development will raise the standard of living of the population and enable the region to mobilize its resources in a way that empowers communities to effectively participate in and benefit from the increased economic activity.

**Purpose:** The purpose of the project is threefold: (1) to improve promotion of a Northern Mozambique tourism product, attracting more tourists to the region; (2) to increase investment in the tourism sector in the region to effectively accommodate and benefit from an expansion of the tourism industry; and, (3) to preserve key environmental assets on which northern Mozambique is based.

**Key Interventions:** All interventions under the project will be linked to a Forum concept that will be created to support the Northern Arc. The Northern Arc Forum will involve key tourism industry private, public sector and community stakeholders in the three Provinces, Cabo Delgado, Nampula and Niassa. Also and for purposes of efficiency, each Province will have its own provincial Forum on specific issues.

## 1. ATTRACTING TOURISTS

Four main activities aimed at attracting tourists to northern Mozambique will be undertaken:

**A. Branding, Marketing and Promotion:** At an estimated cost of \$600,000, the project will create brand recognition for the Northern Mozambique tourism product and position the Northern Arc as an international tourism destination; build the capacity of private sector and Forum members to improve quality and market their respective products; build the capacity of provincial Tourist Boards to market their provinces; and the capacity of the Forum to market the Northern Arc on the domestic and international tourism market. The objective is to increase tourist numbers and tourism expenditure. Specific activities include:

- (i) Develop plan for discussion at the Arc Forum.

- (ii) Advertise and hire marketing consultant(s).
- (iii) Arrange focus group meetings for consultant(s) with membership of the Arc Forum.
- (iv) Customer centered research on potential target markets in key generating markets including the United States of America and assessment of the competition.
- (v) Presentation and discussion of draft branding, marketing and promotional strategy.
- (vi) Finalize and present marketing plan and strategy document to be adopted by the Arc Forum;
- (vii) Develop logo and promotional message that brands northern Mozambique and themes for historic and natural tourism products.
- (viii) Develop northern Mozambique tour circuits and linkages that enable visitors to find their way and explore the heritage area by foot, automobile, air, bicycle, boat or other means.
- (ix) Contract National Geographic to develop a geo-tourism guide map for northern Mozambique.
- (x) Develop sales literature, brochures and website.
- (xi) Identify, prequalify, and appoint select domestic, sub regional and international operators as distribution channels, and provide them with web based training on the northern Mozambique product.
- (xii) Organize familiarization tours for select domestic and international operators and travel writers.
- (xiii) Promote articles by travel writers in select international travel magazines targeted at key segments identified in the marketing plan.
- (xiv) Present video and logo to select travel industry, government, corporate and diplomatic audiences in the Provinces and Maputo.
- (xv) Work with other donors/companies (Commonwealth Development Corp. and the Ministry of Tourism) to launch domestic advertising, promotional and public relations campaign on northern Mozambique and its attractions.
- (xvi) Seek support to launch an international advertising, promotional and public relations campaign on the northern Mozambique product at a major international fair.

- (xvii) Integrate the Northern Mozambique product into sub regional tourism and transport routes.
- (xviii) Promote development of joint destination packages between the Arc Forum membership and operators in Tanzania, Kenya, Seychelles, Madagascar, South Africa, and Mauritius.
- (xix) Promote charter operations by select airlines and cruise operators.

The project will establish the Arc Forum to achieve these outputs in the three year life of the project. Many of the outputs will have a longer life, such as the National Geographic guide maps, the branding, the brochures and website, and the training, and thus this intervention is clearly sustainable. Other donors are interested in the sector, and it is reasonable to expect that if follow-on finance is required it will be made it available.

**B. Historic Preservation:** Cultural, historical, and natural attractions are the unique resources that play a major role in the competitiveness of a destination. They have aesthetic, recreational, educational, or emotional appeal, serve as the “pull” and provide the basis for visits by tourists. Broadly, and based on distinguishing features, they can be categorized into: (i) nature and scenic attractions; (ii) historic and cultural sites; (iii) special events and festivals; and (iv) health and fitness opportunities.

East and Southern Africa are rich with well developed and astonishing attractions. These include the Victoria Falls (Zambia & Zimbabwe), the Okavango Delta (Botswana), Mount Kilimanjaro, Ngorogoro Crater (Tanzania), numerous stunning game parks (Botswana, Kenya, Zambia, Namibia, South Africa, Tanzania and Zimbabwe), and historic attractions such as Robben Island (South Africa) and the City of Lamu (Kenya); and world heritage sites such as the ruins of Kilwa Kisiwani and Songo Mnara (Tanzania), Great Zimbabwe and Ruins of Kami (Zimbabwe).

At an estimated cost of \$500,000, this intervention will improve the quality of Northern Mozambican attractions, differentiating the Northern Mozambique product, and investing it with a competitive edge over existing regional products. In this component, the project will also interface with the U.S. Department of the Interior to take advantage of the expertise that they offer through their International Technical Assistance Program (see Annex 6).

Specifically, this intervention will focus on the historic preservation of Ibo Island, Ilha de Moçambique and cave painting sites. It will support preservation work at these three sites in Northern Mozambique. Sub activities are:

- a) Review plans and on-going conservation activities on Ibo Island by the Spanish Agency for International Cooperation, the Eduardo Mondlane University, and other private sector interests.
- b) Working with the Spanish and the French Development Agency at a strategy/stakeholders meeting in early October, 2005, create an

implementation and cost sharing plan for conservation and preservation work to be done throughout the life of the project on Ibo Island. Possible activities to be pursued through a joint effort could include the following:

- i. Cost-share with UNESCO and the Spanish Cooperation Agency to hire a long term Architect/Conservator to manage historic preservation activities on Ibo Island and the Fortress of São Sebastião on Ilha de Mozambique.
  - ii. Establish and equip a small conservation office on Ibo to coordinate conservation efforts on the Island.
  - iii. Survey, document, prioritize and prepare schedule of works on Ibo Island for commencement of basic stabilization works on key public buildings.
  - iv. Recruit and train temporary labor (possibly under local sub contractor) to conduct preventive maintenance activities and damage control from plants, rodents, chemicals and microorganisms on key buildings.
  - v. Hold stakeholder meeting to discuss findings and planned preservation works.
  - vi. Prepare management plan including plans for identified public buildings.
  - vii. Subcontract specialists to conduct the following scientific studies and develop conservation database: archaeological reconnaissance, archival research, building materials and finishes analysis, and historic structure reports.
  - viii. Prepare working drawings and specifications and produce all construction documents necessary for the execution of basic stabilization, restoration and reconstruction works for public buildings.
  - ix. Prepare draft heritage area management plan and conservation legislation to protect historic character, guide future development, private and public investment activity on Ibo Island.
- c) Convene Arc Forum, present and discuss work to be accomplished through cooperation with the Spanish.
  - d) Provide support to Arc Forum on actions to have national, provincial and local authorities adopt and enforce heritage management plan and conservation legislation.
  - e) Prepare proposals and solicit additional funding from MCC and other potential donors and partners for stabilization, preservation and conservation works on Fort São João Batista and specified buildings on Ibo Island.
  - f) Subcontract, train contractor's employees to commence conservation works on the Island once funding is procured.

- g) Promote Ibo Island as a tourism investment area and attract private sector investments into acquisition and restoration of properties.
- h) Prepare proposals and leverage scientific resources and funding for research and preservation of five caves and cave paintings in Cabo Delgado and Nampula provinces.

This intervention will have a longer run impact, as these steps are needed to get preservation activities started. Often owners of sites and financiers do not know how to get started even though they are eager to do the necessary preservation. This work will enable others to get the financing and expertise needed for saving these historic sites.

**C. Development of Interpretive Systems:** This activity, estimated at \$200,000, will bring the heritage of northern Mozambique alive through working with local communities to create compelling presentations. Specific sub activities are:

- a. Develop curriculum, establish certification standards, identify and train community guides in Ibo, Ilha, Pemba, and the Lake Niassa Reserve.
- b. Identify local co-sponsors and public agencies, mobilize and provide assistance within the framework of the Arc Forum to communities, to improve approaches and entrances i.e. avenue planting to beautify and create a sense of direction and place in the following areas:
  - *Pemba* – New Road from Airport to Wimbe; Road from Pemba Hotel Roundabout to Paquitequete; and from Wimbe to Maringaya i.e. towards the Lighthouse.
  - *Ibo Island* – from airstrip into town; and renewal of the garden in the Main Square.
  - *Ilha* – garden around the Police Station. Replant parks and recreational areas with traditional shrubs.
- c. Support destination communities with wheel barrows, shovels, and gloves for fortnightly clean up campaigns and establish a recognition and reward system, e.g. Cleanest Bairro Award for Pemba.
- d. Provide assistance to Cabo Delgado Forum and local communities to establish strategically located “Welcome Centers” in Pemba, Ibo, and Quirimbas Island to provide tourist information. These would be manned by volunteers and owned by local communities or this Provincial Forum.
- e. Develop proposals and leverage sponsorship for a world class exhibit on the Arc covering the history, culture, peoples and natural heritage

(including marine resources) of Northern Mozambique. The exhibition will serve as not only as an attraction but also an additional source of information. It will have a sales point for the sale of handicrafts, books and literature. We could tap into and leverage sponsorship from major multinationals operating in Mozambique.

- f. Secure, prepare space and mount exhibition in Pemba if sponsorship is secured.
- g. Create exhibition in Fort São João Batista after completion of basic stabilization works, if other donor funding is secured.
- h. Work with local communities to develop “Traditional Lifestyles” tour packages, which take tourists into traditional communities in the heritage areas of all three provinces to experience their cultures and ways of life.
- i. Promote formation of heritage clubs in schools, major workplaces, churches and mosques in Cabo Delgado and Nampula, leverage sponsorships and encourage a culture of educational excursions to sites nearby.
- j. Explore opportunities for experiential tours for community leaders and key public sector officials in the heritage sector to African countries with successful heritage conservation and cultural tour programs e.g. Ghana (heritage conservation), South Africa or Tanzania for community based cultural tourism.

Many of these individual activities will result in outputs that are useful beyond the life of the project; e.g. the historical exhibits. More important, the “how to” knowledge imparted by creating tour packages, exhibits, clean up programs, and visitation of other sites will have a lasting impact on the people of northern Mozambique as they work to improve their livelihoods.

**D. Capacity Building:** This activity focuses on training and technical assistance. At an estimated cost of \$225,000, it is designed to relax some of the key constraints to tourism development in northern Mozambique, such as: weak industry associations; lack of knowledge and understanding of industry trends; lack of capacity in both public and private sector tourism and heritage management; low levels of professionalism and experience of practitioners and employees; lack of entrepreneurs and weakness of tourism related rural industries. Key activities are:

- a) Hold Arc or Provincial Forum workshops to share experiences and best practices of effective trade associations and show how cooperative approaches have worked for tourism industries elsewhere, including both the opportunities and constraints to collective success.

- b) Technical assistance to the Catholic University in Pemba in curriculum development, and instituting a train the trainer program targeted at general managers and at management and supervisory level personnel in the industry.
- c) Technical assistance to and through local business service providers and companies in the region to improve standards and enable local business to serve as suppliers to the tourism industry and ongoing tourism projects.
- d) Training hospitality and travel industry operators in effective marketing and doing business at international fairs, to ensure international partnerships.
- e) Workshops and support for incubating tourism related rural businesses.
- f) Provide access to George Washington University's Professional Destination Management Certificate Programs, designed for tourism sector business owners/employees who want to accelerate their careers in the expanding industry of tourism, events, sports or hospitality.
- g) Assist Arc Forum membership to access training and private and public sector financing opportunities available in other donor programs such as World Bank, SIDA, UNDP, EU, IFC, and AfDB etc.

These training experiences will provide tourism development capacity in the region that will last long after the end of the project.

## **2. ATTRACTING INVESTORS.**

To attract investments, assure coordinated development, maximize the benefits and mitigate any potential adverse impact of tourism on the northern Mozambican economy, the project will use \$950,000 (including management costs) to develop a Destination Management Plan with Pemba (Cabo Delgado) as gateway to the Arc. The Plan for the Region will be an important tool for sustainable tourism development, attracting responsible investors and anchor projects.

While the National Tourism Policy and Development Strategy identifies the Arc as a priority area for tourism investment, investors will be looking for more specific, attractive opportunities, and viable locations for long term investments. Among others, the Destination Management Plan will identify specific types and sites for anchor tourism investments. It will involve preparation of site specific conceptual land use plans that are socially and environmentally acceptable; guidelines that address potential development conflicts and integrate potential investments with local, regional and national infrastructure and resource development patterns. Additionally, the plan will assess access systems of the local tourism value chain,



identify strengths, weaknesses, opportunities and threats and spell out strategic options for product improvement, attracting investments, sustainable tourism development and visitor management based on; (i) Pemba Bay, coast and hinterlands; (ii) Ibo Island; and (iii) Quirimbas Archipelago and National Park. These will be linked to key sites in Nampula and Niassa provinces.

Specific outputs of this activity include:

- (i) conceptual land use plan(s) for potential development site(s); and
- (ii) investor information packets on the various types of tourism facilities required and related investments opportunities.

These will be targeted at the domestic, regional and international investment markets. It will create investor interest and confidence and provide the Arc Forum membership with a database on opportunities for new businesses as well as professionally developed promotional kit with which to attract potential joint venture partners and investors. It will enhance investment promotion, generate private investment in Northern Mozambique and also serve as a model for other parts of the country.

### **3. PRESERVING THE ENVIRONMENT**

Under this theme the program will implement two main activities:

**A. Pemba Bay Conservancy:** At an estimated \$200,000 in biodiversity funds, the project will support the establishment and management of a Conservancy to protect Pemba Bay (the third largest natural bay in the world) and monitor development activities in and around it. The Conservancy will be comprised of all local stakeholders with an interest in the bay (hotels, shrimp farmers, local fishermen, government, businesses, property owners, residences, etc.). Once established, the project will coordinate all activities that may impact the bay through the Conservancy. The key purposes of the Conservancy will be the following:

- To conduct periodic studies and set benchmarks for monitoring and measuring the relative health of the Bay through assessing water quality and measuring algae levels and coral populations;
- To regulate activities that impact on the Bay and develop a land use plan with building and effluent emission guidelines/controls around the bay; and
- To work closely with key regulatory agencies and local government to promote a strong enforcement mechanism for all regulations governing use of the Bay.

From lessons learned during the implementation of the Pemba Bay Conservancy, the project will seek opportunities to follow the model of an endowment set up in Ghana about ten years ago, to lay the framework for a vehicle to attract other donors and private contributions to support conservation and biodiversity initiatives in the

Pemba area and on Ibo island and provide the project with a lasting legacy and sustainability.

Depending on how successful the establishment of the Conservancy is, towards the end of the second year the project will have laid the groundwork for the establishment of an endowment to support and promote the conservation and preservation of the cultural, historical, and natural heritage of Northern Mozambique, with an emphasis on biodiversity conservation, for many years after the project. USAID may support the legal establishment of the endowment arrangement and may contribute to its corpus under this three-year activity. The endowment will be a vehicle for attracting other donor funding.

**B. Lake Niassa Reserve:** This activity will consist of a \$300,000 direct grant to the World Wildlife Fund (WWF) for the establishment of Lake Niassa Reserve. Lake Niassa is a priority area for tourism investment under the National Tourism Policy.

The WWF biodiversity activity involves a marine reserve on Lake Niassa that will protect its unique ecosystem including the world's only surviving freshwater corals, over 1,000 species of fish (700 of which are endemic to the Lake), as well as rich birdlife.

The creation of Lake Niassa Reserve will also form the basis for a major tourism industry in Northern Mozambique by appealing to niche market segments interested in diving, bird watching, game fishing and adventure trails, and thus establish the North as an emerging destination.

The main government partner for this activity will be MITUR, which will coordinate with MICOA and the Ministry of Fisheries. Specific activities under the WWF grant are:

- a) Set up office and recruit administrative support personnel.
- b) Conduct and update scientific baseline studies and inventory of the aquatic resources of the Lake i.e. hydrology, flora, amphibian, reptile, mammalian and bird species.
- c) Conduct and update baseline socioeconomic and cultural studies, including extensive consultation with communities, officials and other stakeholders.
- d) Prepare justification document that spells out the scientific, socioeconomic, cultural and historic basis for the declaration of the Lake Niassa Reserve (LNR).
- e) Prepare draft management plan (including associated zoning plan and Tourism Investment Areas (TIAs)) and present to Provincial and Arc Forums.
- f) Obtain official approval ("Parecer") from Provincial Governor.

- g) Hold national level harmonization meeting and stakeholder seminar.
- h) Submit national level harmonization meeting recommendations to Council of Ministers, lobby for approval and legislative action to officially establish Lake Niassa Reserve as a national park.
- i) Obtain Government declaration of Lake Niassa Reserve.
- j) Hire media firm, create public awareness and officially launch the Lake Niassa Reserve.
- k) Establish management structures for the Lake Niassa Reserve.
- l) Conduct community outreach and education programs and explain benefits and implications of reserve and solicit community support and involvement in Reserve management.
- m) Recruit, train, equip WWF and DNFFB personnel and implement management plan, setting the headquarters of Lake Niassa Reserve in the Province of Niassa.

The involvement of local communities in the creation and management of the Pemba Bay Conservancy and the Niassa Reserve are accomplishments that will assure long term sustainability. Both Conservancy and the Reserve will be formally established taking into account the interests of stakeholders i.e. local community, provincial and national Governments, as well as official and private donors. These conservation areas will also serve to attract private investment and increase employment. This stakeholder involvement, as well as the positive economic impact conservation activities will have on area economies will ensure that the institutions will be sustained and productive.

#### **4. CROSS CUTTING ACTIVITIES:**

The contractor will implement two activities that cut across various sectors and the three provinces. These activities are the Northern Mozambique Arc Forum, and policy reform, regulatory enhancement and advocacy.

**A. Creation of the Northern Mozambique Arc** - Utilizing \$900,000, the project will create a Forum to support the Northern Arc covering the three provinces of Cabo Delgado, Nampula and Niassa. It will involve key private, public sector and community stakeholders. The Forum will serve as a “confederation” of players and institutions in the tourism industry or whose activities impact on the sector. Private sector stakeholder representation will include hotel, restaurant, bar, night club, tour, car rental, airline and tourism transport operators, handicrafts and other tourism related SMEs. Public sector stakeholders will include the provincial tourism boards, civil aviation, planning, customs, immigration, police and municipal authorities. Destination community

leaders, NGOs and other donors involved in tourism related activities and the Catholic University in Pemba represent potential membership of the Arc Forum. The Forum will promote actions for regional cooperation and will be a vehicle for dialogue and promotion of the collective interests of the tourism industry, for achieving the goals of the program and ensuring its sustainability. Each province will have its Provincial Forum on province specific issues. The Arc will be the Forum for trans-frontier issues. The purpose of these Forums is threefold:

- To encourage private sector collaboration among key tourism stakeholders and create opportunities for public private partnerships in attracting investment and promoting growth in the tourism sector;
- To identify and reinforce priority policy initiatives and obtain local buy-in for all interventions; and
- To enable the project to present best practices, involve the key actors in the tourism sector in all project activities to ensure sustainability of project interventions, and build the capacity of local actors.

The project will support the Arc Forum and provide technical assistance and training, as needed, to members in order to strengthen their ability to participate in the Forum, collaborate with other Forum members, and best promote sustainable growth and investment in the region. The “confederate” structure provides the needed flexibility to respond to sub sector or province specific issues, while assuring the independence of the project. The process for creating and sustaining the Arc involves the following activities:

- (i) Establish Project Office in Pemba.
- (ii) Recruit project personnel including local coordinator for the Arc.
- (iii) Identify membership, needs, set up communication and create Provincial Forums in Cabo Delgado, Nampula and Niassa.
- (iv) Convene Arc Forum and conduct a regional workshop in Pemba involving all key stakeholders (public and private) to:
  - a) Present the objectives of the Arc Forum and the USAID-funded project.
  - b) Share experiences and best practices on how similar regional cooperation approaches have worked elsewhere.
  - c) Prioritize policy reform, marketing, training issues needing to be addressed in Northern Mozambique to encourage investment and increase tourism revenue.<sup>2</sup>

---

<sup>2</sup> Under the marketing, product development, policy reform, and capacity building components of the project, small lump sum amounts and unspecified STTA have been set aside to support Arc-sponsored activities.

- d) Institute mechanisms for advocacy and communication amongst stakeholders and systematic collection and analysis of tourism data.
- e) Hold monthly Provincial Forum meetings and quarterly meetings of Arc Forum members to gauge progress and monitor project activities.
- f) Provide technical assistance and training to member associations and institutions, as needed; and
- g) Develop an exit strategy by the end of the second year of the project, (e.g. identification and capacity building for key local partners to take over running of the Arc) and assure sustainability after project termination.

It is expected that once the initial organizational process has been undertaken, there will be a sustaining interest in the Arc Forum to ensure its continuing role in promoting tourism in northern Mozambique.

**B. Policy Reform, Regulatory Enhancement and Advocacy** - A wide range of policy issues must be addressed to make northern Mozambique an investment and tourism friendly destination of choice. These include: (i) institutional reform and capacity building in the heritage management sector; (ii) legislative enhancement and reforms with regards to land and property acquisition in heritage areas; (iii) designation of Ilha de Mozambique and Ibo Island as ‘heritage areas’ with special status; (iv) zoning and enforcement of planning guidelines for tourism development areas; (v) introduction of a mechanism for tourism revenue sharing; and (vi) air access to Northern Mozambique from regional destinations. At an estimated cost of \$300,000, the key activities to be undertaken are:

- a) Hold Arc Forum to identify national and/or northern Mozambique tourism specific policy and regulatory constraints, institutions and players responsible.
- b) Develop scope of works and hire consultants to undertake detailed analysis, needs and gap assessment of policy and regulatory issues identified, and recommend policy alternatives and regulatory enhancements.
- c) Hold regional workshops, present consultant reports and promote dialogue among key constituents i.e. public and private sector, municipalities, labor, NGOs, Arc Forum that assures private sector inputs into policy making and sector legislation.
- d) Provide short term technical assistance to relevant public sector agencies to support policy reform, regulatory enhancement initiatives and advocacy.

- e) Increase public awareness and access to current and future policies and regulations through information on Arc Website, investor information packets on Tourism Investment Areas and other public education activities.
- f) Encourage and support mechanisms for self regulation by hospitality and travel industry associations and membership of the Arc; and
- g) Establish benchmarks and a monitoring and evaluation system to assess the impact of policy reform, regulatory enhancement and advocacy initiatives.

### III. INSTITUTIONAL ARRANGEMENTS AND FRAMEWORK FOR IMPLEMENTATION

The importance of promoting a public-private sector approach cannot be overstated. Unless addressed, the persistent gap between the public and private sector, both in terms of access to resources and in the attitude to the tourism sector, will undermine the effectiveness of the project. The Government's decentralized approach to policy implementation is straining the human and physical resources of provincially-based ministries to implement policy. Communication between the center and outlying areas is inadequate or non-existent, often leading to continuing enforcement of long-repealed regulations and laws, while new laws are not enforced. Many public sector employees do not understand their importance in providing a welcoming environment to tourists. For example, they little realize what a poor first impression that waiting an hour or more for a visa at a border post, probably in the heat, gives tourists, especially those who have traveled long and far to reach Mozambique.

The institutional arrangement for implementing the project involves:

- Working closely with the Ministry of Tourism to ensure ownership and integration of the project into the Government's National Tourism Policy and Implementation Strategy.
- A Project Management Team headed by a Chief of Party, with a local Coordinator, project support and administrative staff with offices in Pemba.
- A regional forum to be known as the Northern Mozambique Arc Forum. It is based on a multi-stakeholder regional cooperation approach that has worked successfully in other developing countries. The Forum will be a "confederation" of key players and institutions in the tourism industry, who survive on or whose activities impact on the sector. Private sector membership will include: (i) hotel, restaurant, night club and drinking pub business operators; (ii) tour, car rentals airlines and tourism transport businesses; (iii) developers; (iv) attraction providers such as WWF, (v) handicrafts and other tourism related SME owners; (vi) event managers and organizers. Public sector membership will include the provincial Tourism Boards, Civil Aviation, Planning, Customs, Immigration, Police and Municipal authorities. Other membership categories are destination community leaders, NGOs, Catholic University of Pemba; travel writers, and other donors involved in tourism related activities.

- Provincial Forums with similar representation.
- Forum members will decide on sub committees, develop their own charter, procedures for meetings and communications.

Rather than creating a formal “association” where, invariably, the interests of one group (and often the group that initiated its creation) are seen as taking precedence, the project will serve as an outside facilitator to bring stakeholders together to identify and solve issues best tackled together, rather than separately and thus provide a more enduring basis for cooperative endeavor. It provides the flexibility for members to coalesce around province or industry specific issues, while benefiting from the muscle and support of the larger Arc Forum. It also gives the project the freedom and independence to provide technical assistance and support for interventions that enhance project goals. Often, stakeholders themselves decide to form a formal organization in the fullness of time, which tends to be more enduring.

Consultative mechanisms consist of:

- Monthly meetings of Provincial Forums;
- Monthly meetings with UNESCO on conservation of Fort São Sebastião.
- Quarterly meetings of the Northern Arc Forum.
- Quarterly briefings by Provincial Forum of municipal leaders and Governors.
- Quarterly meetings and dialogue with other regional i.e. southern Mozambique or national tourism industry associations to explore areas for common action; and
- Quarterly briefings by Forum of relevant sector Government Ministries and agencies in Maputo, with responsibilities for policy reform, marketing, investment development/promotion, training issues that will be identified by the Arc Forum i.e. Ministries of Tourism; Education & Culture; Interior; Environmental Affairs; Public Works; Agriculture; Trade & Industry; the National Directorate for Cultural Preservation; and APIE.



# IV. RISK AND SUSTAINABILITY ANALYSIS

There are a number of risks associated with this project.

- (i) Internecine turf wars, personality conflicts and rivalries, and the perception of many stakeholders as competitors, rather than “cooperators” and partners, remain a challenge to fostering collaboration among local stakeholders within the framework of the Arc Forum
- (ii) Corruption, vested interests and lack of enforcement of planning and zoning requirements could undermine efforts at development of destination management and land use plans and the competitiveness of Northern Mozambique as a destination for major private investments into resort and other facility development.
- (iii) Lack of funding to support major planning, infrastructure development i.e. improvements to airports and airstrips, and for conservation activities will place severe limitations on access to key sites, quality of health services and utility supplies, vital to international tourism. It will also endanger the quality of northern Mozambique’s cultural heritage, which is a centerpiece of its tourism product mix.
- (iv) Weak institutional capacity of public sector agencies responsible for tourism and heritage management in the provinces. Statutory agencies i.e. the National Directorate for Cultural Preservation, responsible for heritage conservation, lack staff and presence in the provinces. Provincial tourism administrations are equally weak. Without developing requisite local institutional capacity and human resource base in the province, sustainability of the project becomes a major challenge.
- (v) Delays or failures on the part of Government in carrying through necessary policy reform and regulatory enhancement proposals.
- (vi) Lingering negative perceptions about the lack of health care, civil war, and landmines can pose very daunting obstacles to success for a three year project and serve as disincentives to private investment and tourism visitation, except for the adventure market such as scuba diving, whale and bird watching, hunting, inselberg climbing, etc.

The project will mitigate these risks in several ways. Particular attention and efforts will be made to remove suspicions among members before the initial Arc Forum is convened. Additionally, this Forum will be used to present best practices and

success stories from other places where such strategies have succeeded (Sri Lanka, Morocco, etc.). Several activities that will yield quick and highly visible results (marketing/promotion activities—creation of a destination brand and the Cabo Delgado Destination Management Plan) and demonstrate the benefits of the Arc Forum will be carried out. Likewise, the technical assistance and training offered to members will be high quality and serve as an incentive for membership in the Forum. Key elements in our risk management strategy are: Increasing public awareness and community engagement; using the Forum to effectively mobilize the tourism industry; and, assuring effective communication consultations with municipal, provincial, and national authorities on specific issues.

The project will follow a policy of preemptive disclosure. All relevant information concerning the project, its partners and activities will always be in the public domain (on a website, in the local media, etc.) so that all stakeholders have access to information on what activities the project is working, why the project is working such activities, and what the potential benefits of such activities are. The cluster approach and nature of the Arc Forum provides Project Management with the flexibility of focusing on sub segments or groups willing to make progress and to utilize other vehicles to achieve project goals.

Above all and most importantly, this project will also serve as a catalyst for much larger growth in the future. Much interest exists in the tourism potential of Northern Mozambique. However, people view the region with suspicion and are reluctant to invest and spend their money on development efforts due to the perceived difficult legal and regulatory environment of the country, the relative remoteness of the region, and a lack of infrastructure in each of the Northern provinces. This project, through its marketing, policy reform, and product development initiatives, will help reassure anxious investors and serve to mobilize resources for the development of the region. It will also leverage donor and public sector investment into the provision of infrastructure and other services that may boost further tourism investments, benefiting local populations and other sectors of the economy.

## V. LINKAGES TO OTHER SOS

The project will have a number of linkages to SO6, Increased Rural Incomes, through shared concern for the policy environment for private sector activity. In particular, this project will work closely with SO6 to identify policy constraints to rural enterprises, and ensure that these constraints enter the national agenda through the institutional framework supported here. The project will also seek to build the capacity of local rural enterprises to better work with and sell their goods/services to tourists as well as to larger operators in the tourism industry.

In addition, the project will collaborate with SO9, HIV/AIDS, through the Businesses Against AIDS program, now partially funded under the CTA umbrella. This program will be deepened under this project, and will ensure that a strong HIV/AIDS program is included in the IR3 programs for tourism.

Finally, the project will have several linkages to SO10, Democracy and Governance. This project will work to build the capacity of local government to implement more efficient and sound policymaking (as it impacts the tourism industry and private sector in general). The project will also work with local and national government individuals and institutions in promoting better and more effective policy enforcement.

## VI. OTHER DONORS AND DONOR COORDINATION

The tourism sector is receiving increased support in Mozambique. The World Bank's SEATIP Project, running for a number of years, is being redesigned and refocused by a member of the team that contributed to this report. The Bank also supports the PoDE project, which provides a wide spectrum of support for training in the public and private sectors. The IFC is establishing a fund to support investment in the SME sector. Mozambique is a Tier One MCC country and is finalizing a detailed submission and fulfilling requirements to access funds. Support in accessing these funds will form an important element of the project.

Spanish Cooperation has been very active in Cabo Delgado for a number of years and has been instrumental in putting together a comprehensive database of the province, as well as undertaking initiatives in cultural preservation. The project's priorities for Ibo Island are very complementary to ongoing and future work of the Spanish. As such, the project will participate in a forum set for October with the Spanish to outline key activities for the island and how each project can and should support them. Likewise, the French have recently approved a US\$5m grant to the Quirimbas National Park (to be managed by the WWF) and close cooperation is envisaged with this project.

In Nampula, Sweden Cooperation is working to rehabilitate the bridge that links Ilha de Moçambique to the mainland. The Japanese and the Union of Lusophone Speaking Capital Cities have allocated significant funds to UNESCO for the rehabilitation of the Fortress of São Sebastião in Ilha de Mozambique. In Niassa, Sweden are advising SMEs on business planning and accessing finance. The Irish are supporting infrastructure and are investigating moving into Business Development Services (BDS) support.

The project anticipates that the Arc Forum will provide a mechanism for achieving decentralized donor coordination in the north of the country. We propose holding a major regional workshop each year at a different location. At the workshops donors will provide information on initiatives, best practices will be disseminated, and tourism development practitioners can work together to identify areas for cooperation. With sound information dissemination the plethora of donor supported projects in tourism and related sectors can have greater impact.

The success of tourism development in Northern Mozambique will be enhanced by the availability and quality of tourism infrastructure; capital investments to improve the quality of key products such as Ilha de Mozambique, Ibo Island and the development of new products such as museums; as well as conceptual land use planning activities that will attract private sector investments. As large capital investments are beyond the resources of this project, a key activity involves

fostering collaboration with MCC, the World Bank and other capital donors. Sub activities include:

- a) Develop proposals for donor funding for the following planning activities:
  - Master plan to assure controlled and sustainable development and attract private sector investments into major resort development around Ilha de Mozambique, Pemba, Nacala and along Lake Niassa; and
  - Structure plan that integrates tourism development in the three Provinces of Cabo Delgado, Nampula and Niassa.
- b) Develop proposals and support ongoing initiatives for the following infrastructure developments:
  - Public health facilities – toilets, effective sanitation, sewerage and solid waste disposal systems on Ibo Island, Ilha de Mozambique, Matemo Island, Quludu Island and Pemba.
  - Water supply on Ibo, Mozambique, Matemo and Quludu Islands and Pemba i.e. provision of small desalination plants would greatly enhance living standards, benefit the local communities as well as tourists who will visit these places.
- c) Develop funding proposals for historic preservation and conservation of historic towns of Ilha de Mozambique and Ibo Island covering:
  - Capital expenditure and personnel costs of stabilizing and adaptive reuse of Fort São Sebastião and select historic buildings and gardens in Ilha de Mozambique.
  - Capital expenditure and personnel costs of stabilizing Fort São João Batista and the ruins of Ibo Island.
  - Capital expenditure and personnel costs for developing world class interpretive exhibitions in both forts.
- d) Identify common areas for collaboration on policy and regulatory enhancement and investment promotion activities.

## VII. RESULTS

The planned investment of \$5.5 million dollars in the Northern Mozambique Tourism Project will have a large multiplier effect on the local, regional, and national economy. The program will leverage major private investments into hotels and resort facilities, transportation and air transport industries in the three provinces; increase visitor arrivals and expenditures in both urban and rural economies; create jobs and incomes; expand the tax base for local and provincial authorities; and increase opportunities for employment especially for women. Tourism related businesses will be spawned in the rural sector. Significant monuments and other real estate properties will be restored and valorized. The activities under this project will all work as a whole to enhance Mozambique's export earnings and positively impact on its balance of payments. By the end of this three-year project the following results will have been achieved.

- The Arc Forum established and institutionalized as a private-public-community stakeholder vehicle for tourism development and promotion in Northern Mozambique.
- A tourism statistics and satellite accounting system for the northern Mozambique Arc established with data regularly published with strong involvement from the Arc Forum.
- A destination management and strategic plan (including tourism land use plans for priority areas for private sector investments) developed for the Northern Arc with Cabo Delgado as the initial pilot case.
- Hotel investments including a major international brand attracted to the Arc and rooms offering 3-5 star rating increased by 20% from current level of 300.
- The capacity of Catholic University in Pemba to deliver hospitality and travel industry management and supervisory level training enhanced.
- Destination economies will be diversified, while related development of skills and entrepreneurial capacity will reduce vulnerability and alleviate poverty.
- Up to 100 hotel, restaurant and tourism business managers and supervisory level staff would have received on the job skill enhancement and "Training of Trainers" (TOT) training.
- Two professionals, 15 technical level personnel and 100 craftsmen and women will have been trained in building conservation skills.

- Lake Niassa officially declared a protected marine park, preserving biodiversity in line with environmental standards, in one of the world's richest aquatic ecosystems.
- The Pemba Bay Conservancy will be established by private, public and civil society players with an interest in the bay. The conservancy will develop and enforce appropriate regulations and land use plans for the bay.
- Basic stabilization of Fort São João Batista on Ibo Island will be completed and technical assistance provided to UNESCO in developing interpretive systems in Fort São Sebastião in Ilha de Mozambique.
- One major tour circuit including geo-mapping, brochures and road created for the Northern Arc.
- Hospitality and Travel Operators and the Provincial Tourist Boards trained in doing business at major international tourism fairs and trade shows such as the International Tourism Exhibition (ITB Berlin); World Travel Market (London); BIT (Milan), Indaba (South Africa).
- Investments in tourism infrastructure i.e. roads, airports, telephones, electricity, water, sewerage systems, waste recycling, leveraged from the MCC and other donors, resulting in improved access to health, water and other facilities for destination communities.

Within five to seven years from the start of the project, the following results will be achievable:

- International leisure tourist arrivals to the Northern Arc currently estimated at 10% of the national total, increased to 15%.
- Average hotel occupancies increased from 35% to 50%.
- An average of 35,000 tourists visit the north each year.
- The number of 3-5 star hotel rooms increased from the current level of about 300 to around 500.
- Direct and indirect employment in the tourism business increased by 50%.
- Average length of stay of tourists in the Northern Arc will have increased to 7 days.
- Quality of services in hotels, restaurants, night clubs and attractions would have improved and revenues increased by 15%
- Mozambique's international tourism receipts increased by 50%, from the present level of \$106 million in tourism generated income for the country.

- Tourism related small, medium and micro enterprises created in the areas of conservation construction, tour operations, rentals, horticultural supplies, retail, music and the arts.
- Effective and vibrant tourism trade associations will exist in Cabo Delgado, Nampula and Niassa.
- Significant domestic tourism travel by middle and upper income Mozambicans will be generated to the Arc, redistributing income to rural areas, and promoting a sense of understanding and national unity.



# VIII. PERFORMANCE MONITORING PLAN

The PMP will be related directly to these results and quantified where possible to allow measurement of increased foreign exchange earnings from tourism, increased revenues to local businesses, and employment. As part of the PMP, the project will place significant emphasis on building the capacity of local public and private sector institutions to reliably collect and analyze key indicators for measuring the growth and impact of the tourism industry. Examples of select indicators that will be monitored include:

- Mozambique's Global Competitiveness Index ranking (WEF)
- increased levels of foreign and domestic investment in tourism (gathered from the government of Mozambique and World Bank/IMF data)
- Growth in number of hotel rooms and occupancy
- Growth in tourism sector employment (gathered from local business and associations through the Arc Forum)
- Growth of tourism related small, medium and micro enterprises created in the areas of construction, agriculture, retail and culture
- Growth in tourism arrivals (gathered from local hotels)
- Growth in daily spending of arriving tourists (gathered through surveys through local hotels)
- Status of tourism sector policy reforms monitored pre- and post-project interventions
- Increase in conservation areas and terrestrial and aquatic wildlife
- Perceptions of the private sector towards government transparency and efficiency in the tourism sector (survey data gathered through the Arc)
- Perceptions of the private sector towards legal and regulatory reforms that impact private sector investment and growth (survey data gathered through the Arc Forum)

After the completion of the PMP, and according to its recommendations, the contractor will prepare a monitoring and evaluation plan addressing all indicators to track, incorporating guidelines recently prepared by the World Tourism Organization to monitor the impact of tourism. It will use an evaluation framework

that takes a “triple bottom line” approach to measure impact on the basis of specific indicators that include (1) economic impact and measurable increases in revenue, (2) conservation and biodiversity management and education, and (3) social sustainability and measurable community benefits.

SECSTATE 127594 dated July 12, 2005 contains preliminary guidance on actions required to implement the initiative to revitalize evaluation in the Agency. This AAD proposes to carry out an evaluation of the Northern Mozambique Tourism project at the end of the second year following the forthcoming policy determination on evaluation of projects. At that time the SO7 team will recommend whether to do an internal or an independent evaluation of the program to measure the project’s success and suggest adjustments.

# IX. PROGRAM ANALYSES

## A. TECHNICAL ANALYSIS

As noted earlier, the project aims to promote and develop tourism in Northern Mozambique. It will support policy changes to attract the investment needed to create jobs in tourism and related sectors, improve incomes and alleviate poverty; all in an inclusive and environmentally sound manner.

To achieve these goals, a wide range of activities were initially considered. These include:

- Support for multi-sectoral policy reforms, relating to land, investment in the Arc, and the regulatory environment for tourism businesses;
- Branding promotion and marketing;
- Historic preservation of Ilha de Mozambique and establishment of conservation office;
- Developing national capacity in conservation through the recruitment and training of conservation craftsmen;
- Conservation of cave paintings in Nampula Province and the upgrade of current exhibition in the Nampula Museum;
- Development of handicrafts and other SMEs;
- Creation of marine reserve at Wimbe Beach in Pemba;
- Creation of special economic development zones and preparation of plans for large scale resort development;
- Support for the establishment of campsites in the Quirimbas National Park;
- Establishment of National Park on Lake Niassa;
- Facilitation and support to Chipanje Chetu community with a hunting concession;
- Development of an eco-tourism lodge in the Niassa Reserve;
- Support to Reserva Niassa for hunting controls and regulations;
- Support to Reserva Niassa for concessioning for eco-tourism;

- Improvements to airports in Nacala, Pemba and Lichinga and airstrips in Ibo Island, Cuamba, and Lumbo and improvements to roads and ports;
- Capacity building for both private operators and public sector institutions;
- Improvements to utility services, among others, and
- Impact on gender and HIV/AIDS

Considering the three-year time frame of the project and the limited budget, it was necessary to narrow down the scope of activities. Consequently, a set of critical criteria was developed to determine the activities that best lead to achieving project goals and outcomes. These included the ability to generate quick results that can be benchmarked; contributions to increased earnings, jobs, and tourist arrivals; synergy with other donor activities in the Arc; direct impact on relaxing constraints that impede tourism development in the Arc; and opportunities for business linkages. In addition, environmental impact, the extent of potential involvement and benefits to local communities, and sustainability beyond project duration were considered.

On these bases, a decision was made to focus on the following key project activities: (i) the development of a destination management plan; (ii) tourism product development; (iii) branding, marketing and promotion; (iv) the creation of an institutional framework that assures a ‘buy in’ and collaborative partnership between the private sector, public sector and local communities in the effective implementation and sustainable development of tourism; (v) preservation of the environment and (vi) advocacy and policy reform that ensures an enhanced environment for private sector led tourism growth. These activities, also involve the implementation of a number of lower level or intermediate activities and outcomes, which have been detailed out in section II c..

The key activities proposed for implementation provide the best options for achieving project goals. They offer a better strategy and provide a more logical approach and causal connection for addressing weaknesses in the tourism supply and demand chain in Northern Mozambique and achieving project objectives. They complement and provide critical synergies that enable Northern Mozambique to be best positioned in the international market place as an emerging destination. Additionally and considering the limited funding available, the focus on Cabo Delgado as a gateway and pilot and limited interventions in Nampula and Niassa, assures the development of a critical mass of quality products instead of spreading thin. This approach provides the best possibilities and guarantees to attracting the significant numbers of visitors that will impact on revenue and employment generation, rather than a number of scattered and isolated interventions.

Also, the choice of Cabo Delgado as the hub for Northern Mozambique tourism project is based on the following considerations. Of the three provinces, it currently and in the short term, offers the best tourism infrastructure i.e. hotel, road, international and domestic air access to key tourism sites. Its product mix is more attractive and easily accessed and can be packaged for a wider segment of the

special interest market, which will be the initial entry point in our product positioning. Apart from Ilha De Mozambique (which in its current state can depress the discerning traveler), most sites in Nampula and Niassa provinces can only be marketed to the adventure tourism niche segment. Also and as a result of the relatively better state, Cabo Delgado attractions provide less expensive opportunities and options for product improvement, quicker project impact and creating a ‘domino effect’ in the region than either Nampula or Niassa Provinces. It also needs to be noted that Cabo Delgado currently receives a significant amount of regional tourism traffic. Building on these strengths will be more advantageous. It further needs to be noted that UNESCO has quite substantial resources and has decided to focus on conservation of Fort São Sebastião, which was a major concern of the design team. The provision of a grant to the World Wildlife Fund for the establishment of a conservation zone on Lake Niassa assures the conservation of one of the World’s unique marine ecosystems and biodiversity. This is critical for the future development of tourism in Niassa Province.

## B. ECONOMIC ANALYSIS

The major economic justification for this program is to promote tourism, a tradable sector of Mozambique’s economy that has the potential to become competitive on a global level, and generate increased export revenue for the traditionally less developed northern provinces of the country. Tourism is one of the largest growth sectors of the global economy. Worldwide, it accounts for roughly 8% of total export earnings on goods and services and for one out of every 10 jobs. It is a principal (features in the top five) export for 83% of developing countries and the lead export for one third of these countries. It is pro poor and offers one of the few development options for marginalized and vulnerable sections of the economy. If petroleum industry exports are discounted, it is the primary source of foreign exchange earnings for 49 Least Developed Countries. As examples, in 2002, international tourism receipts amounted to \$2.7 billion (Republic of South Africa); \$309 million (Botswana); \$730 million (Tanzania); and \$612 million (Mauritius).<sup>3</sup> Corresponding international tourist arrivals were 6.55 million (South Africa); 1.03 million (Botswana); 550,000 (Tanzania); and 682,000 (Mauritius). Leakage estimates vary from 20% - 35% for various countries.

As a development option, tourism offers a number of comparative advantages. With the exception of agriculture, it is arguably the most labor intensive industry in many economies. It is a much more diverse industry and can be built on a wide resource base including culture and natural resources. This diversity offers a wider scope for participation by the informal sector through livelihood diversification. Unlike other products tourism is consumed at the point of production. This helps overcome tariff and non tariff barriers to major exports from developing countries. By attracting relatively wealthy international and domestic tourists to remote areas with high cultural, historic and natural assets, tourism does not only redistribute income in favor, but also provides options for exports or diversification in poor and marginal

---

<sup>3</sup> Facts and Figures (2005), World Tourism Organization.

areas. It is the fastest growing sector of the world economy. Particularly in developing countries, it is an industry that has shown remarkable resilience and recovery from external shocks, such as international conflicts, terrorism, natural disasters and outbreaks of diseases such as Ebola and SARS. Tourism is also a major contributor to national, municipal and local government revenues, from visa fees, airport tax, value added tax, corporate tax on tourism businesses, income tax on employees in the sector, business license fees, and property tax, among others.

The World Tourism Organization's long-term forecasts and assessment of market trends indicates that Africa is becoming a fast growing destination and will record growth rates of over 5% per annum compared to the world average of 4.1%. This is due to the growing interest in new destinations, which African countries represent. In 2002, Africa earned some \$12 billion from international tourist arrivals. Regional distribution of tourist arrivals to Africa continues to be dominated by North Africa (35.4%), Southern Africa (30.4%), East Africa (21.6%), West Africa (10.1%) and Central Africa (2.5%). Led by strong performance of South Africa, the sub region recorded a positive 8% growth, which is projected to increase over the next five years.

Mozambique has the unique distinction of straddling the East and Southern African region, where tourism has been fueling growth over the last decade. With its unique, rich and diverse tourism resource base, Mozambique cannot afford to be left behind in this global and regional growth industry. Data on arrivals of non-resident visitors at Mozambique's national borders collected by the World Tourism Organization indicates that international arrivals to Mozambique declined from 942,885 in 2002, to 726,008 in 2003. Five countries in East and Southern Africa (Malawi, Zimbabwe, Zambia, South Africa and Swaziland) accounted for 81.4% of these arrivals. 5.9% came from Europe and 0.69% (less than 1%) from North America. With an average tourist expenditure of \$158 per diem for LDCs, developing Mozambique's resource base so as to increase tourist activities, length of stay and expenditure will have major positive impact on Mozambique's hard currency earnings, employment growth and rural transformation.

This project seeks to assure Mozambique's competitiveness as an international destination in a highly competitive global tourism industry, and enable the country to benefit from the numerous positive multiplier effects that come with a vibrant tourism sector. As such, two of the most important elements of the project are the development of competitive products (through packaging and improving the quality of Northern Mozambique's cultural, historical, and natural resources) and strengthening marketing efforts to promote these products particularly in niche markets like diving, whales and birds watching, adventure trails, cultural and historical tours. Through this strategy, the project should be able to increase the competitiveness of the tourism industry and attract larger numbers of tourists to the country.

As noted in the WTO data, Mozambique recorded 726,000 international arrivals in 2003, translating into \$106 million in tourism generated income for the country. Through development and promotion of Northern Mozambique, an increase in the amount of tourists by 1% or an additional 7,260 people, with an average daily

expenditure of \$158, and an average trip length of 7 days could yield an additional \$7.62 million in revenue per year. This excludes an estimated \$500,000 in visa fees and airport taxes, not to mention added revenues from licensing fees, corporate taxes, increased income taxes, aircraft landing and navigational fees, airfares on internal flights, etc. Over the short term, 5-7 years into the future, this project could stimulate increases in tourism of up to 5% per year, or about 35,000 additional people who come to Mozambique annually to visit the north of the country. An increase of this size would translate into roughly an additional \$38.7 million of added annual income into this region of the country. And the more capacity for increased tourist arrivals the project is able to generate in the north, the greater these increases in revenue will be.

Though this project focuses solely on promoting tourism in the north of the country, the effects will be felt throughout Mozambique. Once in-country, tourists will likely take advantage of their vacation to also visit sites in Maputo and the south of the country. Therefore, almost every trip to northern Mozambique will have spillover effects for tourist operators and other businesses in the south of the country.

Additionally, promotion and expansion of the tourism sector can be a very important source of job growth. As the tourism industry grows, so does the demand for business and services to support a larger number of tourists—translating into more employment opportunities for Mozambicans.

Northern Mozambique currently has an employment ratio of 3.8 persons to a room, on average.<sup>4</sup> This means each hotel room creates and sustains 3.8 jobs directly in the tourism industry. On top of this, experience from Ghana shows that each job created in the tourism sector yields, on average, 3.5 additional jobs in other sectors such as food and horticultural supplies, handicrafts, textiles, transportation, retail and other services. Therefore, if the situation in Mozambique proves similar to that in Ghana, this could result in an additional 13.3 jobs created in the local economy for each added hotel room. There are approximately 300 internationally rated 3-5 star rooms in the three Northern provinces of Cabo Delgado, Nampula and Niassa. If up to 35,000 tourists per year are attracted to the region, this would create a demand for an additional 300 rooms in northern Mozambique. This excess demand could create as many as 4,000 new jobs. Also, at an average investment cost of \$155,000 per room in northern Mozambique<sup>5</sup>, it would mean an investment of \$31-\$46 million in the economy.

Much of the impact, real growth and investment, it must be noted, will be felt after the project has finished. For example, building on the foundations of the project, five to ten years into the future, northern Mozambique should earn more than \$110 million per annum in direct tourism revenue if it is able to attract 100,000 visitors a year. This would also create nearly 12,000 new jobs in the region and possibly up to \$150 million in new investment.

---

<sup>4</sup> Source: Data Collected from Rani Group and 10 Leading Hotels & Lodges in northern Mozambique

<sup>5</sup> *Ibid.*

The costs of this project are small in comparison: a \$5.5 million total investment by USAID plus contributions from other donors. If, within five to ten years, the results in Northern Mozambique are even close to what has been seen in similar tourism markets around the world (if Northern Mozambique is able to achieve just one fifth of the tourist arrivals as a place like Mauritius), the results in direct revenues will be close to \$100 million per year and the indirect revenues much larger. In just one year, this would produce a benefit/cost ratio of more than 15:1.

Using these numbers as justification, much of the project focuses on increasing tourism arrivals and expenditure, attracting investments and creating jobs as well as building the capacity of local service providers to respond to this expected growth and expand the quantity and quality of the services and products they provide. This project represents the sum of a number of diverse yet interconnected activities designed to enhance the Mozambican tourism product and attract interest and investment to the tourism industry in the country. Each individual activity therefore cannot easily be measured in economic terms; however, the results of these activities as a whole will be quantified through the following indicators: number of jobs created, amount of new investment generated, number of new rooms and the increase in occupancy rates, number of new tourists attracted to Northern Mozambique, average daily spending of these tourists, and the number of new businesses started.

## C. GENDER ANALYSIS

In examining the importance of gender relations in the Northern Mozambique Tourism Project, the analysis focuses on two key questions:

- Are women and men involved or affected differently by the context or work to be undertaken?
- If so, would this difference be an important factor in managing for sustainable program impact?

The purpose of the analysis is to identify significant constraints for project results as a result of gender relations, and differential effects of the activities for men or women, in order to build in ways to modify these constraints and monitor their impact.

Worldwide, tourism development has been shown to generate significant new employment for women as well as men across a range of skill areas and types of jobs. The extent to which both women and men participate in and benefit from this growth varies with cultural, economic, and social factors that affect access to opportunities. Degree of literacy and education, experience and acceptability of participation in the formal labor market, availability of training, responsibilities related to traditional household roles, and the ability to participate in decision-making are factors that may differ systematically between men and women and affect the distribution of benefits. Tourism development also stimulates new micro-,



small and medium enterprises to provide services directly to the visitors and indirectly to tourism enterprises. Women often predominate in micro-and small enterprise development, although gender-based constraints like unequal access to credit, property rights, or business services may adversely affect these benefits as well.

Gender relations also may affect the impact of a tourism project. Cultural stereotypes and segregation in the labor market mean that some jobs are only done by either men or women. If sufficient numbers of men or women are not available to fill these jobs in the region, the project results will be affected. Likewise, community receptivity to tourism development may be affected by the response of either men or women to the changes. Resistance may grow from fathers and husbands if wives and daughters are drawn into paid employment and their household roles are compromised. Anecdotally, in southern Mozambique some have observed an increased incidence of domestic violence and resentment against tourism employers for this reason. Gender also is a factor in the interface between the household and local development, since women have principal responsibility for household and family care. Changes that either benefit the household (e.g., desalination plants to strengthen water supply, improved sanitation, increased access to medical services) or disadvantage day-to-day activities (e.g., zoning restrictions, increased market for prostitution and other illegal “personal services,” spread of HIV/AIDS, direction of public funds away from local services) will affect women more than men.

In Mozambique, substantial steps have been taken to strengthen women’s legal rights and outreach since the 1995 Beijing International Women’s Year conference. Yet the awareness and impact of these measures differ greatly between urban and rural areas, and between Maputo and the provinces. In Northern Mozambique, experience in both public and private sector forums is more constrained for women than for men. Because women are less visible and less active than men, they may easily be ignored as significant stakeholders in the community. Direct efforts will be made under this program to ensure participation of women and representation of women’s interests in the Arc and provincial Forums of the Tourism Project. In the public sector, the Ministry of Women and Social Action has representatives in each ministry and in each province, and gender focal points even at the local level. These individuals, trained by the Ministry of Women, will be considered as potential participants in Arc and provincial Forums. Likewise, in the private sector, NGOs advocating for women’s interests will be contacted. In Nampula and Cabo Delgado, ACTIVA, a local association of female entrepreneurs, is one possibility.

Social and economic data show a consistent gender gap in education, literacy, formal sector employment, access to credit and property rights, and access to information and exposure to the outside community, which is particularly strong in Northern Mozambique. The importance of these factors for project activities and the long term results will vary by province and by urban and rural residence, but the project will address directly the relative constraints on women’s access to employment and entrepreneurial opportunities to achieve the projected growth in hotel and other tourist services.

In addition to ensuring that women's interests are represented in the decision-making forums of the project, the project will encourage, to the extent possible, specific recruitment of women for project management positions in Pemba and provincial offices, and for all capacity building activities, especially those involving business development.

This is important for gender equity during the project and also demonstrate new and expanded roles for women and define the direction for future tourism development in the region. This type of visible participation will be particularly important in the activities related to the Development of Interpretative Systems.

The following recommendations will be incorporated and followed:

- Ensure broad-based and representative membership for the Arc Forum and the provincial clusters with consideration to age, sex, ethnicity, rural/urban, and livelihood/occupation.
- Capacity building activities will be responsive to gender-based constraints and will incorporate equal numbers of men and women, as appropriate, into all training and technical assistance activities.
- Ensure that efforts to inform the public about policy changes take steps to reach both men and women.
- Benchmarks will include indicators to track and report on differential impact on men and women in addition to measuring general impact and participation.
- Forum members and all field staff will be trained in gender awareness and analysis.
- The assessment team will have appropriate capacity and experience with gender analysis in planning for sustainable tourism and in building community participation.
- As new activities are developed, the project will contract local gender experts to assist in analysis and recommendations concerning significant local situations that may affect men and women differently or have an impact on project effectiveness.

## D. ENVIRONMENTAL COMPLIANCE

An Initial Environmental Examination (IEE) has been prepared by the Mission Environmental Officer. It concluded that the objectives of the project (the promotion of tourism in potentially sensitive coastal and natural environments) may have impacts on the environment. In order to more appropriately identify and mitigate for those impacts an environmental assessment should be performed under certain proposed activities. Many of the activities in this program will have a direct and measurable benefit on the environment. The creation of the Lake Niassa Reserve will protect over 100,000 hectares of biologically significant terrestrial and aquatic ecosystems, including the habitats of many endemic species. The Pemba Bay Commission has the goal of ensuring sustainable development and the protection of the Pemba Bay through water quality monitoring, land management, and scientific studies. Specific policy initiatives, such as land zoning and enforcement will increase the environmental value of this work.

The IEE threshold decisions for the proposed activities are as follows:

A Categorical Exclusion under §216.2 (c)(2) is recommended for the following activities:

- a. Establishing regional tourism Arc Forums
- b. Marketing, branding and promotion
- c. Development and promotion of community-based tour routes and geotourism map guides
- d. Supporting demand-driven local initiatives to access MCC funding for infrastructure
- e. Support to the Pemba Bay Conservancy
- f. Local capacity building and private sector linkages

A Negative Determination with Conditions, per 22CFR216.3(a)(2)(iii), is recommended for:

- g. Policy Initiatives
- h. Preservation of significant cultural/historical sites

A Positive Determination, per 22CFR216.3(a)(2)(iii), is recommended for:

- i. Establishment of Lake Niassa Reserve
- j. Preparation of Cabo Delgado Destination Management Plan

The Positive Determinations indicate that environmental assessments should be performed. However, in the cases listed here the environmental assessments will be performed as an integral part of the activities and, thus, will not restrict funding or limit the initial implementation schedule so long as the performance of the environmental assessment is ongoing.

With regard to the establishment of the Lake Niassa Reserve two sets of documentation will be required per Mozambican law: a formal justification of the reserve and a management plan. The justification is a detailed look at the environmental situation and includes a problem and opportunity analysis. The management plan outlines the proposed management activities and explains how they are the most appropriate responses to the threats and best use of the proposed protected area. Both documents will be reviewed and approved at various levels within the GoM (including MICOA) and approved by the Council of Ministers. The preparation of these documents parallels the Mozambican EA process and, in fact, requires a higher level of review and scrutiny. If the Mission can verify that all of the components of an EA are met (per the Reg. 216 requirements), then this will satisfy the USAID EA requirements.

The IEE is included as Annex 2.

## E. BIODIVERSITY

USAID/Mozambique has a Biodiversity earmark of \$500,000 for FY05 under this program. According to the USAID draft guidance for the definition of Biodiversity programs, there are four key criteria which must be met:

- The program must have an explicit biodiversity objective, *it isn't enough to have biodiversity conservation result as a positive externality from another program*;
- Activities must be identified based on an analysis of threats to biodiversity;
- The program must monitor indicators for biodiversity conservation;
- Site-based programs must be implemented in biologically significant areas.

The creation of the Lake Niassa Reserve, support to the Pemba Bay Commission, support for certain policy initiatives, and support to other biodiversity initiatives are all activities which will support the biodiversity aspects of this program, mitigating negative impacts caused by tourism and other economic activities in the referred areas. Lake Niassa is home to some 800 unique species of fish, and is under threat from human settlement, over-fishing, and practices such as fishing with mosquito nets that could quickly lead to a deterioration in the lake's carrying capacity. The Malawi side of the lake has already degraded considerably. While the Pemba Bay is the third largest in the world, the smaller inner bay is most at risk over the next decade or so, with major threats coming from effluent from shrimp farming and hotels, as well as over-fishing. Implementation of both these components will begin with an environmental analysis that will provide a detailed assessment of each threat and lead to a prioritization of conservation actions. A major objective of the program is to develop mixed public/private enforcement capacity to replace the current ineffectual arrangements for preservation of the natural resource base. The proposed budget levels are shown below:

<b>Activity</b>	<b>Budget<sup>1</sup></b>
Creation of Lake Niassa Reserve	\$300,000
Support to the Pemba Bay Commission	\$200,000
<b>TOTAL</b>	<b>\$500,000</b>

Note: 1) The values do not include general management costs which can be directly attributed to the performance of the activity.

The proposed indicator for these activities is:

“Hectares of significant ecosystems (including coastal and marine) under improved and/or effective management.”

## X. SO TEAM MANAGEMENT OF IR3

General management of all activities under IR3 will be the responsibility of the SO7 team leader. A local hire TCN will be responsible for day to day implementation as project manager. In addition, the team will continue to be supported by a project development officer (PDO), an economist (FSN), and an administrative assistant responsible for tracking finances and preparing MAARDs and correspondence, as well as a financial analyst and a contract negotiator.

Under the design implement contract, one off-shore chief of party will be posted to Pemba, and two other local hire long term individuals will be hired. It is estimated that four person/years of technical assistance will be required to implement the Arc.

# XI. SUMMARY PROCUREMENT

<b>Item</b>	<b>Instrument</b>	<b>Competition</b>	<b>Date Required</b>	<b>Estimated Value</b>
Design	Task Order	MOBIS	Done	\$ 500,000
Implement	Task Order modification	MOBIS	September 1, 2005	\$4,700,000
Lake Niassa Reserve	WWF Grant	Single source	October 1, 2005	\$ 300,000

## XII. FINANCIAL PLAN

Activity Description	Year 1	Year 2	Year 3	Total
<b>1. <u>Attracting Tourists</u></b>				
A. Branding, Marketing & Promotion	200,000	200,000	200,000	600,000
B. Historic Preservation	200,000	200,000	100,000	500,000
C. Development of Interpretive Systems	50,000	75,000	75,000	200,000
D. Capacity Building	75,000	100,000	50,000	225,000
E. Project Management	150,000	150,000	150,000	450,000
<b>Total for Attracting Tourists:</b>	<b>675,000</b>	<b>725,000</b>	<b>575,000</b>	<b>1,975,000</b>
<b>2. <u>Attracting Investors</u></b>				
A. Destination Management Plan	150,000	200,000	150,000	500,000
B. Project Management	150,000	150,000	150,000	450,000
<b>Total for Attracting Investors:</b>	<b>300,000</b>	<b>350,000</b>	<b>300,000</b>	<b>950,000</b>
<b>3. <u>Preserving the Environment</u></b>				
A. Pemba Bay Conservancy	100,000	100,000	-	200,000
B. Lake Niassa Reserve	300,000	-	-	300,000
C. Project Management:	50,000	50,000	50,000	150,000
<b>Total for Preserving the Environment:</b>	<b>450,000</b>	<b>150,000</b>	<b>50,000</b>	<b>650,000</b>
<b>4. <u>Cross Cutting Activities</u></b>				
A. Northern Mozambique Arc	300,000	300,000	300,000	900,000
B. Policy Reform	100,000	100,000	100,000	300,000
C. Project Management:	225,000	250,000	250,000	725,000
<b>Total for Cross Cutting Activities:</b>	<b>625,000</b>	<b>650,000</b>	<b>650,000</b>	<b>1,925,000</b>
<b>Tourism Program Grand Total:</b>	<b>2,050,000</b>	<b>1,875,000</b>	<b>1,575,000</b>	<b>5,500,000</b>



# ANNEX 1: WORK PLAN AND TIMEFRAME FOR PROJECT ACTIVITIES

Activity	Timeframe	Deliverable
<b>1. Attracting Tourists</b>		
<b>A. Marketing and Branding</b>		
Draft SOWs and identify consultants to create a marketing plan for the region	Y1Q1	
Finalize marketing plan	Y1Q3	
Subcontract local or regional marketing firm to carry out branding of Northern Mozambique product	Y1Q3	Distinct Northern Mozambique logo, website, and marketing materials drafted
Tourism routes finalized	Y1Q3-Q4	2-3 tourism routes identified and mapped
Geo-mapping carried out	Y2Q1	National Geographic produces and disseminates a series of “geomaps” for Northern Mozambique
<b>B. Cultural/Historical Preservation</b>		
Hire specialist Architect/Conservator to manage the historic preservation activities on Ibo Island and support UNESCO to coordinate and start up historic preservation of Ilha	Y1Q2	
Establish and equip conservation office on Ibo Island	Y1Q3	
Recruit and train local employees for implementation of stabilization of key sites on Ibo	Y1Q3-Y1Q4	Up to 100 local staff trained in the necessary skills
Plan drafted for long term conservation work on Ibo	Y2Q1	Plan presented to key donors and private sector contributors
<b>C. Development of Interpretive Systems</b>		
Develop curriculum, establish certification standards for guides, etc.	Y1Q2	community guides in Ibo, Ilha and Pemba trained.
Establish “welcome centers” in Pemba, Ibo, and Quirimbas	Y1Q3	
Promote formation of Heritage Clubs in schools, major workplaces, churches and mosques in Cabo Delgado and Nampula	Throughout the contract period	

Activity	Timeframe	Deliverable
<b>D. Capacity Building</b>		
Technical assistance to Catholic University in Pemba in curriculum development and instituting a Train the Trainer program, targeted at General Managers, Management and Supervisory level personnel in the industry.	Y1-Y2	100 managers/ supervisors receive specialized training through the University before the end of the project
Identify key private sector institutions to support training of local entrepreneurs	Y1-Q1-Q2	Key institutions identified
Training offered to local enterprises in areas of marketing, management, standards, and key technical specialties	Y1Q3-Y3	10-15 local enterprises/province receiving training and are able to secure contracts with tourism operators
<b>2. Attracting Investors – Destination Management Plan</b>		
Draft SOWs and identify experts to carry out the destination management plan	Y1Q1	
Fieldwork by consultants in land use, tourism development, tourism route mapping, investment potential, etc.	Y1Q2-Y1Q3	
Land use plan finalized	Y1Q3	Plan drafted and findings presented through Arc to local authorities
Develop investor information packets and promote Tourism Investment Areas “TIAs” recommended in the plan	Y1Q3-Q4	2-3 TIAs identifies and investment packets created
<b>3. Preserving the Environment</b>		
<b>A. Pemba Bay Conservancy</b>		
Conduct periodic studies and set benchmarks for monitoring and measuring the relative health of the bay through assessing water quality and measuring algae levels and coral populations;	Throughout the life of the contract	
Create the Pemba Bay Conservancy which will be comprised of all local stakeholders with an interest in the bay (hotels, shrimp farmers, local government, local businesses, residences, etc.)	Y1Q2	If successful, the Conservancy will have a legal status early in the third year of implementation, and groundwork for the establishment of an endowment to support and promote the conservation and preservation of the bay will have been established.
Work closely with key regulatory agencies and local government to promote a strong enforcement mechanism for all regulations governing use of the bay.	Throughout the life of the contract	
<b>B. Niassa Reserve</b>		
Work begins on creating a National Park on the shore of Lake Niassa	Y1Q1	
Plan finalized and presented for establishing a National Park on Lake Niassa	Y1Q4	
Obtain Government declaration of Lake Niassa Reserve	Y2Q4	
Launch the Lake Niassa Reserve	Y2Q4	

Activity	Timeframe	Deliverable
<b>4. Cross-cutting activities</b>		
<b>A. Creating and Maintaining the Northern Mozambique Arc</b>		
Establish Project Office in Pemba	Upon project start up	
Recruit Local Coordinator for the Arc	Y1Q1	
Create sub-forums in each of the three provinces	Y1Q1	Arc members identified
Convene initial workshop to lay out the purpose of the project and role of the Arc	Y1Q1	Protocol for communications amongst Arc members and between the project and the Arc established
Monthly Arc meetings convened	Monthly	
Technical assistance and training provided to key Arc members	Throughout life of project	Key local organizations strengthened to independently support Arc functions
Exit strategy defined	Y2Q4	
<b>B. Policy Reform</b>		
Identify priority tourism specific policy and regulatory constraints through the Arc Forum	Y1Q2	
Undertake detailed analysis and make policy recommendations for each policy	Y1Q2-4	3-4 most pressing policy issues selected for advocacy work
Work through the Arc to craft policy recommendations into legislative initiatives	Y1-Y2	
Conduct public awareness campaigns of possible, impending, or recently occurred passed policy initiatives	Y2	
Investigate and encourage self-regulatory mechanisms for tourism industry	Y1Q4	Plan crafted to create a Self Regulatory Organization among the tourism industry in Northern Mozambique

# ANNEX 2: IEE

---

# INITIAL ENVIRONMENTAL EXAMINATION

## PROGRAM/ACTIVITY DATA:

**Program/Activity Number:** 656-007 (Contract: GS-10F-0619N)

**Country/Region:** Mozambique

**Program Title:** SO7, Labor Intensive Exports Increased

**Activity Title:** Mozambique Tourism Program

**Funding Begin:** FY 2004 **Funding End:** FY 2007 **LOP Amount:** \$ 5,500,000

**IEE Prepared By:** Andrew James, MEO **Current Date:** July 15, 2005

**IEE Amendment (Y/N):** Y

**Filename & date of original IEE:** 33 Mozambique2 Exports SO7 SOAG, July 11, 2003

## ENVIRONMENTAL ACTION RECOMMENDED:

Categorical Exclusion: X Negative Determination: X

Positive Determination: X Deferral: \_\_\_\_\_

## ADDITIONAL ELEMENTS:

CONDITIONS X PVO/NGO: \_\_\_\_\_

## SUMMARY OF FINDINGS:

The purpose of this document is to amend a transitional SOAG-level IEE for USAID/Mozambique's Strategic Objective 7 (SO7): Labor Intensive Exports Increased (file name 33 Mozambique2 SO7 Exports SOAG, approved July 11, 2003), to make 22 CFR 216 threshold decisions and resolve the deferral assigned by the earlier IEE for the Mozambique Tourism Program. This Program is an activity of USAID-Mozambique's Country Strategy Plan: 2004-2010, for SO7: Labor-Intensive Exports Increased, under IR1—increased market access; IR2—improved enabling environment; and IR3—capacity of labor-intensive enterprises increased. Within IR3 the purpose of the project is twofold: (1) generate measurable economic benefits through job creation and investment; (2) demonstrate positive effects of economic liberalization.

The Mozambique Tourism Program is a 3 year contract to be implemented in three Northern Provinces of Mozambique. It will result in poverty reduction both directly, by generating measurable economic benefits (jobs and investment), and indirectly, by demonstrating the positive effects of economic liberalization, which can be replicated in other locations and in other sectors of the economy. The principal measures of success will be: jobs created; tourist arrivals; and dollars spent.

The Mozambique Tourism Program will be implemented through several different activities, which will begin at various phases during the implementation period. This IEE will address those activities that are currently well defined and scheduled to begin immediately.

A **Categorical Exclusion** under §216.2 (c)(2) is recommended for the following activities:

- a. Establishing regional tourism ARC forums
- b. Marketing, branding and promotion
- c. Development and promotion of community-based tour routes and geotourism map guides
- d. Supporting demand-driven local initiatives to access MCC funding for infrastructure
- e. Support to the Pemba Bay Conservancy
- f. Local capacity building and private sector linkages

Training, technical assistance, and capacity building under the Tourism Program will have no direct environmental effects and are recommended for **Categorical Exclusion** pursuant to 22 CFR 216.2(c)(2)(i) education, technical assistance, training; 22 CFR 216.2(c)(2)(iii) analyses, studies, workshops; 22 CFR 216.2(c)(2)(v), document and information transfer, and 22 CFR 216.2(c)(2)(xiv), for studies, projects or programs intended to develop the capability of recipient countries and organizations to engage in development planning.

A **Negative Determination with Conditions**, per §216.3(a)(2)(iii), is recommended for:

- g. Policy Initiatives  
**Conditions:** (a) potential long-term environmental consequences of policy reform are examined as a routine part of the analysis; (b) technical assistance agreements related to policy reform will include a provision for a component on environmental impacts of the potential reform.
- h. Preservation of significant cultural/historical sites  
**Conditions:** (a) the rehabilitation work shall be performed under the supervision of a trained and qualified conservator who is well versed in the preservation of historical buildings; (b) preservation works shall be in accordance with the guidelines of the International Council on Monuments and Sites ([www.international.icomos.org](http://www.international.icomos.org)), including all safety and environmental standards therein, and (c) the works shall be performed according to the guidelines listed in Africa Bureau Environmental Guidelines for Small-scale Activities in Africa, for construction activities. The intent will be to protect and maintain the quality water sources and the surrounding bay, ensure the safe use and handling of any chemicals (such as paints and solvents), etc.

For the following two activities, a **Positive Determination** is recommended per 22CFR216.3(a)(2)(iii) and an environmental assessment (EA) will be prepared:

- i. Establishment of Lake Niassa Reserve  
Typically, there are two sets of documentation required by the GRM during the formation of a reserve area in Mozambique: a justification and a management plan. The justification includes an analysis of the environmental situation and a problem and opportunity analysis. The format of this document follows the standard EIA outline as mandated by the Ministry of the Environment (MICOA). The second document is a draft management plan, which outlines the proposed management activities and explains how this is the best response to the problems and the best use of the area to be protected.

The scope of the EA prepared in response to this Positive Determination will be determined following procedures described in 22CFR216.3(a)(4), and the content of the assessment will follow the requirements of 22CFR216.6. It is expected that the scope and content of the EA and of the documentation required by the GRM will be largely similar, and in the interest of efficiency, efforts should be made to satisfy both analytical and documentation processes at the same time. Nonetheless, the satisfaction of GRM requirements will not necessarily meet USAID's EA requirements, and vice versa.

The justification for a Positive Determination for this activity is that a necessary precondition for the formation of a reserve is the analytical and public consultation work that is required in an Environmental Assessment. The establishment of a reserve implies the restriction of activities previously conducted on that land. This is important to the conservation of the ecosystem, but might certainly be perceived as having a negative impact on affected populations. Success of such a venture may hinge upon the identification and appropriate response to public opposition, and a demonstration that other alternatives had been considered.

Since the activity to be funded will begin with the development of an Environmental Assessment, no delay in funding should be implied by this Positive Determination. If USAID feels that appropriate progress has not been made in the environmental assessment, then they will have the right and responsibility to restrict future funding.

- j. Preparation of Cabo Delgado Destination Management Plan  
Although the promotion of tourism development through this program may result in environmental impacts it is reasonable to expect that the activities included in the program will in themselves act as mitigation measures. For example, tourism development will likely occur in the region, but the existence of a

Destination Management Plan will help ensure that it occurs in a sustainable and controlled manner. However, to be fully effective as a mitigation measure, the Management Plan must include environmental considerations, and the most appropriate means to ensure that environmental considerations are incorporated into the exercise is through the preparation of a formal environmental assessment. The scope of the EA prepared in response to this Positive Determination will be determined following procedures described in 22CFR216.3(a)(4), and the content of the assessment will follow the requirements of 22CFR216.6.

The justification for a Positive Determination for this activity is similar to the justification for the Positive Determination for the Lake Niassa Reserve formation: the sort of analytical and public consultation work required in an Environmental Assessment is needed in order to develop a successful management plan of the targeted areas of this province. The management plan will permit or promote certain activities and prohibit or discourage others. Without the sort of information that is generated by an Environmental Assessment, it will be difficult to determine what activities constitute sustainable development of the targeted areas of Cabo Delgado, and what the implications are of prohibiting or discouraging some activities in these areas.

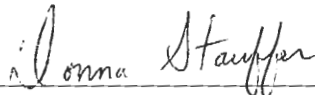
The preparation of the environmental assessment and the Destination Management Plan are mutually dependent activities. As such, it is expected that they will be performed together and concurrently. Therefore, this Positive Determination will not include any restrictions on the funding to perform any part of the activity. If, upon further review, USAID feels that appropriate progress has not been made in the environmental assessment then they will have the right and responsibility to restrict future funding.

Funds for activities not included herein will not be available for commitment until USAID/Mozambique prepares, and has approved, an amended IEE. Any amendment to this IEE should contain appropriate environmental conditions and references to analyses that document the range of potential impacts of the policy reforms and sector interventions to be supported. As required by ADS 204.5.4, the SO7 team must actively monitor ongoing activities for compliance with approved IEE recommendations, and modify or end activities that are not in compliance.

**APPROVAL OF ENVIRONMENTAL ACTION RECOMMENDED:**

**Activity Title: Mozambique Tourism Program**

**CLEARANCE:**

Acting Mission Director:   
Donna Stauffer

Date: 7/19/05

**CONCURRENCE:**

Bureau Environmental  
Officer: \_\_\_\_\_

Brian Hirsch

Date: \_\_\_\_\_

Approved: \_\_\_\_\_

Disapproved: \_\_\_\_\_

**Filename:** \_\_\_\_\_ (USAID/W BEO)

**ADDITIONAL CLEARANCES:**

Mission Environmental  
Officer: \_\_\_\_\_

  
Andrew James

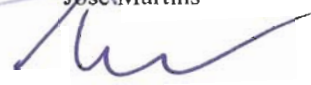
Date: 15 July 05

Activity Manager: \_\_\_\_\_

  
Jose Martins

Date: 18 July 05

SO Team Leader: \_\_\_\_\_

  
Timothy Born

Date: 18 July 05

Regional Environmental  
Advisor: \_\_\_\_\_

Camilien Jean W. Saint-Cyr

Date: \_\_\_\_\_





## INITIAL ENVIRONMENTAL EXAMINATION

### PROGRAM/ACTIVITY DATA:

Program/Activity Number: 656- 007

Country/Region: Mozambique/Southern Africa

Program Title: Strategic Objective 7: Labor Intensive Exports Increased

Activity Title: Mozambique Tourism Program

### 1.0 BACKGROUND AND PROJECT DESCRIPTION

#### 1.1. Purpose and Scope of IEE

The purpose of this IEE is to provide the necessary environmental documentation, pursuant to 22 CFR 216 (Regulation 216) and ADS 204, to proceed with the Mozambique Tourism Program. This activity fits within IR 7.3 of USAID/Mozambique's SO7: Labor Intensive Exports Increased. This IEE amends SO7's SOAG-level IEE by partially lifting its deferral on new activities. It allows for future amendments as new activities are added or existing ones are extended or cancelled.

This IEE does not cover the procurement, handling and use of pesticides.

No logging or other timber extractive activities are included within or approved under this IEE.

A transitional SOAG-level IEE (33 Mozambique2 SO7 Exports SOAG, approved July 11, 2003) was written for SO7 to provide for continuation of ongoing activities in the new strategy period and design work for new activities.

#### 1.2. Background and Program Description

Many of the constraints on the development of Mozambique's tourism sector also affect all sectors of the economy. Despite major achievements in the past 5 years in establishing a stable macroeconomic environment, a workable, effective, and efficient means to promote the private sector remain elusive and the private sector's pivotal role in generating jobs, foreign exchange earnings, and tax revenues remains understated. Policies for land allocation and security of tenure remain probably the single greatest hurdle to private sector investment. Labor laws support inflexibility; red tape strangles initiative. In all aspects of policy, despite a plethora of well conceived initiatives, enforcement remains a problem and the patchy application of laws leads to opportunities for corruption. Perceptions of risk make financing costly and difficult to access. Substantial investment in human capital is needed at every level in the public and private sector.

Overall Mozambique's micro-economic environment discourages labor-intensive growth and the establishment of legal small and medium enterprises, while high costs keep the formal sector small and unproductive. The extent of participation in the formal labor market is close to the lowest in the world, at 5 percent (400,000 out of a workforce of 8.5 million). Mozambique ranks low in competitiveness—93 out of 102 countries in the World Economic Forum's 2004 Competitiveness Index; and according to the World Bank's "Doing Business in 2004" it takes 153 days to open a business in Mozambique.

Mozambique's solid growth over the past six years veils many structural problems in the economy. High reliance on donor funding, improved productivity in the smallholder agricultural sector, and two significant large-scale investments lend to the impression of economic health, but do not demonstrate a significant shift in the structure of the economy. Mozambique needs to move increasingly to the creation of labor-intensive production of competitive goods and services and to create an environment conducive to investment.

Development of the tourism sector fits well with Mozambique's poverty alleviation imperatives. The sector is pro-poor, offering opportunities, especially for women, in jobs where inexpensive training can lead to advancement in the workforce. Mozambique also has inherent strengths in the sector, thanks to its spectacular natural resources and unique cultural heritage.

SO7 has three IRs. IR7.1: Markets For Exports Expanded, is concerned with opening and maintaining access for Mozambican exports in bilateral, regional, and global markets; activities under this IR will largely be a continuation from the previous strategy. IR7.2, Enabling Environment For Exports Improved, will work on issues related to the structural or microeconomic constraints to trade that Mozambican businesses face, such as customs, taxes, and non-tariff barriers. Activities under IR7.2 will also be mostly continuation from the previous strategy. IR7.3, Capacity of Labor Intensive Industries Strengthened, intends to build capacity in specific export sectors, including tourism. By

adding sectoral interventions, SO7 hopes to promote a virtuous cycle in which successful reforms create the conditions for additional reforms, thereby increasing productivity, employment, and exports.

The Mozambique Tourism Program will operate under IR7.3 with the purpose of: (1) generating measurable economic benefits through job creation and investment; and (2) demonstrating positive effects of economic liberalization. The purpose will be achieved through policy initiatives that enhance the climate for investment and business, enable access to MCC funds to improve infrastructure, develop select tourism products, create a marketing strategy to capitalize on regional success stories, improve human capacity, and create an institutional framework that promotes public-private sector partnerships. Interventions will be refined and implemented through the Tourism ARC Forum, designed to promote “Actions for Regional Cooperation.”

The tourism program has been designed to meet the following additional objectives:

- Direct and indirect economic benefits accrue to local communities, measured in terms of jobs created and investment attracted;
- Foreign exchange earnings increased;
- Environmental protection measures enacted to ensure sustainability;
- Results achieved benefit other sectors of the economy, particularly export sectors;
- Successful activities and outcomes have high demonstration value, which can be effectively communicated and replicated in other locations;
- Activities complement and leverage the programs and resources of other donors.

### **1.3. Activity Description**

Descriptions of the specific activities proposed under the Mozambique Tourism Program are included in Section 3 with the discussion of potential environmental impacts.

## **2.0 COUNTRY AND ENVIRONMENTAL BASELINE INFORMATION**

### **2.1. Physical Environment <sup>1</sup>**

Mozambique is located in southeastern Africa, between 10° and 26° south latitude and 30° and 40° east longitude. Most of the country is tropical, lying north of the Tropic of Capricorn. Mozambique has a total area of about 784,000 square kilometers.

Over 25 main rivers flow through the country to the Indian Ocean, most originating in neighboring countries. The largest waterway, the Zambezi River, serves as a natural boundary between northern and southern Mozambique. Other major rivers are the Rovuma, Liganha, Lúrio, Lugenda, Pungue, Buzi, Limpopo, Save, and the Incomati. Lake Niassa (also known as Lake Malawi) is the largest lake in Mozambique and forms the northwestern border with Malawi. The second largest lake was created when the Cahora Bassa hydroelectric dam on the Zambezi River was constructed. Mozambique has over 2,400 kilometers of coastline.

The country is generally low-lying, with coastal plains below 200 meters mainly in the south and along the coastal belt covering about 42% of the land area. Plateau areas, with average elevations between 200 and 500 meters, cover about 29% of the land area. Highlands ranging from 500 to 1000 meters cover about 25% of land surface mainly in the northern and western parts of the country. Mountain areas with elevations above 1000 meters occupy about 4% of Mozambique, and are located along the border with Malawi and Zimbabwe.

The climate of Mozambique is strongly influenced by altitude, proximity to the sea and latitude. Semi-arid and subtropical climates dominate in the south and tropical in the north, with strong seasonal rainfall. There are two distinct seasons, a warm, wet season from November to March, and a cooler, dry season from April to October. Rainfall varies between 1,400 millimeters a year near the Zambezi Delta to 300 millimeters a year in the lowlands of the southern interior. The driest areas of the country lie in the interior of Gaza Province. Mountainous areas in the north and west have around 2,000 millimeters of rainfall a year. Precipitation can vary dramatically from year to year, and droughts are common. Severe droughts occurred in 1974, 1983, 1984, and 1992. Severe floods are common, the most recent floods occurred in early and late 2000 and in early 2001.

#### **2.1.1. Ecology**

Miombo woodlands are dry tropical woodlands, dominated by species of broad-leaved trees in the legume subfamily. These woodlands occupy a large area of southern Africa and are adapted to the generally poor soils and the strongly

---

<sup>1</sup> Excerpted from the USAID/Mozambique Country Strategic Plan, 2004-2010

heavy rainfall patterns of this region. Miombo woodlands of various types form the predominant ecosystem in Mozambique. Dense or closed-canopy forests, including mangrove forests, exist in limited areas along rivers, mountains and the coastline. Dry areas of the south can be described as savanna grassland or thorn scrub vegetation.

Almost 5,700 plant species have been recorded in the country, although the existing number is suspected to be much higher. Close to 250 of these species are found only in Mozambique (endemic). Mozambique has more than 200 species of mammals and a similar number of reptiles and amphibians. Southern Africa is home to approximately 900 bird species of which 600 are supported in Mozambique's diverse habitats.

Mozambique has sixteen endangered mammals, fourteen endangered birds, five endangered reptiles, two endangered fish, and seven endangered invertebrates within its boundaries. The World Conservation Union (IUCN) lists 89 plant species found in Mozambique on its Red List of Threatened Species.

Coastal and marine habitats in Mozambique are especially rich, and include coral reefs, mangrove forests, seagrass beds, coastal swamps, dunes, beaches, and coastal mud flats. The open waters offshore support productive marine ecosystems.

### **2.1.2. Human Ecology, Land Use, and Agriculture**

The ecological dynamics of miombo woodlands, the dominant type of ecosystem in Mozambique, have been shaped in many ways by humans. These woodlands are largely inhabited, and their structure is dependent in part on human factors such as the use of fire, shifting cultivation, and pastoralism which have been a part of the ecology of the region for thousands of years.

Shifting cultivation is an ancient agricultural production system that is commonly practiced today in Mozambique. Shifting cultivation per se is not destructive and can be sustainable if rotation cycles are sufficient to allow natural vegetation to recover before re-clearing. However, under increasing human population pressures, the cycle is shortened, the natural vegetation does not have the chance to recover fully, and as a result soil fertility declines and crop yields are lower. Fire is an essential and integral part of shifting cultivation. Only through burning at the end of the dry season can the felled trees and slashed brush be converted to ash and incorporated into the soil to sustain crop production.

Deforestation in Mozambique is minimal, with the annual rate of forest loss from 1990-2000 estimated at about 63,000 hectares per year. Mozambique's protected area system encompasses 7.2 million hectares, around 9% of total land area.

Because of soil and climatic factors, agricultural potential in Mozambique is low in relation to neighboring countries. Arable land—defined as land suitable for repeated cropping of annual or semiannual crops such as maize, rice, wheat, etc. —composes 4% of the country's land area or 3.1 million hectares.

### **2.1.3. Socioeconomic Context**

Mozambique is one of the poorest countries in the world. In 2001 Mozambique ranked 157<sup>th</sup> in the United Nations Development Program's (UNDP) Human Development Index, and the sixth poorest country in the world. Approximately 55% of Mozambicans live in absolute poverty. The GDP per capita was estimated at US\$226 in 2003 (IMF projection). Although poverty penetrates the entire country the problem is most predominant in rural areas.

The population of Mozambique is 17.6 million and is growing at around 2% per year with a population density of 25 persons per square kilometer. More than 50% of Mozambicans reside in the north, predominately in Nampula and Zambezia Provinces. In the central zone people are concentrated along the Beira Corridor, and in the south along the coast, especially around Maputo. About 70% of the population live in rural areas.

Approximately 80% of the labor force in Mozambique is engaged in agriculture, and 90% of these people work in the family farm or "smallholder" sector. Less than 2% of smallholder farmers use fertilizers (other than ash fertilization) and less than 5% use animal traction. Yields are generally low. Roughly 2.5 million smallholder households are engaged in agricultural activities on an average of 1.82 hectares of land. These statistics suggest that smallholders farm about 4.5 million hectares. Chief crops are manioc, maize, millets, rice, sweet potato, and beans. Staple food crop cultivation represents 63% of total household production, followed by cash crops (17%) and vegetables (4%). The "commercial" farming sector consists of state and private commercial farms, and is said to have accounted for approximately 15% of all cultivated land during the 1998-1999 farming season.

Natural resources supplied by forests and woodlands make a major contribution to the Mozambican economy, but this contribution is to a large degree overlooked by national economic accounting procedures and statistics, such as those used to estimate GDP and economic growth. Wood supplies more than 80% of Mozambique's domestic energy demands, but the majority of this is not sold or traded in the market. An estimated 80% of population uses "bush meat" as a source of protein. Rural households earn income from selling firewood and charcoal, medicinal plants, and other wild products.

Of the 62 million hectares of forests and woodlands in Mozambique, 19 million hectares have the potential for commercial timber production because of sufficient density of valuable tree species. The remainder does not have commercial timber value but nevertheless has the potential for multiple uses by rural people.

#### **2.1.4. Tourism Context**

Historically, Mozambique was considered one of the premier tourism destinations in Africa, renowned for its world-class Gorongosa National Park, tropical beaches, and cosmopolitan cities. Armed conflicts, mostly after independence in 1975, effectively destroyed tourism infrastructure and wildlife resources. Since the early 1990s tourism has been recovering and by 2001 Mozambique attracted 400,000 tourists, approximately the number during the colonial times.

Growth of the sector has been rather uncontrolled and many social, economic and ecological problems have arisen, Mozambique still faces many constraints for the successful development of a tourism sector, including poor infrastructure, expensive transportation, especially by air, lack of skilled human resources, and weak institutional capacity.

### **2.2. Legal and Policy Environment**

#### **2.2.1. Tourism Policy**

The government recognized the importance of tourism to the national economy with the creation of the Ministry of Tourism (MITUR) in 2000. The responsibility for the National Parks and Reserves was transferred from the Ministry of Agriculture and Rural Development (MADER) to MITUR in 2001, demonstrating the strategic role Conservation Areas are envisaged to play in tourism development in Mozambique.

Besides the Tourism Law, approved in 2004, two important instruments set the legal framework for the development of Tourism, namely the “National Tourism Policy and Implementation Strategy,” approved by the Government in April 2003, and the “Strategic Plan for the Development of Tourism in Mozambique,” published in 2004.

The Tourism Policy defines the objectives the Government aims to achieve through the development of a thriving tourism sector, balancing economic, socio-cultural and environment interests. It also defines a set of general principles, guiding the development of the sector and areas for priority interventions. These include integrated planning, access to land, infrastructure and public services, sustainable and responsible tourism, conservation areas for tourism purposes, valorization of cultural heritage, marketing, human resource development, community involvement, and regulation and control.

The “Strategic Plan for the Development of Tourism in Mozambique” builds upon the “Tourism Policy and Implementation Strategy” and serves as the base document in the strategic planning process. It sets priorities, defines products and markets, identifies priority areas for tourism investment and focuses resources for the period 2004-2013

#### **2.2.2. Wildlife Policy and Legislation**

The *Forestry and Wildlife Policy and Strategy (Política e Estratégia de Desenvolvimento de Floresta e Fauna Bravia 1997)* sets out the framework for protection, conservation and sustainable use of forest and wildlife resources for the economic, social and ecological benefits of present and future generation of Mozambicans. The strategy has ecological objectives as well as economic, social and institutional objectives. The components of the policy are:

- Strengthening the State institutions for forestry and wildlife;
- Rehabilitating the protected areas;
- Developing community based management of forestry and wildlife in areas adjacent to gazetted protected areas; and
- Developing the production forestry estate

In early 2001 a ministerial diploma was issued that changed the authority responsible for protected areas from the Ministry of Agriculture and Forestry, National Directorate of Forestry and Wildlife (DNFFB) to the Ministry of Tourism, National Directorate for Conservation Areas (DNAC) (Diploma Ministerial, January 2001). This is a major change affecting the jurisdiction over protected areas.

#### **2.2.3. Environmental Policy in Mozambique**

The Ministry for the Coordination of Environmental Affairs (MICOA) has the responsibility for promoting and coordinating the implementation of sound environmental policies. The National Environmental Management Program (NEMP) was drawn up for this purpose.

The Environment Laws and Regulations: Based on the NEMP, the *Mozambique Environmental Law* (July 30, 1997) defines the legal basis for the proper use and management of the environment and its components in order to establish a system of sustainable development in Mozambique. Article 5 establishes a National Council for Sustainable Development as a consultative organ of the Council of Ministers and forum for environmental issues, to help ensure

coordination and integration of environmental management principles and activities. The law contains provisions directly related to conservation of biodiversity. Article 7 establishes local organs responsible for implementation of the law in a decentralized fashion. The Law encourages community and public participation, stating that: “It is the duty of the Government to create appropriate mechanisms in order to involve the different sectors of civil society, local communities and in particular associations for the defense of the environment, in the preparation of policies and legislation related to the management of the nation’s natural resources...”

Article 13 of the *Environment Law* provides a legal basis for the creation of protected areas. The law prohibits pollution and mandates environmental quality standards. It also institutes the establishment of Environmental Protection Zones.

Article 30 of the *Environment Law* recognizes the need to guarantee the participation of local communities and to utilize indigenous and local knowledge in the management of the environment.

Mozambique Biodiversity Strategy: MICOA also produced a strategy to conserve and sustainably use Mozambique’s biological diversity. The overall goal of Mozambique’s *Biodiversity Strategy* is “the conservation of biological diversity and the maintenance of the ecological systems and processes taking into account the need for sustainable development and fair and equitable distribution of the benefits arising from the use of biological diversity”. The strategy identifies biological hotspots and areas for action. The strategy identifies the need to review and evaluate legislation, policies and programs related to the agricultural sector with regards to conservation and sustainable use of agricultural biodiversity.

Environmental Impact Assessment: The Regulations for Environmental Impact Assessment were passed in 1998 and revised through Decree no. 45/2004, dated September 29, 2004. They specify that all programs and projects that may directly or indirectly affect sensitive areas shall be subject to EIA. Among others, these include conservation or protected zones or areas, zones where habitats and ecosystems are in danger of extinction, and natural forests. In 2000, a National Directorate for Environmental Impact Assessment was created within MICOA.

Mozambique Land Policy: According to the *Constitution of the Peoples’ Republic of Mozambique* (1975), the State retains ownership of the “land and natural resources located in the soil and subsoil, in territorial waters and on Mozambique’s continental shelf”. It also retains the right to decide the conditions of their exploitation and use. Recognizing the need for modernization in post-conflict Mozambique, the Land Commission was charged with the development of a program to upgrade the Land Law and to modernize and upgrade the relevant institutions and services to implement the new policy and law.

The *Land Policy (1995)* maintains that land ownership is vested in the State, but recognizes the legitimacy of customary law, including traditional use rights, and the role of local leaders in land management and conflict resolution. It also promotes food production, develops family agriculture, promotes private investment, preserves areas of ecological and natural resource interest, and updates the taxation system. The policy provides the framework for the Land Law (1997).

*The Land Law 1997 states that land is State property and may not be sold.* It provides a legal basis for demarcating areas for total protection and conservation (Article 7) and for zones of partial protection (Article 8). The latter provision provides for the conservation and management of ecologically sensitive habitats and riparian vegetation, along with their associated species.

The *Land Law* also provides for the participation of local communities in the management and protection of natural resources. Specifically it allows rural local communities to participate in:

- Management of natural resources;
- Resolution of conflicts;
- The titling process; and
- Identification of the areas they occupy.

The *Land Law Regulations* for implementation of the law were passed by the Council of Ministers (Decree No 66/98, December 8, 1998).

### **3.0 ACTIVITY DESCRIPTION AND EVALUATION WITH RESPECT TO ENVIRONMENTAL IMPACT POTENTIAL**

This section presents the specific activities that will be carried out under the Mozambique Tourism Program, as described in the draft Mozambique Tourism Program Activity Approval Document produced by Nathan Associates and revised by USAID as of July 15, 2005. The activities are briefly described and their potential impacts identified.

### **3.1. Establishing regional tourism ARC forums:**

A regional tourism “ARC” forum will be established in Pemba, and potentially later in Nampula, to act as a coordinating body for tourism development in the Cabo Delgado province. The members of the ARC forum will be the representatives from government, the private sector, and civil society, who have a role in tourism and tourism development. The ARC forum will allow the exchange of ideas, the coordination and prioritization of activities, and be a base for technical assistance and support to the sector.

It is anticipated that this initiative will not have an effect on the natural or physical environment.

### **3.2. Marketing, branding, promotion:**

This initiative will work through the ARC forum to help establish a destination brand and create awareness of the area and its resources. The initiative will include a competitive assessment to help identify areas of comparative advantage prior to developing the campaign. The campaign itself will include the development of a website and brochures, as well as traditional forms of marketing. Wherever possible, it will be conducted through public-private partnerships.

It is anticipated that this initiative will not have an effect on the natural or physical environment.

### **3.3. Development and promotion of community-based tour routes and geotourism map guides:**

This initiative will identify and develop tourism products along organized routes. Routes will be established in partnership with local communities and NGOs, that include nature trails, tour circuits for walking and biking, and waterway trails that help establish interpretive linkages between key attractions. It will include the development of potential tour themes, signage systems (including directional and interpretive signs), and the publication of brochures and guide maps. To help promote the community routes, the National Geographic Society will be invited to develop a Geotourism Map Guide. Familiarization tours will be conducted for local and international tour operators, journalists, and travel writers in order to build local guiding capacity and promote the routes.

It is anticipated that this initiative will not have an effect on the natural or physical environment.

### **3.4. Supporting demand-driven local initiatives to access MCC funding for infrastructure:**

This initiative will provide technical assistance to enable Mozambique to access MCC funds for tourism-related infrastructure. The assistance will be provided to the appropriate GoM agency according to the specific infrastructure in question. The Mozambique Tourism Program will not provide direct financing for infrastructure, but will provide technical assistance through studies, analysis, or the preparation investment documentation to present for consideration. Illustrative priority infrastructure needs were identified during design phase fieldwork (see Appendix A).

The Millennium Challenge Corporation is currently developing its environmental guidelines which will be applied during the implementation of all of its projects (available at [www.mcc.gov](http://www.mcc.gov)). The interim environmental guidelines indicate that projects will be subject to an environmental screening and review, similar in scope and nature to those required under Reg. 216. It is, therefore, reasonable to assume that any projects supported under the Mozambique Tourism Project, and implemented under the MCC, will have sufficient environmental review. No additional conditions are needed within this IEE to ensure that environmental compliance is satisfied.

### **3.5. Support to the Pemba Bay Conservancy:**

There are currently several private sector entities, including Indian Ocean Aquaculture, the Pemba Beach Hotel, and Portos e Caminhos de Ferro de Moçambique (CFM) who are geographically located on the shores of Pemba Bay and are dependant on maintaining the pristine quality of the waters in order to survive. Individuals from these companies have begun to organize themselves and have formed the Pemba Bay Conservancy with the goal of working with other stakeholders, including government, to create the necessary conditions in order to ensure the quality of Pemba Bay in the long-term. USAID will support institution building, as well as activities such as a bay zoning plan to minimize the impact of future developments, self-monitoring of effluents, bay water quality monitoring, and technical assistance on water quality issues.

It is anticipated that this initiative will not have a negative effect on the natural or physical environment but, rather, should have a positive overall impact by encouraging sustainable use of the Bay and its resources.

### **3.6. Local capacity building and private sector linkages:**

The intent of this initiative is to increase the percentage of local services providers, businesses, and suppliers that are utilized in support of the tourism industry. It will include training and technical assistance to improve the capacity and reliability of local businesses to participate in the sector.

It is anticipated that this initiative will not have a negative effect on the natural or physical environment.

### **3.7. Policy initiatives:**

This initiative will include the ARC forum to prioritize specific policy and regulatory constraints to tourism development and related investment promotion in Mozambique. Possible areas of intervention could include:

- i. Institutional reform and capacity building in the heritage management sector;
- ii. Legislative enhancement and reforms with regards to land and property acquisition in heritage areas;
- iii. Designation of Ilha de Mozambique and Ibo Island as 'Heritage Areas' with special status;
- iv. Zoning and enforcement of planning guidelines for tourism development areas;
- v. Introduction of a mechanism for tourism revenue sharing;
- vi. Tourism standards;
- vii. Air access to northern Mozambique from regional destinations.

The ARC forum will be utilized to promote public-private sector dialogue on selected issues, based on the identified priorities and will also identify cross-cutting policy issues and linkages to other donor projects that can help in pushing policy reforms in broader areas. Further interventions will include technical assistance, studies, and evaluations.

It is important to consider whether any of the policy reforms might have the potential to harm the environment, and also whether there are opportunities for engagement to avert unintended consequences. Each policy reform is intended to result in expanded economic activity in the tourism sector. Clearly, there is no reliable methodology which can predict the quantitative environmental impacts arising from such expanded activity under this future policy regime. But such activity will inevitably have impacts, and these impacts may well be mediated by the specific nature of the adjustments to the policy regime. For example, trade-related standards, which are being considered here, would be an opportunity to achieve environmental benefits from liberalization. In general, however, due to the uncertain nature of the future policy regime, only the most abstract prediction is possible.

In order to recognize and mitigate any potential environmental impacts, policy reform activities will incorporate environmental soundness; each analysis will include an environmental review.

### **3.8. Preservation of significant cultural/historical sites and the development of interpretive systems**

This intervention will improve the quality of northern Mozambican attractions, differentiating the northern Mozambique product, and investing it with a competitive edge over existing regional products. In this component, the project will interface with the U.S. Department of the Interior via their International Technical Assistance Program.

Specifically, this intervention will focus on the historic preservation of Ibo Island, Ilha de Moçambique, and cave painting sites. It will support preservation work currently being done or that needs to be done. Activities are:

- i. Review plans and on-going conservation activities on Ibo Island;
- ii. Create an implementation and cost sharing plan with other donors for conservation and preservation work. Specific preservation sub-activities include:
  - (a) Hire conservator/architect
  - (b) Establish and equip a small conservation office
  - (c) Survey, document, prioritize and prepare schedule of works
  - (d) Recruit and train temporary labor to conduct preventive maintenance activities and damage control from plants, rodents, chemicals and microorganisms on key buildings;
  - (e) Prepare management plan including adaptive reuse plans for identified public buildings;
  - (f) Subcontract specialists to conduct archaeological reconnaissance, archival research, building materials and finishes analysis and historic structure reports and develop conservation database.
  - (g) Prepare working drawings and specifications and produce all construction documents necessary for the execution of basic stabilization, restoration and reconstruction works for public buildings.
  - (h) Prepare draft heritage area management plan for entire island as well as conservation legislation
- iii. Promote Ibo Island as a tourism investment area and attract private sector investments into acquisition and restoration of properties.
- iv. Prepare proposals and leverage scientific resources and funding for research and preservation of five caves and cave paintings in Cabo Delgado and Nampula provinces.

As indicated above there will be some minor reconstruction activities. As with any reconstruction or rehabilitation activity there is the potential for impacting the natural or physical environment. Irresponsible activities could result in



destruction of habitats, damage to water-supplies and the bay quality, and the misuse and mishandling of construction materials (such as paints). However, risks are generally minimized as historic preservation is done only under the guidance of experienced and well-trained conservators within the accepted guidelines of the International Council on Monuments and Sites.

### **3.9. Establishment of Lake Niassa Reserve:**

Lake Niassa is a unique ecosystem, with 700–1,000 unique species of fish, clear waters, and warm temperatures, with abundant birds, increasing game numbers and a low human population density. Although access at present is limited, the pending completion of the Pemba–Lichinga road, the cross-lake steamer from Malawi, the rehabilitation of Metangula airport (under way), and the eventual construction of the Unity Bridge with a road link to Tanzania will open the area up further. These rapid changes highlight the importance of declaring the Lake a national park which will be properly protected and managed for sustainable tourism development.

Through provision of a grant to the WWF, the Project proposes the creation of a protected area which would increase interest in properly zoned and ecologically and socially sensitive investments. The development of a Lake Niassa Reserve regulatory framework will address some of the major constraints relating to land ownership. In addition, the WWF has already started defining the area, is undertaking some preliminary studies and has a highly successful track record of similar work in the Quirimbas National Park in Cabo Delgado.

The proposed area of the park would cover Lake Niassa and shoreline from Metangula to the Cobwe area, with wildlife areas totaling approximately 100,000+ hectares in the remote northern and central areas of Lago District (avoiding the gold-mining areas near Lipilichi Town). Terrestrial areas will be either reserve proper or a buffer zone, depending on community and stakeholder negotiations.

Key activities in the development of the Reserve include:

- i. Develop a Lake Niassa Reserve General Management Plan. The plan will include a scientific justification on the establishment of the reserve, a zoning plan, and a proposed management structure, and will be developed with consultations of the local government and community stakeholders.
- ii. Improve managerial and decision making capacity. This will be mainly training and technical assistance to the relevant stakeholders.
- iii. Implement the first-phase management scheme and structure. This includes establishing a trained ranger team, formalizing the reserve management structures, and equipping the park staff.

In order to ensure that all aspects of the development of the reserve are adequately considered and included within the process, an environmental assessment will be performed. The components of an EA will be included as part of the General Management Plan, which is required by the GRM for the declaration of a reserve area in Mozambique. As mentioned above, the General Management Plan will include a justification and a management plan. The justification includes an analysis of the environmental situation, including threats and opportunities and follows the standard EIA outline as required by MICOA. The management plan outlines the proposed management activities and explains how they are the best response to the problems and the best use of the area to be protected. The entire process is supervised by MICOA and must be approved by the Council of Ministers. This process ensures that the components typically included in a stand-alone EA, are considered and included. Previous examples of justification documentation and reserve management plans by WWF in Mozambique have been done to a level of detail that exceeds that typical of a normal EA.

Collectively, the aforementioned documentation should include all of the components specifically required by Reg. 216 for an environmental assessment. Since an environmental assessment is required as part of this activity (see 4.3.1) it is necessary to ensure that it is so. If all of the components of an environmental assessment listed in Reg. 216 are included during the preparation of the General Management Plan, including scoping and public participation, then no additional stand-alone EA will be required.

### **3.10. Preparation of Cabo Delgado Destination Management Plan:**

The Cabo Delgado Destination Management Plan will cover three distinct destination nodes: Pemba coast and hinterlands, Quirimbas island resort and marine park, and Ibo island. The plan preparation will include an assessment, field work, and the production of two separate plans: a conceptual land-use plan, and an investment marketing and promotion plan. The destination management assessment will cover accommodations, food services, transportation, attractions, visitor services, and will also include socio-cultural and environmental considerations. For the Pemba coast/hinterlands node, emphasis will be on land use, resort development, and satellite cultural/natural attractions. For the Quirimbas Islands/Marine Park node, emphasis will be on potential resort developments, marine park management, and air/water access. For the Ibo Island node, tourism can be an important tool for achieving heritage conservation with emphasis on heritage area planning, site planning/design, cultural tourism and heritage interpretation. The framework for the Destination Management Plan will focus on meeting three concurrent goals: (1) biodiversity and heritage

conservation: protecting natural and cultural resources; (2) poverty reduction through small and medium enterprise development, job creation, and community involvement; and (3) business viability through access to capital, return on investment and profitability. The initiative will be inclusive of private sector enterprises, local and regional governments, nongovernmental organizations, and the local community.

Although it is anticipated that this initiative will not have an effect on the natural or physical environment, it will be necessary to perform an environmental assessment during the development of the plan. This is to ensure that environmental considerations of the proposed developments are appropriately incorporated into the plan. This will act not only as a mitigation measure to the plan itself but also the entire Mozambique Tourism Program. It is expected that this program will result in increased investment and an increase in the number of tourists visiting the region. Increased numbers of tourists and the associated developments, especially along the relatively unspoiled areas along the coast, may well cause increased impacts. The inclusion of an environmental assessment should help define the potential impacts and, through effective planning, help minimize them.

#### 4.0 RECOMMENDED THRESHOLD DECISIONS AND MITIGATION ACTIONS (INCLUDING MONITORING AND EVALUATION)

##### 4.1. Threshold Decision

Recommended environmental threshold decisions and conditions are as given in the table below.

Key Program Interventions	Recommended Threshold Decision
a. Establishing regional tourism ARC forums	<b>Categorical Exclusion</b> , per §216.2 (c)(2)(i),(iii) and (v)
b. Marketing, branding and promotion	<b>Categorical Exclusion</b> , per §216.2 (c)(2)(i),(iii) and (v)
c. Development and promotion of community-based tour routes and geotourism map guides	<b>Categorical Exclusion</b> , per §216.2 (c)(2)(i),(iii), (v) and (xiv)
d. Supporting demand-driven local initiatives to access MCC funding for infrastructure	<b>Categorical Exclusion</b> , per §216.2 (c)(2)(i),(iii) and (v)
e. Support to the Pemba Bay Conservancy	<b>Categorical Exclusion</b> , per §216.2 (c)(2)(i),(iii), (v) and (xiv)
f. Local capacity building and private sector linkages	<b>Categorical Exclusion</b> , per §216.2 (c)(2)(i),(iii) and (v)
g. Policy Initiatives	<b>Negative Determination</b> , per 22CFR216.3(a)(2)
h. Preservation of significant cultural/historical sites	<b>Negative Determination</b> , per 22CFR216.3(a)(2)
i. Establishment of National Lake Niassa Reserve	<b>Positive Determination</b> , per 22CFR216.3(a)(2)
j. Preparation of Cabo Delgado Destination Management Plan	<b>Positive Determination</b> , per 22CFR216.3(a)(2)

Training, technical assistance, and capacity building activities to be undertaken by the Mozambique Tourism Program, under SO7, will have no direct environmental effects and are recommended for Categorical Exclusion pursuant to 22 CFR 216.2(c)(2)(i) education, technical assistance, training; 22 CFR 216.2(c)(2)(iii) analyses, studies, workshops; 22 CFR 216.2(c)(2)(v), document and information transfer, and 22 CFR 216.2(c)(2)(xiv), for studies, projects or programs intended to develop the capability of recipient countries and organizations to engage in development planning. The preceding table references each intervention to the relevant categorical exclusions.

##### 4.2. Activities Recommended for Negative Determination with Conditions

###### 4.2.1. Policy Initiatives

With respect to policy interventions, the Foreign Assistance Act Section 496 (as amended 1992) calls for institutional and policy reforms to include provisions to protect long-term environmental interests from possible negative consequences. Environmental implications of policy reforms recommended under the Mozambique Tourism Program (see Section 3) have been preliminarily reviewed and considered, and there are no anticipated negative environmental

consequences that could be reasonably attributed to policy reforms that will be supported under the program. The contemplated policy reforms such as those illustrated would not discourage environmentally sound investments nor diminish adherence to environmental regulations.

However, interventions in policy analysis and related technical assistance are recommended for **Negative Determination with Conditions**. The **conditions** are (a) potential long-term environmental consequences of policy reform are examined as a routine part of the analysis; (b) technical assistance agreements related to policy reform will include a provision for a component on environmental impacts of the potential reform.

#### **4.2.2. Preservation of significant cultural/historical sites**

Due to the fact that the intervention includes physical construction and rehabilitation the recommended determination is **Negative Determination with Conditions**. The **conditions** are: the rehabilitation work shall be performed under the supervision of a trained and qualified conservator who is well versed in the preservation of historical buildings; (b) preservation works shall be in accordance with the guidelines of the International Council on Monuments and Sites ([www.international.icomos.org](http://www.international.icomos.org)), including all safety and environmental standards therein, and (c) the works shall be performed according to the guidelines listed in Africa Bureau Environmental Guidelines for Small-scale Activities in Africa, for construction activities. The intent will be to protect and maintain the quality water sources and the surrounding bay, ensure the safe use and handling of any chemicals (such as paints and solvents), etc.

This determination does not cover the use or handling of pesticides.

### **4.3. Activity recommended for a Positive Determination**

#### **4.3.1. Establishment of Lake Niassa Reserve**

An environmental assessment will be performed as part of this activity. However, it is not expected that this EA will be a stand-alone document. As described in Section 3.9, the formation of a reserve in Mozambique requires the preparation of a General Management Plan, which includes two sets of documentation, as required by the GRM: a justification and a management plan. The justification includes an exhaustive look at the environmental situation and a problem and opportunity analysis. The format of this document follows the standard EIA outline as mandated by MICOA. The second document is a draft management plan, which outlines the proposed management activities and explains how this is the best response to the problems and the best use of the area to be protected. These documents will include all of the components of a formal EA per §216, including scoping and public participation. As such, if the requirements of §216 are satisfied during the preparation of the General Management Plan, then no other formal EA will be required.

This Positive Determination should not be interpreted to mean that USAID feels that the formation of the Lake Niassa Reserve will have environmental impacts. On the contrary, it is clear that the formation of the reserve is an essential part of the long-term protection of a sensitive ecosystem. Part of the process, however, should include a formal environmental analysis.

This Positive Determination will not include any funding restrictions - the funding for the activity will be used to perform the analysis required to satisfy the EA requirements. If, upon further review, USAID feels that appropriate progress has not been made in the environmental assessment then they will have the right and responsibility to restrict future funding.

#### **4.3.2. Preparation of Cabo Delgado Destination Management Plan**

Although the promotion of tourism development through this program may result in environmental impacts, it is reasonable to expect that the activities included in the program will in themselves act as mitigation measures. For example, tourism development will likely occur in the region, but the existence of a Destination Management Plan will help ensure that it occurs in a sustainable and controlled manner. However, to be fully effective as a mitigation measure, the Management Plan must include environmental considerations, and the most appropriate means to ensure that environmental considerations are incorporated into the exercise is through the preparation of a formal environmental assessment. The scope of the EA prepared in response to this Positive Determination will be determined following procedures described in 22CFR216.3(a)(4), and the content of the assessment will follow the requirements of 22CFR216.6.

The justification for a Positive Determination for this activity is similar to the justification for the Positive Determination for the Lake Niassa Reserve formation: the sort of analytical and public consultation work required in an Environmental Assessment is needed in order to develop a successful management plan of the targeted areas of this province. The management plan will permit or promote certain activities and prohibit or discourage others. Without the sort of information that is generated by an Environmental Assessment, it will

be difficult to determine what activities constitute sustainable development of the targeted areas of Cabo Delgado, and what the implications are of prohibiting or discouraging some activities in these areas.

The preparation of the environmental assessment and the Destination Management Plan are mutually dependent activities. As such, it is expected that they will be performed together and concurrently. Therefore, this Positive Determination will not include any restrictions on the funding to perform any part of the activity. If, upon further review, USAID feels that appropriate progress has not been made in the environmental assessment then they will have the right and responsibility to restrict future funding.

#### **4.4. Monitoring and Compliance Measures**

Monitoring and compliance measures are necessary to ensure that no adverse impacts occur after the development program activities are implemented. The USAID/Mozambique SO7 Team will monitor to ensure compliance with team responsibilities under ADS 204, for all activities. The aim is to ensure that they remain as Categorical Exclusions or within the bounds of the Negative Determination with Conditions. This will be achieved through review of project progress reports, periodic field visits to assess the environmental status of the project sites, and by holding discussions with implementing partners on compliance with environmental procedures and policies. The USAID/Mozambique SO7 Team will ensure that the environmental screening process undertaken for all activities that have a direct effect on the environment is followed by the preparation of environmental review reports. This is to ensure that environmental screening and review processes are applied in conformity with the recommended environmental procedures.

The SO7 team will make clear that -- through contracts, cooperative agreements or grants, as may be the case --the determinations specified in this IEE must be followed, and that implementing partners must put in place appropriate systems or management tools to ensure recommended mitigation actions are taken.

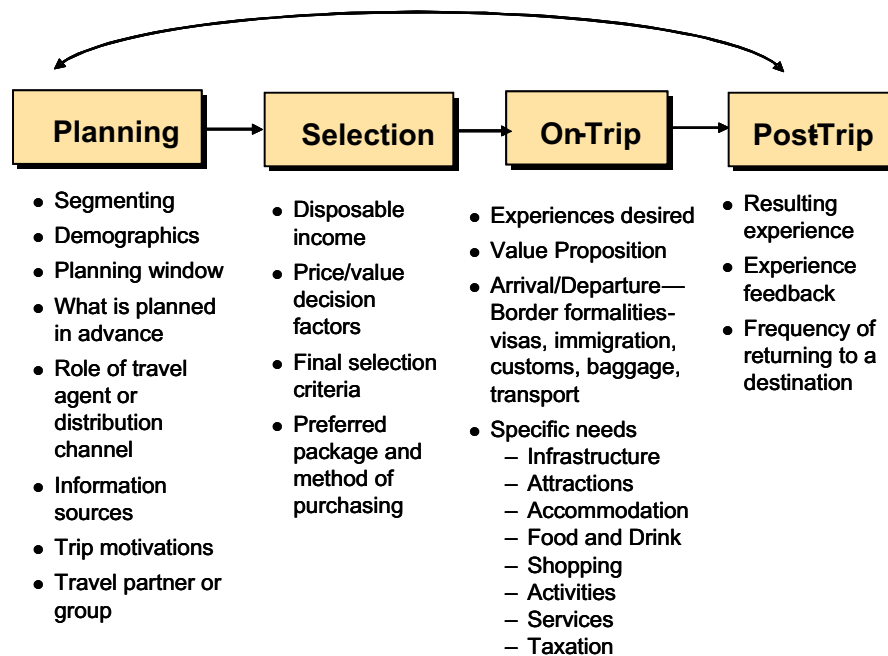
For those activities recommended for a Positive Determination, the SO team and the MEO will ensure that all review and approval requirements are met. This includes the review and approval of the scoping statement per §216.3(a)4 and the completed EA per §216.3(a)6.

**Appendix A. Northern Mozambique Tourism Arc Proposed Infrastructure Interventions**

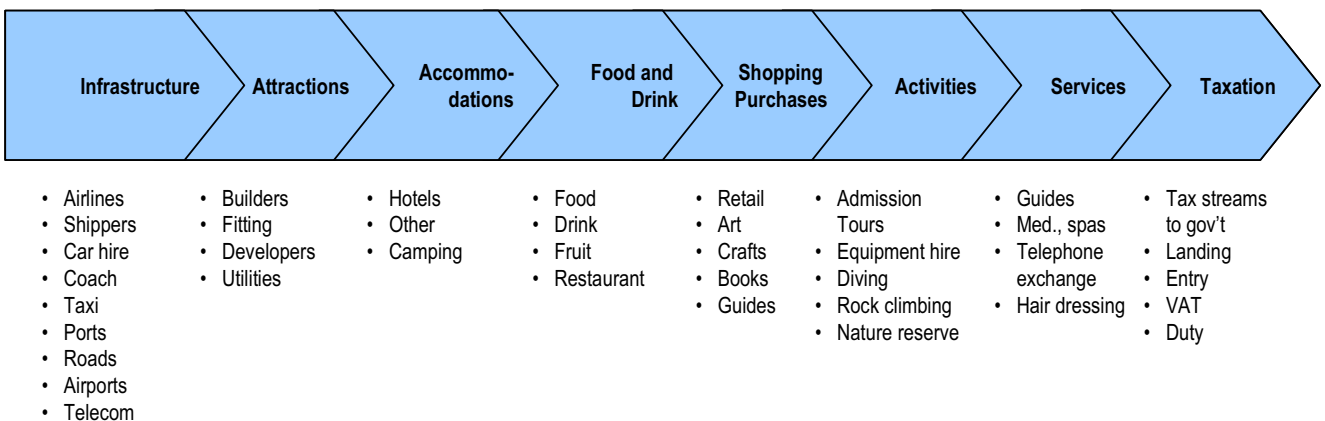
Intervention	Description	Location	Key Players	Impact
<p>Assist Ministério dos Transportes e Comunicação (MTC) and Aeroportos do Moçambique (ADM) with issuance of private concession for management and operation of Nampula International Airport.</p>	<p>Nampula International Airport should continue to be regarded as the primary airport in northern Mozambique. Facilities for international arrivals and in-transit passenger will need to be expanded within the next 5 years to accommodate expected growth. Consideration should be given by ADM to the issuance of a private concession for the management and operation of the airport. A private concessionaire would identify expansion requirements and design criteria and obtain private sector financing.</p>	<p>Nampula</p>	<p>Aeroportos do Moçambique—Manuel da Costa Walter Wieble, Airport Director, Nampula International Airport; Aeroportos do Moçambique – Atasi Tiussagy, Administrador; MTC, Departamento de Transportes Aereos</p>	<p>The concession process commenced with World Bank assistance for Maputo International Airport demonstrates that the legal and institutional framework is in place. The concessionaire will provide additional financing for necessary improvements to Nampula International Airport as it grows in significance as a hub airport for northern Mozambique. The private management and operation should provide a higher level of service to international and domestic passengers along with enhanced facilities.</p>
<p>Assist Ministério dos Transportes e Comunicação with renegotiation of bilateral air service agreements (BASAs) with South Africa, Malawi, Zambia, Zimbabwe and Tanzania in order to allow greater access, competition and service on key Mozambican air routes.</p>	<p>The initiative reflects the implementation of a policy reform to liberalize air transport service between Mozambique and key regional countries consistent with the principles of the Yamoussoukro Decision concerning the liberalization of access to air transport markets in Africa.</p>	<p>Maputo and in the region</p>	<p>Ministerio dos Transportes e Comunicação, Departamento de Transportes Aereos; LAM, Air Corridor, South Africa Airways, Air Malawi; Aeroportos do Moçambique – Atasi Tiussagy, Administrador</p>	<p>The initiative would consist of providing technical assistance to MTC for the preparation and implementation of a renegotiating strategy for BASAs with South Africa, Malawi, Zambia, Zimbabwe and Tanzania. Tasks include detailed review of existing BASAs and their relevance in terms of current and forecasted market conditions. Compares market demand under existing BASAs and the forecasted demand associated with liberalized air transport service. The estimated benefits of liberalization are quantified for each to facilitate the negotiation process.</p>
<p>Develop and promote interest of cruise lines to incorporate stops at Ilha de Moçambique and/or Ibo Island.</p>	<p>The Director of Nacala Port expressed an interest in accommodating cruise vessels at the port. Cruise passengers could be transported within 80 minutes by deluxe coach to the World Cultural Heritage Site of Ilha de Moçambique; others could dive at sites in Nacala Bay and nearby Fernão Veloso Bay; or participate in whale and dolphin watching. It remains to be determined whether cruise vessels that desire to visit Ilha de Moçambique would prefer to have a port call at Nacala or to anchor nearer to Ilha de Moçambique such as in Mossuril Bay or offshore and use launch transport to the island.</p>	<p>Nacala</p>		<p>This initiative would commence after some further progress has been achieved in preparing Ilha de Moçambique for increased tourism development. The initiative would require two months of a cruise tourism specialist to meet and work with cruise operators to generate interest in incorporating cruise vessel calls at Ilha de Moçambique and Ibo Island. The concerns and requirements of cruise operators will be identified and addressed. In Year 3, the cruise tourism specialist will work with stakeholders to ensure that conditions for a positive cruise vessel call are in place.</p>

# ANNEX 3: TOURISM VALUE CHAIN AND ON-TRIP VALUE CHAIN

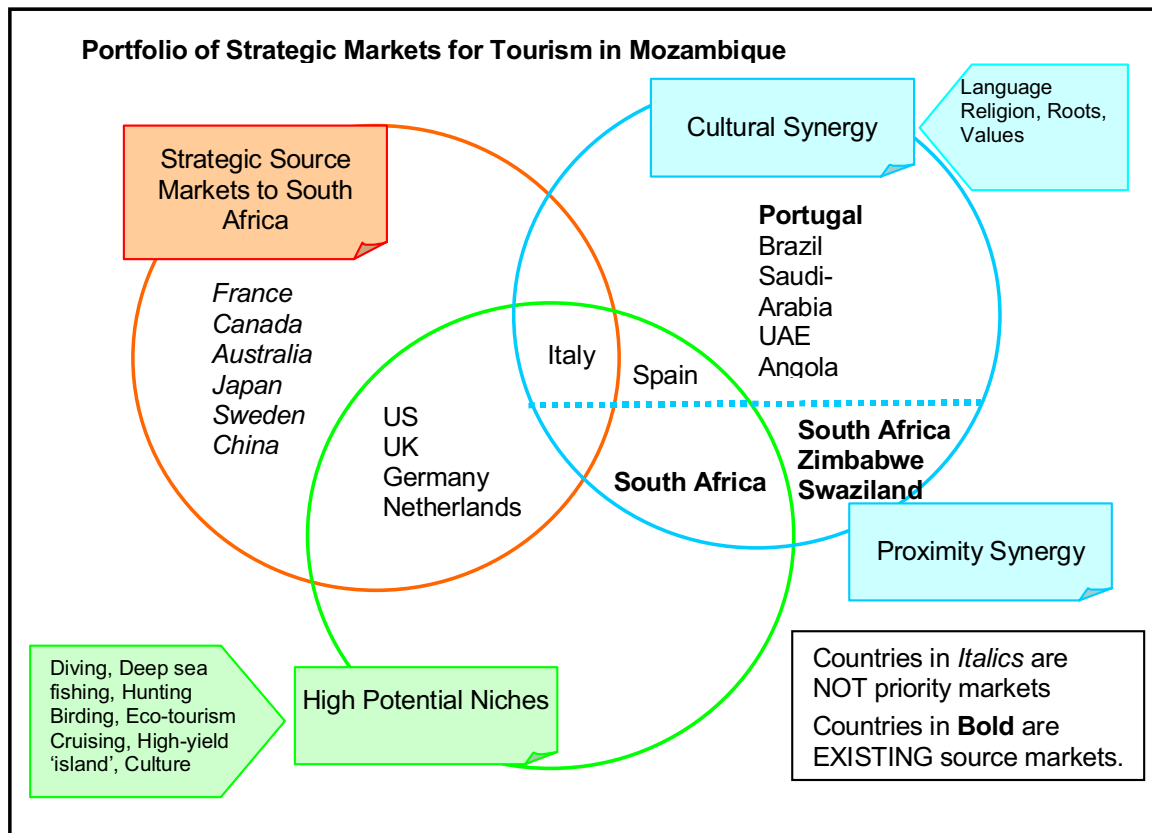
## Tourism Value Chain



## On-Trip Value Chain



# ANNEX 4: KEY MARKETS IDENTIFIED IN MOZAMBIQUE GOVERNMENT TOURISM STRATEGY



# ANNEX 5: PROPOSED POLICY INTERVENTIONS

Description	Location	Key Players	Impact
As most other municipalities in Mozambique, Pemba relies disproportionately on licensing fees for municipal revenue. Revaluation of property will increase municipal self-sufficiency and ability to make public investments to benefit tourism (e.g. city signage, improved refuse collection). Revaluation should also promote economically rational land use, as increased tax burden drives underused land to higher-value uses. Tourism operators nationally complain of poorly conceived regulations that are applied punitively and sometimes with corrupt purpose. Under a self-regulatory organization model, tourism operators would participate in the development of regulations (including industry standards) and would, for limited, agreed purposes, take responsibility for monitoring operators' compliance and reporting to the Ministry. Many investors are discouraged by the difficulty of accessing and interpreting the legislation relevant to the conduct of their businesses. A guide that identified and explained these laws would help investors comply, avoid harassment and fines, and build investor confidence in Mozambique as a rule-bound location for investment.	Pemba	Municipality of Pemba; property owners in Pemba.	Capable of expanded impact, strong cross-sector policy implications; has a viable institutional framework (functioning municipal government, underlying legal framework that permits the activity) to help make it happen; other donors, particularly USAID and the World Bank, are involved in the field and could amplify work.
Tourism operators nationally complain of poorly conceived regulations that are applied punitively and sometimes with corrupt purpose. Under a self-regulatory organization model, tourism operators would participate in the development of regulations (including industry standards) and would, for limited, agreed purposes, take responsibility for monitoring operators' compliance and reporting to the Ministry. Many investors are discouraged by the difficulty of accessing and interpreting the legislation relevant to the conduct of their businesses. A guide that identified and explained these laws would help investors comply, avoid harassment and fines, and build investor confidence in Mozambique as a rule-bound location for investment.	Cabo Delgado - replicable country-wide	Tourism operators in Cabo Delgado; Ministry of Tourism (at national and provincial levels)	The SRO model is a radical departure from standard model of unilateral preparation of regulations and their application in a punitive and confrontational spirit. Provided the SRO is led by responsible operators and is seen by members and the Ministry as a success, the demonstration effect could be substantial.
Many investors are discouraged by the difficulty of accessing and interpreting the legislation relevant to the conduct of their businesses. A guide that identified and explained these laws would help investors comply, avoid harassment and fines, and build investor confidence in Mozambique as a rule-bound location for investment.	Northern Mozambique.	Current and prospective tourism investors and the Ministry of Tourism (at the national and provincial levels).	Capable of expanded impact, as it will benefit the industry beyond northern Mozambique. There are positive implications in HIV/AIDS insofar as the guide will make readers aware of legal duties vis-à-vis their employees. Discussion and improvement of the guide could be undertaken at the cluster level.
No integrated legal framework for concessions, and no collective guidance on how to use them exist. Agreements that do exist are dispersed through difficult-to-access legislation and, in places, mutually contradictory. The corresponding ignorance of the subject discourages recourse to a tool that is ideal for the realization of public-private partnerships (PPPs).	Northern Mozambique.	Current and prospective tourism investors and the Ministry of Tourism.	The concession is the main instrument through which the Mozambican State carries out PPPs. Greater familiarity with the range of applications, and the availability of model contracts and tools, will encourage their use in the tourism field and in other contexts as well. The handbook will be prepared in Portuguese.



# ANNEX 6: THE INTERNATIONAL TECHNICAL ASSISTANCE PROJECT OF THE U.S. DEPARTMENT OF THE INTERIOR

---

Nathan Associates has established a relationship with the International Technical Assistance Program of the U.S. Department of the Interior (DOI) whereby the Mozambique Tourism Project would be able to access technical assistance and training services to complement many of the various activities outlined in the main Activity Approval Document.

The DOI is the principal conservation agency in the United States and is responsible for the management and protection of its natural, cultural, and historical resources. Established over 150 years ago, the DOI now has more than 70,000 employees and manages over 182 million hectares of land. The DOI's International Technical Assistance Program (ITAP) has access to the wide array of resources and skills possessed by the Department.

All salaries and benefits for DOI technical experts are covered by the DOI, offering the Mozambique Tourism Project a cost-effective way to maximize resources and enable the project to access high quality professionals in a number of key areas of expertise. For the activities where ITAP would participate, the DOI, on average, is able to contribute approximately \$25,000 in salaries and benefits for each \$50,000 of external project funds.

Expertise is drawn from the various DOI bureaus that include:

- **National Park Service:** Manages more than 380 sites, including natural parks, historic and cultural areas, monuments, battlefields, seashores and lakeshores, and recreation areas.
- **U.S. Fish and Wildlife Service:** Responsible for the protection and conservation of fish, wildlife, and plants. Manages more than 700 field units, including national wildlife refuges, national fish hatcheries, law enforcement and ecological services field stations.
- **Bureau of Land Management:** Manages more than 270 million acres of public lands for such uses as energy, minerals, and timber extraction, livestock forage, fish and wildlife habitat, and scenic and recreational uses.
- **U.S. Geological Survey:** Responsible for scientific research and applications related to earth process; natural disasters; and water, biological, energy, and mineral resources.
- **Bureau of Indian Affairs:** Provides social services, promotes economic opportunity, and protects and improves trust assets.

Of particular relevance to the Mozambique Tourism Project, the DOI International Technical Assistance Program can provide training and technical assistance in the various areas of DOI

staff expertise, such as: Protected Area Management, Cultural Resources Management, Environmental Education, Endangered Species Conservation, Visitor Services, Recreation Management, Ecotourism, Wildlife Law Enforcement, Park Infrastructure, Concessions Management, and Community Outreach. As such, it is expected that ITAP and the DOI would be able to contribute STTA to the following initiatives as outlined in the main Activity Approval Document, including (but not limited to):

- Development and promotion of community based tour routes and ecotourism map guides;
- Preservation of significant cultural/historical sites throughout Northern Mozambique;
- Concessions management and other innovative ownership mechanisms to develop Ilha de Moçambique;
- Establishment of a National Park on Lake Niassa;
- Support for establishing transparent and effective ecotourism concessions management (beginning with the pilot ecotourism lodge in the Niassa Reserve);
- Control of hunting activities in Niassa Reserve



**U.S. Agency for International Development**

JAT Complex

Rua 1231, n.º 41

P.O. Box 783

Maputo, Mozambique

Tel: (258-1) 35 20 00

Fax (258-1) 35 21 00

**[www.usaid.gov/mz](http://www.usaid.gov/mz)**