

MINUTES OF MEETING

Date: 10 February, 2004
Venue: USAID Maputo, Mozambique
Subject: USAID Tourism Meeting

1. Introduction

USAID held a seminar, moderated by Nathan Associates Inc. and Austral, to brainstorm on possible interventions USAID can support in the Mozambique tourism sector. The seminar started at 9:20 am with 18 participants (Annex 1). The meeting was opened by Tim Born with a summary of USAID's Strategic Objective 7. USAID SO7 identifies six criteria to be used in selecting export sectors in Mozambique, which includes tourism (Annex 2). Tim's presentation was complemented by David Stephens who presented the strategic geographic areas for USAID intervention in tourism, which are:

- **North** - Quirimbas National Park and Pemba in Cabo Delgado Province; Niassa National Reserve and Lake Niassa in Niassa Province.
- **North/Centre** - Nacala, Angoche and Ilha de Moçambique in Nampula Province.
- **South** - Limpopo National Park and Banhine National Park in Gaza Province; Bazaruto Archipelago, Vilankulos and Inhambane in Inhambane Province.

The primary objectives of the seminar were to:

- Obtain as much input from the participants regarding the geographic areas for intervention;
- Get detailed ideas that USAID could take into consideration to better improve the tourism sector in Mozambique;
- Get a consensus as to what activities should be prioritised when it comes to investing in tourism areas of Mozambique.

2. Principal outcomes of the meeting

1. Important Geographic areas:

The facilitator began by undertaking an exercise to get overall opinions on which areas in Mozambique should be prioritised in terms of tourism development for the next 5-6 year period including the areas not mentioned by USAID. Diverse choices were expressed. The majority of responses suggested the North as a general area including what USAID called the North and North/Centre. Those who felt that the South was important included Xai-Xai and Ponta de Ouro in their priorities.

Arguments for Concentration in the South

Some participants noted that the already existing market of some 80,000 to 100,000 tourists come from one key market - South Africa. These tourists want access to sites within one day's drive from their homes (Gauteng/Kwazulu Natal). Consequently it was logical that the tourism demand was going to be higher from Ponta de Ouro to Inhambane. Given this, efforts should be made to improve existing tourism before it gets worse. Efforts should concentrate on redressing problems of illegal operators; providing clear guidelines on application and allocation of land; providing clear guidelines for investors on rights and obligations (i.e.: the problem of fines).

It was also argued that Maputo should be promoted as a business tourism cluster that acts as a gateway to other places in Mozambique. Business tourism in Maputo could spearhead and complement recreational tourism in other parts of the country.

Other reasons for supporting intervention in the South included the fact that investment in the South is easier in comparison to the North where there is a lack of infrastructure and access.

Arguments for Concentration in the North

Participants who suggested concentrating on the North emphasized that it had greater attraction (cultural, recreative, bush/beach) than the South. While most felt that concentration should be in Niassa and Cabo Delgado there was also considerable discussion to include Nampula province (the triangle of provinces) in terms of targeting tourism development. In targeting the triangle, links with neighbouring countries (Malawi and Tanzania) could be maximized

Concentrating on the North instead of the South was also defended by those who felt that USAID support could influence policy and practice at a ground zero stage, unlike the need to do remedial work in the South. USAID intervention could therefore influence positive practices for tourism development in the North.

In supporting the North, efforts could also be placed on improving infrastructure specifically those that affect access (air, road etc.).

General Considerations

The following general observations were also made:

- Access and infrastructure is a problem and major bottleneck to tourism growth throughout the country. Of primary importance is access to air space and airport tariffs.
- In order to encourage investors, authorizations could be linked to undertaking certain infrastructure or social projects, i.e. an operator would receive a casino license providing they built the roads around the project site. Investment incentives could be important to overcome infrastructure and other bottlenecks.
- Lack of transparency in allocation of licenses and land was seen to be a major impediment to serious investors for both the south and the north. A suggestion was made to have USAID assist in tendering for resorts/land allocations etc.
- Generally there was a lack of education of public officials at all levels but particularly at provincial and district level. Enhanced understanding of the tourism sector and access to key documents including the Tourism Master Plans, Policies, Strategies and Laws is required.
- Most important, the GRM needs to decide on what type of tourism they want in each geographic area (high or low density). This will be important to determine who invests where and how to market the country and its resorts base.

2. Activities that could be financed by USAID

In order to prioritise potential activities for USAID support, a second exercise was undertaken. A set of important issues were identified that need to be addressed if there is to be sustainable tourism development in Mozambique. These are:

a) Air Transport

The group wanted to know if USAID could have a role in resolving matters relating to air policy. No-one was aware of any other donors dealing with this issue at the moment. Actions that could be taken by USAID include:

- Lobby (Airport Taxes and Open Skies – new regulation is supposed to be introduced in February of this year, but will it?)
- World Trade Organization (Push for adherence to agreements regarding investment, construction, telecommunications, etc.)

- ④ Improved Air Infrastructure Assistance (at most airports throughout the country)
- ④ Creation and improvement of International Airports in the North of Mozambique (e.g. Nacala). At the moment Pemba is considered an International Airport, but it does not have significant capacity. Nampula is also an International Airport but no regular international flights are landing there.
- ④ Strengthening of Local Air companies (e.g. STA, SAR, etc.) in terms of financial support
- ④ Making sure that the bidding for routes etc. is transparent
- ④ Finance a study on the Economic Effect of the Liberalization of airspace

b) Training

This overarching issue embraces all areas and aspects that impact or affect tourism, such as:

- ④ Institutional support/capacity building at all public service levels in order to implement Policy and Master Plans;
- ④ Support DINAGECA;
- ④ Assist in planning control, and concentrate investment and development on the 18 strategic tourism areas mentioned in the National Tourism Policy and Strategy;
- ④ Tourism training in other professions that deals with tourism indirectly (e.g. police, immigration officers, customs officers, etc.);
- ④ Create partnerships between operators and regional (District) authorities;
- ④ English language training for staff of operators;
- ④ Lobby to put English language teaching as one of the priorities in the primary school curriculum;
- ④ Concentrate on technical and vocational training (e.g. waiters, housekeeping, hospitality/social skills, etc.); and not only emphasise university level training;
- ④ Support SME development to act as service providers to the tourism industry (transport, agro-processing etc.);
- ④ Education of communities to protect natural resources;

- ④ Training for the collection and use of statistics;

c) *Marketing*

- ④ Establish a “Welcome/hospitality campaign” for Mozambique (similar to what South Africa did)
- ④ Support “*Feiras de Turismo*” (BTM – *Bolsa do Turismo de Moçambique*) and assist local tourism operators on their presentation and marketing for BTM;
- ④ Get relevant Ministries that deal with tourism to establish a common goal (e.g. Ministry of Tourism and Ministry of Culture, Ministry of Transport, etc.);
- ④ Establish a brand to promote tourism in Mozambique (catch-phrase) – brand it and then promote it;
- ④ Help bring overseas tourism operators and agents to Mozambique, especially to BTM;
- ④ Assist in providing tourism promotional materials for Mozambican Embassies throughout the world;
- ④ Create a *Central Marketing Enterprise* with tourism operators, USAID and Government of Mozambique – match contributions dollar for dollar. This body would produce a detailed Business Plan indicating milestones for evaluation;
- ④ Aid in establishing Tourism Information Offices across Mozambique (or in specific areas);

d) *Supporting Infrastructure*

- ④ Building of Artisan Markets for local crafts makers to sell their products (tourism linkages program?)
- ④ Encourage and provide means for communities to support tourism (e.g. through cleaning up towns/beaches). This could be done through grants to NGOs. Promote rural business development;
- ④ Support communities to invest in agriculture and horticulture to insure local spending by tourism operators – Agribusiness/Small Support Business/Rural Business Development¹;
- ④ Support physical infrastructure;

¹ To do with SO6

- ④ Collaborate with local services (e.g. public transports, rent-a-car, etc.);
- ④ Support for Electricity and Water supply;

e) Investment Framework

- ④ At the moment investment promotion of Tourism is in the hands of CPI, but there are no tourism experts in CPI to do it properly. USAID could assist (pay for) the creation of a tourism investment post (whether in CPI or elsewhere);
- ④ Consider more the schedule commitments of WTO and GATT;
- ④ Improvement of managing and awarding tourism concessions, such as:
 - ✓ Duties classifications
 - ✓ Training requirements and incentives
 - ✓ Linking communities and infrastructure improvements to investment authorisations
- ④ Creation of or support for “Lojas de Negócios” at Provincial levels;
- ④ Support DINAGECA;
- ④ Help on signage such as “No fishing” etc;
- ④ Help in the update of classifications and certifications of tourism operators to provide regional based and not Portuguese based standards;
- ④ Support to regulate the new Tourism Law;
- ④ Become involved in regulating and adjudicating concessions.

3. Closing Remarks and Conclusions

It was agreed that USAID should consult other donors to find out what programs and projects they were supporting and where. This would allow USAID to join with others where appropriate or determine that their intervention would be better made elsewhere.