



United Nations Development Programme
Country: MOZAMBIQUE
PROJECT DOCUMENT (2)

Project Title:	Sustainable Financing of Protected Area System in Mozambique
<p>UNDAF Outcomes: UNDAF Extension 2010-2011: Increased equitable economic opportunities to ensure sustainable livelihoods for both men and women. / New UNDAF 2012-2016: Outcome 3. Sustainable and effective management of natural resources and disaster risk reduction benefit all people in Mozambique, particularly the most vulnerable.</p> <p>UNDP Strategic Plan Environment and Sustainable Development Primary Outcome: Strengthen national capacity to manage the environment in a sustainable manner while ensuring adequate protection of the poor. Mobilizing environmental financing. UNDP Strategic Plan Secondary Outcome: Mainstreaming environment and energy.</p> <p>Expected CP Outcome(s): [From CP] Same as New UNDAF 2012-2016: Outcome 3.</p> <p>Expected CPAP Output(s): 3.1. Institutions strengthened to develop/improve policies, strategies and plans for climate change, environment and disaster risk reduction; and 3.2. Information systems strengthened on climate change, environment and disaster risk reduction.</p> <p>[Project Objective] Strengthen the overall effectiveness and sustainability of Mozambique's protected area system, including financial sustainability, through working partnerships between private, NGO and community stakeholders.</p> <p>[Project Components] (1) Sustainability of the protected area system institutionalised; (2) Co-management models in demonstration sites; (3) Business planning and revenue generation</p> <p>Implementing Partner: Carr Foundation / Gorongosa Restoration Project</p>	

Brief Description: The national system of protected areas of Mozambique covers a total area of some 13,941,800 ha (>17% of the national territory), of which 360,900 ha are marine and 13,580,900 ha terrestrial. Currently the funding baselines for protected areas and the capacities to administer and improve protected area revenue streams, are well below the levels required to ensure that the protected area system properly serves its function as an important tool to protect biodiversity. The project will thus seek to achieve a catalytic investment in securing the long-term financial sustainability of Mozambique's protected areas. The project will support the Government of Mozambique in developing a financial plan to direct the long-term sustainable financing of the protected area system. It will then strengthen the institutional and individual capacities of the protected area institution/s to implement this financial plan by: (i) supporting the strategic and business planning processes in protected area institutions; and (ii) improving the financial management processes and systems in PA institutions. The project will then support the integration of the national and institutional financial sustainability plans into the business and management planning of individual protected areas. While the project will only support the development of business plans in two to three protected areas, it is envisaged that the development of a generic business plan template and preparation guidelines will enable the future replication of the business planning approach across the entire system of protected areas

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<i>Total resources required (total project funds) [A+B+C]</i>	\$ 18,718,190
Total resources allocated to UNDP in this PRODOC [A]	\$ 1,781,000
- Regular (UNDP TRAC)	\$ 0
- GEF	\$ 1,781,000
Total resources allocated to other related UNDP PRODOCs [B]	\$ 3,269,000
Other (partner managed resources) [C]	\$ 13,668,190
- Government	\$ 500,000
- NGOs	\$ 7,568,190
- Other	\$ 5,600,000

Agreed by (Government):
Fernando Sumbana Júnior, Minister of Tourism

Signature Date 29.11.11

Agreed by (Implementing Partner):
Gregory Curtis Carr, President of Carr Foundation

Signature Date Dec 3 2011

Agreed by (UNDP):
Jocelyn Mason, Country Director

Signature Date 7/11/2011



UNDP Project Document (PRODOC) 2

[2 of 3 interdependent PRODOCs based on the PRODOC Endorsed by the GEF CEO]

Government of Mozambique
Implementing Partner: Carr Foundation / Gorongosa Restoration Project

United Nations Development Programme

UNDP GEF PIMS 3938
GEF Project ID 3753

UNDP Atlas Award and Project: 00062665 / 00080154

Sustainable Financing of the Protected Area System in Mozambique Brief description

The national system of protected areas of Mozambique covers a total area of some 13,941,800 ha (>17% of the national territory), of which 360,900 ha are marine and 13,580,900 ha terrestrial. Currently the funding baselines for protected areas, and the capacities to administer and improve protected area revenue streams, are well below the levels required to ensure that the protected area system properly serves its function as an important tool to protect biodiversity. The project will thus seek to achieve a catalytic investment in securing the long-term financial sustainability of Mozambique's protected areas.

The project will support the Government of Mozambique in developing a financial plan to direct the long-term sustainable financing of the protected area system. It will then strengthen the institutional and individual capacities of the protected area institution/s to implement this financial plan by: (i) supporting the strategic and business planning processes in protected area institutions; and (ii) improving the financial management processes and systems in PA institutions. The project will then support the integration of the national and institutional financial sustainability plans into the business and management planning of individual protected areas. While the project will only support the development of business plans in two to three protected areas, it is envisaged that the development of a generic business plan template and preparation guidelines will enable the future replication of the business planning approach across the entire system of protected areas.

The project will then test and develop mechanisms for increasing income from conventional financial sources for protected areas (trust fund, user fees) and developing innovative alternatives means of revenue generation (carbon payments and biodiversity offsets). The lessons learnt from the implementation of pilot carbon and biodiversity offset initiatives will guide the future adoption and operationalisation of these revenue-generating mechanisms across the national system of protected areas.

Finally the project will identify opportunities for potential cost savings in protected area management by evaluating the cost-effectiveness of different types of community-based partnership approaches in and around Gorongosa Mountain in the Gorongosa National Park. It is envisaged that the knowledge developed from the implementation of different community-based partnerships in this project will contribute to the global, regional and national evidence base of the cost-effectiveness of different types of community-based partnerships.

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ACRONYMS

AFD	French Development Agency/ <i>Agence Française de Développement</i>
ABP	Annual Budget Plan
ANAC	National Administration of Conservation Areas/ <i>Agencia Nacional de Áreas de Conservação</i>
APR	Annual Project Report
ARA	Regional Water Administration/ <i>Administração Regional de Águas</i>
AWP	Annual Work Plan
BBOP	Business and Biodiversity Offsets Programme
BIOFUND	Foundation for the Conservation of Biodiversity/ <i>Fundação para a Conservação da Biodiversidade</i>
BMZ	Federal Ministry for Economic Cooperation and Development (Germany)/ <i>Bundesministerium für Wirtschaftliche Zusammenarbeit</i>
C2D	Debt and Development Contract/ <i>Contrat Désendettement et Développement</i>
CBD	Convention on Biological Diversity
CBNRM	Community Based Natural Resources Management
CCA	Common Country Assessment
CCB	Climate, Community and Biodiversity standard
CCF	Country Cooperation Framework (UNDP)
CDM	Clean Development Mechanism
CGAC	Conservation Area Management Committee
CI	Conservation International
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CO	Country Office
CONDES	National Council for Sustainable Development
CPAP	Country Programme Action Plan
CPI	Centre for Investment Promotion/ Consumer Price Index
CSR	Corporate Social Responsibility
DNA	National Directorate for Water/ <i>Direcção Nacional de Águas</i>
DNAC	National Directorate of Conservation Areas/ <i>Direcção Nacional das Areas de Conservação</i>
DNGA	National Directorate of Environmental Management
DNTF	National Directorate of Land and Forests/ <i>Direcção Nacional de Terras e Florestas</i>
DUAT	Land Use Title/ <i>Direito de Aproveitamento e Uso de Terra</i>
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
FCPF	Forest Carbon Partnership Facility
FDI	Foreign Direct Investment
FFEM	French Global Environment Fund
FFP	Fisheries Development Fund/ <i>Fundo de Fomento Pesqueiro</i>
FP	Financial Plan
FUNAB	Environment Fund/ <i>Fundo do Ambiente</i>
GDP	Gross Domestic Product
GEF	Global Environment Facility
GGE	Great Gorongosa Ecosystem
GISP	Global Invasive Species Programme

GNP	Gorongosa National Park
GRP	Gorongosa Restoration Project (Carr Foundation)
GS	Provincial Government of Sofala
HIPC	Heavily Indebted Poor Country
IFC	International Finance Corporation (World Bank Group)
IIED	International Institute for Environment and Development
IMF	International Monetary Fund
INATUR	National Tourism Institute/ <i>Instituto Nacional do Turismo</i>
INP	National Petroleum Institute/ <i>Instituto Nacional de Petróleo</i>
IUCN	The World Conservation Union
JV	Joint Venture
KfW	German Development Bank/ <i>Kreditanstalt für Wiederaufbau</i>
LTA	Long Term Agreement
M&E	Monitoring and Evaluation
MCE	Maputaland Centre of Endemism
MDN	Ministry of National Defense/ <i>Ministério da Defesa Nacional</i>
METT	Management Effectiveness Tracking Tool
MICOA	Ministry for Coordination of Environmental Affairs/ <i>Ministério para Coordenação da Acção Ambiental</i>
MINAG	Ministry of Agriculture/ <i>Ministério da Agricultura</i>
MIREM	Ministry of Mineral Resources/ <i>Ministério dos Recursos Minerais</i>
MITUR	Ministry of Tourism/ <i>Ministério do Turismo</i>
MF	Ministry of Finance
MOU	Memorandum of Understanding
MPA	Marine Protected Area
MPD	Ministry of Planning and Development
MPescas	Ministry of Fisheries
MTEF	Medium Term Expenditure Framework
MTn	Meticais
NDLF	National Directorate of Lands and Forests, MINAG
NEMP	National Environmental Management Plan
NEX	Nationally Executed (project)
NFI	National Fisheries Institute
NGO	Non-Governmental organization
NP	National Park
NR	National Reserve
ODA	Overseas Development Assistance
PARPA II	Action Plan for the Reduction of Absolute Poverty II/ <i>Plano de Acção para a Redução da Pobreza Absoluta II</i>
PDD	Project Design Document
PES	Payment for Ecosystem Services
PIN	Project Idea Note
PIR	Project Implementation Report
PM	Project Manager
PMU	Project Management Unit
PoWPA	CBD Programme of Work on Protected Areas

PPF	Peace Parks Foundation
PPG	GEF Project Preparation Grant
PRA	Participatory Rural Appraisal
PTO	Project Technical Officer
PWS	Payment for Watershed Services
RCU	(UNDP/GEF) Regional Coordination Unit
REDD	Reduced Emissions from Deforestation and Forest Degradation
RedLAC	Latin American and Caribbean Network of Environmental Funds
R-PIN	Readiness Preparation Idea Note (FCPF)
R-PP	Readiness Preparation Proposal (FCPF)
RTA	Regional Technical Advisor
SADC	Southern Africa Development Community
SAVE	Scientific, Academic, Volunteer, Educational Travel Alliance
SBAA	Standard Basic Assistance Agreement
SDAE	District Economic Activity Service
SGDRN	Society for the Management of Niassa Reserve/ <i>Sociedade para Gestão e Desenvolvimento da Reserva do Niassa</i>
SISTAFE	Financial Administration System for the State/ <i>Sistema de Administracao Financeira do Estado</i>
SO	Strategic Objective
SP	Strategic Programme
TNC	The Nature Conservancy
TFCA	Trans-Frontier Conservation Areas/ <i>Áreas de Conservação Transfronteira</i>
TFCATDP	Trans-frontier Conservation Areas and Tourism Development Project
TPR	Tripartite Review (UNDP)
UEM	Eduardo Mondlane University
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VCS	Voluntary Carbon Standard
WB	World Bank
WTP	Willingness To Pay
WWF	World Wide Fund for Nature

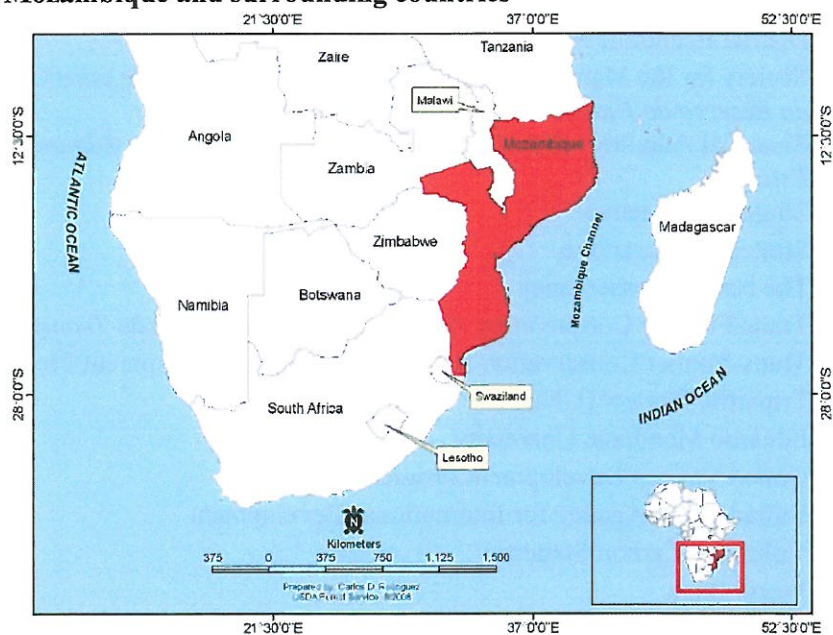
PART I: SITUATION ANALYSIS

1.1 Context and global significance: environmental, policy and institutional

Environmental context

1. Covering an area of about 784,000 km², Mozambique is located on the southeastern coast of Africa. It is bounded by Tanzania to the north; by the Mozambique Channel (Indian Ocean) in the east; on the south and southwest by South Africa and Swaziland; and on the west by Zimbabwe, Zambia, and Malawi (Figure 1). The country is generally low-lying, with only 13 percent of the country above 1,000 m. The land ascends in a westward direction from the coast through a coastal lowland that is narrow in the north but broad in the south (~44% of the total land area), through a sub-plateau zone to an extensive low-lying plateau of moderate height, and finally up to a narrow higher-lying area on the western border. The climate ranges from subtropical in the south to tropical in the center and north. Most of the country receives above 400 mm of rainfall per annum, with the rainy season extending from October to April. The coastal zone receives up to 900 mm of rain per year. The north region is more humid than the south, except in the Upper Zambezi region in Tete, where it is dry and hot.

Figure 1: Map of Mozambique and surrounding countries



2. Thirty-nine major rivers drain into the Indian Ocean along Mozambique's 2,700 km coastline. In the north, the Rovuma River forms the border with Tanzania. It is the third largest river in Mozambique. Six other seasonal rivers discharge along the northern coast in Cabo Delgado and Nampula Provinces. These rivers have low sediment loads and consequently marine turbidity is low and extensive coral formations occur in the coastal waters. Most of Mozambique's rivers have a torrential regime, with high flows during the rainy season and low flows the rest of the year. Of the 11 major river basins, seven are shared with other countries. The Zambezi River, the most important in the country, feeds into Cahora Bassa dam. The Zambezi Delta covers about 18,000 km². The Pungue River rises in Zimbabwe and discharges into the Indian Ocean south of Beira, collecting numerous tributaries *en route*, and constitutes an important river system for conservation purposes of which the Urema River, which flows south through the Gorongosa National Park, services important freshwater ecosystems, birds, and large and small mammals. The Pungue River forms the southern boundary of Gorongosa Park, creating a natural barrier. The Limpopo River, in southern

Mozambique, is the country's second-largest river. Flows in the Limpopo River are variable and it is often dry in long sections during the winter. An important tributary is the Olifants River, which, together with Limpopo, constitutes an important contributor for the conservation of Kruger National Park in South Africa and the Limpopo National Park in Mozambique.

3. The main vegetation type in Mozambique is savanna woodland. It covers 70 percent of Mozambique's land area and can broadly be divided into two types: *miombo* and *mopane woodlands*. Miombo is the most extensive and covers much of Niassa, Cabo Delgado, Nampula, Zambezia, Sofala, Manica, and Inhambane Provinces. Other important vegetation types include: *Acacia woodland*, found in the southern and central parts of the country); *dune forest*, which occurs on high dunes along the coast between the southern border and Bazaruto Island; a *sub-littoral woodland*, found inland from the dune forest in the sub-littoral zone between Ponto do Ouro and Macia; *lowland palm savanna*, in coastal areas in Nampula, Sofala, and Inhambane Province); *vegetation on alluviums* in the Zambezi Delta and the lower Limpopo and Inkomati Valleys; and *mangroves*, which are well-developed in the northern and central sectors of the coast and less so along the southern sector. More than 5500 species of plants (including 250 known endemic species and 46 threatened species), 222 mammal species (including several endemic sub-species), 740 species of birds (with many near endemic and restricted-range species); 167 species of reptiles¹ (three of which are endemic and six of which are threatened); 79 reptile species (including 28 endemic species); and 3,074 species of insects (at least 1 of which is endemic) have been identified to date. The freshwater and marine wetlands of Mozambique are important sites for migratory and resident aquatic bird species. One of the most important wetland sites in Mozambique is the Zambezi delta, where more than 50 species of aquatic birds have been recorded. The delta supports numerous vulnerable and threatened bird species of global concern. Several large mammal species are thought to be extinct or on the verge of extinction in Mozambique. These include the black and white rhino, giraffe, roan antelope, tsessebe, the mountain reedbuck, and the African wild dog. Seven other species, including the African hunting dog, Selinda veld rat, woodland mouse, and chequered elephant shrew, are threatened.

4. The Mozambican coast can be divided into three main natural regions: the *coral coast* (the northernmost coast extending for 770 km); the *swampy coast* (about 978 km of length, between Angoche and Bazaruto Island; and the *parabolic dune coast* (the southernmost coast, with 880 km of length between Bazaruto and Ponto do Ouro) - with one additional type of limited occurrence, namely the *delta coast* at mouth of the Save and Zambezi Rivers. The coastline is characterized by diverse habitats, including: estuarine systems; coastal wetlands; coastal dunes; sandy beaches; intertidal mud flats; mangrove forests²; seagrass beds; coral reefs and open water that are home to a rich and diverse assemblage of plant and animal species. This includes: 150 species of coral; more than 1734 fish species; at least 243 species of seaweed; 63 species of marine birds; the largest remaining populations of dugong in East Africa; and significant populations of marine turtles and other cetaceans.

5. Fourteen ecological regions are represented in Mozambique, of which seven are of global importance: Agulhas Current; East African Coast; Lakes of the Rift Valley; East African Mangroves; Forests of the South Rift Valley; East and Central Miombo; and Savannas of the Zambezi Floodplains. The country contains three areas designated by Conservation International as 'Biodiversity Hotspots' - *Eastern Afromontane* in various highland areas located in the centre and west of the country; *Coastal Forests of Eastern Africa*, stretching along the coastal belt; and the *Maputaland-Pondoland-Albany Hotspot*, located in the southern part of the country. Mozambique also possesses specific sites of high biodiversity importance, such as the Gorongosa Mountain, the Archipelago of Quirimbas, and the Chimanimani Massif. A number of terrestrial areas of outstanding ecosystem, biological and/or scenic value have been identified in Mozambique, and are considered to warrant special attention (Table 1).

¹ Including five species of Sea Turtles

² Mangroves cover about 400,000 ha, of which 215,000 ha are still relatively well preserved.

Table 1: Areas of outstanding ecosystem, biological and/or scenic value in Mozambique

AREA	BIODIVERSITY FEATURES
The Gorongosa Mountain - Rift Valley Complex	Once considered an important world spot with the largest concentration of biodiversity per unit area (Tinley, 1995). This area encompasses the isolated massif of Gorongosa Mountain and the southernmost section of the African Rift Valley. The mountain supports montane forests and heath grasslands on its summits. Several endemic and near-endemic plants and animals occur within the mountain's habitats. The Rift Valley in Mozambique is a floodplain ecosystem composed of variety of wetlands habitats. The diversity of habitats in the Rift Valley makes it one of the finest wildlife grazing ecosystems in Africa. The southern portion is protected within the Gorongosa National Park.
The Cheringoma Plateau	Comprises tropical forests containing a mixture of local endemics with equatorial and southern African flora. The forest on the plateau contains several commercially important hardwood species.
The Zambezi Delta Grasslands and Swamps	Covering an area of about 18,000 km ² , the delta is of great socio-economic and cultural value. Marromeu Reserve is in the southern portion of the delta. The Zambezi Delta represents an important wetland for resident and migratory bird species. In 2004, the Marromeu Complex became the first Ramsar site in Mozambique. It includes more than 680,000 ha of dry forest and woodland savanna, floodplain grassland, deep-water swamp, coastal dunes, and mangrove forest. It supports a great diversity and abundance of wildlife, including Cape buffalo, waterbuck, sable antelope, Lichtenstein's hartebeest, Burchell's zebra, and African elephant.
The Great Inselberg Archipelago	This series of habitats occurs south of the Lurio River, occupying a rectangular area of 500 km by 160 km. This Inselberg Archipelago presents a remarkable landscape of tall granite core remnants in a savannah plain. Several of the montane areas have high biodiversity moist forests
The Chimanimani Massif	Although relatively small in area, is characterized by an exceptionally high diversity of habitats and species. The massif supports a rich endemic flora. Endemic fauna include two frogs and one reptile. Large mammals are well-represented in the area and include buffalo, eland, and sable. More than 160 bird species have been recorded in the Chimanimani Massif, some of which are endemic to the Afro-montane regions of eastern Africa. There are well preserved rock paintings throughout the area depicting all local and lowland big game of the region
The Maputaland Centre of Endemism (MCE)	The MCE (26,734 km ²) is defined as that part of southern Mozambique and north-eastern Natal. It is bounded in the north by the Inkomati-Limpopo River, in the west by the western foothills of the Libombos, in the south by the St. Lucia estuary, and in the east by the Indian Ocean. It contains extensive wetland areas. The flora consists of 2,000-3,000 species, of which at least 168 species/intra-specific taxa are endemic/near-endemic. Of the more than 472 species of birds in the area, 47 subspecies are endemic/near-endemic.
Coastal Barrier Lakes	A characteristic feature of the Ponta do Ouro to Bazaruto coast is the extensive system of coastal lakes behind the dunes. The coastal lakes provide habitat for many bird species. Besides their importance biologically, these coastal systems have a high scenic value. A proposal has been developed to declare the Maputaland Wetlands (between <i>Ponta do Ouro</i> and <i>Inhaca</i> island) a Natural World Heritage Site.
Pebane Evergreen Coastal Forests	The Evergreen Coastal Forests in northern coastal Zambezia Province are of high biological importance. A new (and possibly endemic) tree species was discovered in these forests in 1998. A rich and diverse reptile fauna occurs in the coastal forests of Pebane. In 1998, two reptile species were discovered — a snake and a dwarf day gecko — both endemic to the area.

6. Along the Mozambican coastal area, nine biodiversity conservation priority areas covering 66,800 km² have been identified for their contribution to flora and fauna species diversity, as breeding grounds for migratory avifauna and several aquatic species, including humpback whales, dugongs, and sea turtles, and for their extensive coral reefs. These centers of biodiversity are the Mtwara-Quirimba, the Nacala-Mossiril, *Ilhas Primeiras e Segundas*, Zambezi River Delta System, Sofala Bay, Bazaruto Archipelago, Inhambane Bay, Inharrime Complex, and Maputo Bay-Machangulo Complex.

Protected area system

7. Mozambique has six categories of protected areas: *National Parks*; *National Reserves*; *Biological Reserves*; *'Coutadas'*; *Forest Reserves* and *Zones of Cultural-Historical Value and Use*.³ The present classification of the protected areas are primarily regulated by three legal instruments: the Land Law (19/1997) and Forests and Wildlife Law (10/1999) for terrestrial areas; and the General Regulation for Maritime Fishing for the marine areas (Decree 43/2003). The Forests and Wildlife Law defines the National Parks and National Reserves as being 'total protection zones', in line with the Land Law. National Parks offer total protection to all flora, fauna, landscapes, and geology within their boundaries. No hunting or livestock rearing, natural resource exploitation, land modification, or alien species are permitted in these areas. National Reserves and Biological Reserves provide total protection for specified plant and animal species and/or ecosystems, while other resources may be exploited within norms established by a management plan. The other categories of conservation areas (*Coutadas*, Forest Reserves and Community Reserves) offer varying levels of protection to fauna and flora within their boundaries, as prescribed by the Forestry and Wildlife Law. Multiple-use (or buffer) zones are typically established around protected areas. Resource use in these areas is permitted in accordance with an established management plan.

8. The current formal protected area (PA) estate includes (see also Table 2 below and Map 1 in [Annexure VI](#)): (i) six National Parks⁴, of which two are coastal/marine protected areas (MPAs) namely, Bazaruto National Park (1430km² exclusively marine) and Quirimbas National Park (7500 km², of which ~1500 km² is marine) - and four of which are terrestrial national parks – Banhine (7000 km²), Gorongosa (3660 km²), Limpopo (10000 km²) and Zinave (3700 km²) (ii) six National Reserves – Gilé (2100 km²), Marromeu, (1500 km²) Niassa Game Reserve (42000 km²), Maputo Special Reserve (700 km²), Chimanimani National Reserve (7500 km²) and Pomene Game (200 km²); (iii) 1 marine Biological Reserve – Inhaca (100km²); (v) 13 *Coutadas* (42017 km²); (v) 1 partial Marine Reserve (67,800ha); and (vi) thirteen Forest Reserves (494,50km²).

9. Though not technically protected areas, there are also two *Community Based Natural Resource Management* (CBNRM) areas in the Tete (Tchuma Tchato) and Niassa (Chipange Chetu) provinces. The *Tchuma Tchato* CBNRM project encompasses, two districts (Magoé and Zumbo) six villages in the northwestern part of Tete province, and covers some 250,000 ha adjacent to the Zambezi river. The *Chipange Chetu* CBNRM project covers an area of 606,500 ha bound by the rivers Moola, Messing, Ruvuma and Lucheringo, Monte Sanga and the buffer zone of the Niassa National Reserve. It incorporates the villages of Maumbica, Lilumba, New Wood, II and Matchedje Congress.

10. The currently conservation estate covers 13,941,800 ha, of which 360,900 ha are marine and 13,580,900 ha are terrestrial (>17% of the national territory).

Table 2: Summary of the distribution and extent of conservation areas in Mozambique

Designation	Number	Surface area (km ²)	
		Terrestrial	Marine
<i>National Parks</i> ⁴	6	33,755	2,930
<i>National Reserves</i>	6	47,900	0

³ The fisheries legislation also provides for *Marine Reserves*, *Marine Parks*, and *Marine Protected Areas* (MPA). The only MPA established under this legislation is the Ponto D'Ouro partial Marine Reserve.

⁴ The *Reserva Marinha Parcial da Ponta do Ouro* (67,800ha and 5km out to sea) was recently proclaimed (2009) as an MPA, bringing the total up to 7.

Designation	Number	Surface area (km ²)	
		Terrestrial	Marine
Biological Reserves	1	0	1
<i>(Coutadas)</i>	12	40,644	0
Forest Reserves	13	4,945	0
Partial Marine Reserve	1	0	678
Community-based reserves	2	8,565	0

11. A number of Mozambique's protected areas have been linked with protected and conservation areas in surrounding countries, as part of the Southern African Development Community (SADC) Trans-frontier Conservation Area (TFCA) initiatives. The *Great Limpopo* TFCA, for example, brings together South Africa's Kruger National Park; Zimbabwe's Gonarezhou National Park, and Mozambique's Limpopo National Park. The TFCA Treaty extends support to the Banhine and Zinave National Parks, and surrounding lands. The core area involved in the TFCA is 35,771 km² with the broader matrix covering ~100,000 km². The *Lubombo* TFCA - established in March 2000 by the governments of South Africa, Swaziland and Mozambique - aims to consolidate the unique biodiversity of the Maputaland Centre of Endemism, and link the elephant populations of both countries. In support of this TFCA, Mozambique recently proclaimed a new Marine Protected Area - the *Reserva Marinha Parcial da Ponta do Ouro* (67,800ha and 5km out to sea)⁵ - as a link to South Africa's iSimangaliso Wetland Park⁶. Three more TFCAs are planned, or are under development, in Mozambique: the *Niassa-Cabo Delgado* TFCA (linking terrestrial and marine conservation areas with others in Tanzania and possibly Malawi); the *Chimanimani* TFCA (linking Chimanimani National Reserve with the adjacent Chimanimani National Park in Zimbabwe); and the *ZIMOZA* TFCA (linking a community natural resource management area in northwest Mozambique with similar areas in Zimbabwe and Zambia).

12. In 2004 the Marromeu Complex in the Zambezi River Delta, where the Marromeu Game Reserve and four hunting areas are located, was proclaimed a *Ramsar Site* under the Ramsar Convention (1971), and a Wetland of International Importance. Mozambique have also placed a number of protected areas (or sites within protected areas) - including Quirimbas Archipelago (mixed), Ponto do Ouro (natural) and Vumba (cultural) - on its tentative list as the first step toward formal application for listing as *World Heritage Sites*. A new Marine Reserve - the Lake Niassa Partial Marine Reserve - is likely to be proclaimed in 2010.

13. The new Conservation Policy and Implementation Strategy (Conservation Policy, 2009) recently approved by the Council of Ministers (Resolution 63/2009) proposes that protected areas are to be reclassified to better align with the IUCN classification scheme for PAs. The following 9 categories are proposed in the Conservation Policy: *Total Reserve* (IUCN I); *National Park* (IUCN II); *Monument* (IUCN III); *Special Reserve* (national or provincial) (IUCN IV); *Protected Landscape* (IUCN V); *Biosphere* and *Transfrontier Conservation Area* (IUCN VI); *Private Reserve* (IUCN II-V); *Community Reserve* (IUCN II-V); and *Community Sanctuary* (national, provincial or district). The Conservation Policy provides for the development of legislation and procedures to enable the iterative implementation of this classification revision process.

Socio-economic context:

⁵ The MPA includes the Inhaca and Portugese islands, and the Maputo Special Reserve.

⁶ A larger area (~1,700,000 ha) has been proposed for future designation as the *Primeiras e Segundas* National Reserve, but has yet to be established

14. At the end of the armed conflict in 1992, Mozambique ranked among the poorest countries in the world. It still ranks among the least developed nations, with very low well-being indicators (Table 3). More than 70 percent of Mozambicans live in extreme poverty (<US\$2/d). In 2007, 38 percent of the population was undernourished and only 42 percent had access to an improved water source. The country ranks 172 out of 177 in the UNDP's Human Development Index (HDI), the lowest in southern African.

Table 3: Well-being indicators for Mozambique (2007/2008)

<i>HDI rank (UNDP 2007/2008) of 177 countries</i>	172
<i>GINI Index</i>	40
<i>GNI per capita, PPP (US \$)</i>	739
<i>Extreme Poverty (% of pop. living on <1.25 US\$ per day)</i>	74
<i>Poverty (% of pop. living on <2US\$ per day)</i>	90
<i>Infant mortality rate (per 1000)</i>	115
<i>Adult illiteracy rate (% of population)</i>	52.2
<i>Employment to population ratio, 15+, total (%)</i>	77
<i>Life expectancy (years)</i>	42.8
<i>Prevalence of undernourishment (% of population)</i>	38
<i>Infant mortality (number of deaths/1000 live births)</i>	100
<i>Population without access to improved water source (%)</i>	58

15. The population of ~21 million is growing at a rate of about 2.4 percent. Population density is low (~25/km²). The north-central provinces of Zambezia and Nampula are the most populous, with about 45% of the population. In the central zone, people are concentrated along the Beira Corridor, and in the south, around Maputo. More than 70 percent of the population live along the coastal area, and about 68 percent live in rural areas. Population dynamics and economic growth are both likely to be affected by HIV/AIDS, for which the adult prevalence rate is estimated at 12.2%. Catholics comprise 24 percent of the population, while Muslims comprise 18 percent. Mozambique's major ethnic groups encompass numerous sub-groups with diverse languages, dialects, cultures, and histories. Many are linked to similar ethnic groups living in neighboring countries. The estimated four million Makhuwa are the dominant group in the northern part of the country. The Sena and Ndau are prominent in the Zambezi valley, and the Tsonga and Shangaan dominate in southern Mozambique.

16. In 1987, the government embarked on a series of macro-economic reforms to stabilize the economy. These steps, combined with donor assistance and with political stability since multi-party elections in 1994, have led to improvements in the country's growth rate. Mozambique's once substantial foreign debt has been reduced through forgiveness and rescheduling under Heavily Indebted Poor Countries (HIDP) and Multilateral Debt Relief initiatives. As a result of the debt relief it has received, the Government of Mozambique's outstanding debt stock has fallen from 25% of GDP in 2005 to under 12 % of GDP today, well below debt distress thresholds determined by the IMF. Fiscal reforms, including introduction of a value-added tax and reform of the Customs Service, have also improved the government's revenue collection abilities. In spite of these gains, Mozambique still remains dependent upon foreign assistance for much of its budget, and most of the population lives below the poverty line. Subsistence agriculture continues to employ the vast majority of the country's work force.

17. Mozambique's Gross Domestic Product (GDP) was US\$20.17 billion in 2009 (up from US\$17.64 billion in 2008) and foreign direct investments (FDI) was US\$1.8 billion. The 2010 forecast economic growth rate is estimated at 6.3%, some 2% higher than 2009. **Agriculture** accounted for 21% of the GDP in 2008. Agricultural exports included: cotton; cashew nuts; sugarcane; tea; cassava; corn; coconuts; sisal; citrus and tropical fruits; potatoes; sunflowers; beef and poultry. Domestically consumed food crops included corn; pigeon peas; cassava; rice; beef; pork; chicken; and goat. Although more than 80% of the 20,3 million people (2009 estimate) in Mozambique engages in small-scale agriculture, the sector still

suffers from severely inadequate infrastructure, commercial networks, and investment⁷. **Industry** accounted for 31% of GDP in 2008, and included production of: food; beverages; chemicals (fertilizer, soap, paints); aluminum; petroleum products; textiles; cement; glass; asbestos; and tobacco. 2009 was a record year for industrial and agricultural development in Mozambique, with nearly US\$6 billion approved across some 250 projects⁸. **Services** accounted for some 39.7% of GDP in 2008. Of these, tourism accounted for 5% of GDP. With little central planning, tourism income has grown to US\$481m (~1.5 million visitors) in 2009, mainly through independent tourism initiatives. There are significant unexploited mineral resources in Mozambique, and prospecting is occurring for oil, gas, diamonds and uranium, with export revenue expected to reach US\$500 million in 2010/11.

18. Land tenure and the control of natural resources has, throughout its history, been a complex issue in Mozambique (Clark & Vaz 2006). Before independence, small-scale farmers relied upon customary forms of land tenure. The practices and human densities were so low that the impacts were minimal. In contrast, commercial farmers (mostly Portuguese) had long leases that were almost equivalent to freehold ownership and significant transformation took place. After independence, all land became state-owned. Abandoned commercial farms were reorganized into large state farms, while small farmers were expected to join cooperatives or communal villages. During the civil war, many of the state farms reverted to subsistence level agriculture, and there was large-scale displacement of the population mainly to urban centers. After the end of the civil war, displaced families and others tried to return to their former lands which led to conflict with those who had taken over their land. In addition, local and expatriate investors were seeking to gain control over land that was claimed to be unoccupied or abandoned. Conflict escalated between subsistence farmers wishing to assert their traditional land use rights and those who had submitted legal claims or acquired leases over the same land. These conflicts were addressed through the introduction of land reforms in the 1997 Land Law (see below), followed by the secondary legislation passed in 2000. Under this law, land is still vested in the state, but it has become easier for private enterprises to obtain land rights for up to 50 years and which allows for sub-lease agreements as well (Eriksen & Silva 2009). While this system of land management has been successful in many respects (such as protecting traditional land use rights of subsistence farmers, because the tenure is relatively short) there is no long-term incentive for holders of land to protect or conserve the land. The result is that many problems are being experienced, including: land degradation; the pursuit of short-term profits over long-term investments; constraints on the expansion of commercial agriculture; land speculation (individuals acquire land not for the purpose of developing it but rather for profiting from the sale of the infrastructure on the land at a later stage); and opportunities for corrupt officials to enrich themselves through allocation of land.

19. The country's economy will, in the medium- to long-term, continue to rely largely on its natural resource base. Even with rapid rates of urbanization, the subsistence and well-being of most Mozambicans depends largely on their access to land, water resources, forest products, fisheries, mines, and other natural resources. The government is trying to balance its immediate goal of reducing poverty through use of natural resources, with longer-term strategies requiring judicious management of these resources. Limited domestic funds are however leading to a heavy reliance on foreign capital to support these strategies

20. Mozambique's agenda for further fiscal policy reform in the near future is ambitious. Included are steps to remove a number of obstacles to private-sector development, such as simplifying the complex regulations and procedures that increase the cost of doing business; relaxing the labor code that limits the formal sector's competitiveness in export industries; modifying the regulatory environment to bring market forces into play in the allocation and trading of urban land and to allow land to be used as collateral; and improving the functioning and integrity of the judicial system. The future expansion of the Mozambican

⁷ It is estimated that Mozambique has 36 million ha of cultivable land, but only one-tenth is suitable for crop production, of which only 12 percent is being used.

⁸ The bulk of these were accounted for by the agricultural and related industries.

economy will however still require continued economic reforms, major FDI, and the revitalization of the agriculture, transportation, and tourism sectors.

Institutional context

21. The current institutional context is only briefly described here, as Mozambique is currently rationalising the institutional arrangements for its protected areas in line with the new Conservation Policy (2009). A key requirement of the Conservation Policy is the establishment of a new National Administration of Conservation Areas (ANAC) that will be responsible for the planning and management of the system of protected areas in Mozambique. This is described further in the [baseline analysis](#).

22. The roles and responsibilities of the key institutions currently responsible for protected area planning and administration in Mozambique are briefly described below.

23. The *Council of Ministers* may establish, modify or deproclaim protected areas on the recommendation of the responsible Ministry, Provincial Governor and District Administrator in consultation with affected communities.

24. The *National Council for Sustainable Development* (CONDES) provides for the coordination of various sectoral interests relating to the conservation and use of natural resources.

25. The *Conservation Working Group* provides a mechanism for cooperation and collaboration between the different donor agencies in supporting the Government's mandate for conservation and protected area management.

26. Although not directly in charge of protected areas, the national *Ministry for the Coordination of Environmental Affairs* (MICOA) has overall responsibility for coordinating all environmentally related issues in Mozambique and reports on the national implementation of the Convention on Biological Diversity (CBD). The *National Directorate for Environmental Management* (DNGA) within MICOA is responsible for coordinating the conservation planning, management and monitoring of biodiversity throughout the country.

27. The *National Directorate for Conservation Areas* (DNAC) in the *Ministry of Tourism* (MITUR) is directly responsible for the establishment and management of National Parks, National Reserves and *Coutadas*. The primary mandate of DNAC for these categories of protected areas is focused on conservation and nature-based tourism promotion and development, through involvement of private sector. DNAC is structured into three departments: Department of National Parks and Reserves; Wildlife Development and Community Participation; and the Department of Scientific Research and Law Enforcement with. It has a total staff complement of 878.

28. MITUR has entered into co-management agreements with a number of *foundations* and the *private sector* to take direct responsibility for the planning, development and/or operational management of a number of National Parks (e.g. Banhine and Zinave) and National Reserves (e.g. Maputo and Gilé). By example: (i) In 1998 the *Sociedade para Gestão e Desenvolvimento da Reserva do Niassa* (Society for the Management of Niassa reserve, SGDRN) was created and formally approved by the Council of Ministers, as a partnership between the State (with a 51% share) and *Investimentos Niassa Ltd* with (with a 49% share) with a mandate to manage the Niassa Reserve; (ii) In October 2004 a Management Agreement between *African Wildlife Foundation* (AWF) and MITUR to restore and manage Banhine National Park was signed; (iii) In June, 2007 a Memorandum of Understanding (MOU) between MITUR and the *Fondation IGF* to

develop and administer Gilé National Reserve was signed⁹; (iv) In January 2008, a 20-year contract (Long-Term Agreement, LTA) between the *Carr Foundation* and MITUR to protect and restore the ecosystem of Gorongosa National Park and develop its eco-tourism industry was signed; and (v) MITUR entered into a Management Agreement with Peace Parks Foundation (PPF) to manage and develop Maputo National Reserve.

29. The *Eduardo Mondlane University* is the designated management authority for the Inhaca Biological Reserve. On behalf of MITUR it facilitates linkages with other international research and educational institutions that need to conduct scientific research activities in Conservation Areas.

30. Forest Reserves, Game Farms and the wildlife located outside conservation areas, are under the jurisdiction of the *Ministry of Agriculture* (MINAG). While the National Directorate of Lands and Forests (NDLF) is responsible for their management, most forest reserves however have no management structures in place and are effectively 'paper parks'¹⁰. While there are proposals to hand Forest Reserves over to community management, or transform them into tourist destinations, this has yet to be realised.

31. The *Ministry of Fisheries* (MPescas) is responsible for the management of fisheries resources and marine protection areas. The mandate of this ministry is primarily productive fisheries resource management, including both commercial and artisanal fishing. The MF may designate marine reserves under the General Regulation of Maritime Fishing (Decree 43/2003). The *National Fisheries Institute* (NFI) within the MPescas may undertake feasibility assessments to support the establishment of new marine protected areas and implement marine survey, research and monitoring activities.

32. The *Coutadas* are contractually leased (typically on a five to ten year basis, up to a maximum of 15 years), on a public tender basis (as defined in Article 29 of the *Regulation of Coutadas*, 1965) to *private hunting operators*. These concessionaires are, in terms of the contractual agreement with MITUR (DNAC), also responsible for their conservation management and infrastructure development and maintenance (although this is not typically monitored or enforced)¹¹.

Policy and legal context

33. The legislative and regulatory framework for protected areas in Mozambique is relatively well developed. It adequately provides for *inter alia*: the total or partial protection of significant areas under some form of conservation land use; the institutional roles and responsibilities for different PA categories; the rights of communities living and around these conservation and protected areas; the development of a range of partnerships between the state and the private sector, communities, NGOs and other institutions; a range of different financing mechanisms for protected areas; and the distribution of financial benefits from the use of protected areas to affected local communities.

34. The *Constitution of Mozambique* (1990, amended 2004) entrenches the notion that the state is the owner of all natural resources occurring within its national territory. The Constitution requires that the state develop and determine the conditions under which citizens and others may access natural resources for their use and enjoyment. Rights of use may be granted to individuals and collective persons by the government - based on its purpose - with priority given to direct users and local producers. Land ownership, for example, is vested in the state and no land may be sold, mortgaged, or otherwise encumbered or alienated in Mozambique.

⁹ This MOU was recently renewed to cover the period 2009-2013

¹⁰ In some instances parts of Forest Reserves are being transformed into more productive land use (e.g. in Moribana Forest Reserve agricultural activities are being promoted with no regard to the boundaries of the forest reserve)

¹¹ While Article 87 of the Regulation of the Law of Forestry and Wildlife provides for the drafting of internal regulations relating to the official Coutadas, these have never been prepared.

35. The *Territorial Ordinance Law* (19/2007) provides the legal framework for regional planning. It delegates specific competencies for regional planning to the State and municipalities. The *Regulation of the Territorial Ordinance Law* (Decree 23/2008) enacts the provisions of the law and establishes guidelines for the different categories of regional land uses.

36. The *Law of the State Local Bodies* (2003) sets out the functions, responsibilities and organization of government structure at different spheres of governance (provincial, district, administrative, and local). The law enables the involvement of all spheres of government in key decision-making (e.g. district administrators approve land use and territorial plans, and identify protected areas).

37. There is a wide range of environmental legislation in Mozambique including *inter alia*: Land Law; Environment Law; Fisheries Law; Forest and Wildlife Law; and the Tourism Law (and associated regulations such as the Regulation for Environmental Impact Assessments, Forestry and Wildlife Regulations and General Regulation of Maritime Fishing).

38. The *Land Law* (19/97) and the *Land Law Regulation* (68/98) affirms that land is the property of the State and can not be sold or otherwise alienated, mortgaged or encumbered. The Law establishes the terms under which the creation, exercise, modification, transfer and termination of the rights of land use and benefits operate. The right of land use and benefit for purposes of economic activities is subject to a maximum term of 50 years (which may be renewable for an equal period on application). In respect of 'areas that are intended for nature conservation or ... protected areas' ('total or partial protection zones') the Law states that these areas are part of the public domain and no rights of land use and benefit can be acquired, although licenses may be issued for specific activities. The law and its regulation lays the foundation for the definition of clear roles for local communities in the management of natural resources and co-management and development activities in the buffer zones of protected areas.

39. The *Environmental Framework Law* (20/97) defines the legal basis for the sustainable use and management of the environment. The law is applicable to all public and private activities which can have direct or indirect impacts on the environment. The environmental law requires that the Government prepare a National Environmental Management Program, and establishes a consultative National Council for Sustainable Development (CONDES). The law requires that in order to protect and preserve the natural environment and maintain/improve the ecosystems that have a recognized ecological and socio-economic value, the government shall establish environmental protection zones ('total or partial protection zones'). It provides for the participation of local communities and other stakeholders in the development of policy and laws for the management, and the enforcement of regulations in, these protected areas. A number of provisions in the law reinforce the view that communities in protected areas retain their use rights, and can use them to negotiate returns on income generated from that land. The framework law provides for the adoption of a number of acts and regulations to enable its implementation, including acts and regulations on *environmental impact assessment, environmental auditing, environmental quality standards and hazardous wastes*.

40. The *Forests and Wildlife Law* (10/99) establishes the norms and standards for the protection, conservation and sustainable use of forestry and wildlife resources. Chapter II of the Law deals with the protection of forestry and wildlife resources, and provides for three categories of 'protection zones'¹²: national parks, national reserves and areas of cultural or historical values protection zones. The law establishes the competencies of the bodies that regulate and manage these protection zones (i.e. the Council of Ministers, the Ministry of Tourism and the Provincial Governor) and refers to the roles of local

¹² 'Protection zones' are defined in the Forest and Wildlife Law as 'territorial areas representing national natural heritage for conservation of biodiversity fragile ecosystems or animal/plant species'.

communities, the National Land Record Office and local Resources Management Councils. Article 33 of the Law enables the State to delegate powers to local communities, associations or to the private sector in the management of forest and fauna. It stipulates that 20% of any revenue collected from the use of forestry products and wildlife in protected areas must be distributed to the local communities in the area where the resources were extracted. The *Forestry and Wildlife Regulations* (12/02) enact specific provisions of the law and regulates hunting fees (the fee schedule is updated in terms of Decree 96/2003).

41. The *Fisheries Law* (3/1990) defines the general administrative environment for management and regulation of fisheries in Mozambique. The fisheries sector (in relation to marine fisheries) is defined by subsistence, artisanal, semi-industrial, industrial, scientific research and recreational/sport fishing. The law also focuses on aquaculture, industrial processing, and public administration. It lacks however a recognition of community rights to fishing resources, or participation on management decisions regarding the resource. Various regulatory provisions enacting this legislation have been developed - thus far, these only deal with marine fisheries. The *General Regulation of Maritime Fishing* (Decree 43/2003) defines the competency of the Ministry of Fisheries to proclaim 'preservation areas', within the maritime limits, of National Parks and Reserves.

42. The *Principles for the Administration of Protected Areas in Mozambique* (Resolution of the Council of Ministers, 2006) details the options for the management and development of protected areas. It specifically provides for co-management partnerships between the state and the private sector, local communities, NGOs and other institutions.

43. Article 7 of the *Tourism Law* (4/2004) requires that development of tourism activities has to observe principles of sustainable use and development. Article 9 goes on to define the type of activities that may be undertaken in protected areas. It attempts to clarify the relationship between tourism and the conservation management of protected areas.

44. The fee structures for National Parks and Reserves are governed by *Decree 27/2003*. The decree provides for the following types of fees: entrance fees; adventure fees; spatial concessions; camping fees and other fees. Decree 27/2003 was recently complemented by *Decree 15/2009*, which states that of the fees collected, 20% should go to the general state budget, 16% to the community fund, and 64% to the parks and Reserves. The accompanying Ministerial Diploma specifies that the entire 64% will be returned to the conservation area that generates the revenue.

45. The Law (09/2002) on *Financial Administration System for the State* (Sistema de Administracao Financeira do Estado, SISTAFE) establishes the rules and procedures for the programming, management, execution, control and assessment of public funds. It defines the accounting systems and procedures required to control, report on and audit the public budget and assets. The *Regulation on the Contracting of Enterprises for Public Works, Supply of Goods and Provision of Services to the State* (Decree 54/2005) prescribes the process for procuring works, services and goods by state agencies.

46. Since adopting the Constitution, the government has also produced and adopted a wide range of policy instruments that provide for the protection of natural resources. These are the: (i) *Agrarian Policy* that focuses on developing agrarian activities to achieve food security for the country, based on sustainable use of natural resources; (ii) *Land Policy* that seeks to entrench the rights of the population over the land and other natural resources, while promoting investment and sustainable and equitable use of these resources; and (iii) *Environmental Policy* that seeks to ensure that environment and natural resources maintain their functional and productive capacity for current and future generations.

47. The government has adopted, or is in the process of developing, a number of policies, strategies and plans to meet its biodiversity conservation obligations in terms of the CBD. The *National Environmental*

Management Programme (NEMP) is the master plan for environment management in Mozambique. It contains a *national environment policy*, environment umbrella legislation (see above), and an *environmental strategy*. The NEMP is also a program of sectoral plans, containing projections for the medium- and long-term aiming to lead the country to sustainable socio-economic development. Within the framework of the NEMP, a number of biodiversity conservation strategies and plans have also been prepared. These include *inter alia*: the *National Biodiversity and Action Plan* (2003) covering the period 2003-2010; the *Integrated Coastal Zone Management Program*; and the *Human Wildlife Mitigation Strategy* (2009). Of particular relevance for protected areas is the new *Conservation Policy and Implementation Strategy* (2009) covering the period 2009-2019. The Conservation Policy aims to: (i) harmonize laws and sectoral policies among the ministries (MITUR, MINAG, MICOA, and the Ministry of Public Works and Housing); and (ii) establish systems for inter-institutional coordination, mechanisms for the involvement of civil society, strategies for management of parks and reserves, and criteria for new areas of conservation and reclassification of areas of conservation. It also makes recommendations for decentralizing management of conservation areas, and identifies mechanisms for the integration of communities as beneficiaries of conservation areas. In addition, it makes recommendations for clarification of areas of responsibility and coordination between MITUR and the Ministry of Fisheries in marine conservation areas.

1.2 Threats and root-causes

48. The key threats to biodiversity in Mozambique include: (i) habitat fragmentation and removal of natural vegetation; (ii) food insecurity and subsistence agricultural practices; (iv) soil depletion and erosion; (v) mining and industrial development; and (vi) overexploitation of coastal and marine resources.

49. Habitat Fragmentation and Removal of Natural Vegetation - Habitat fragmentation and removal of natural vegetation are resulting from: conversion of native habitats to cropland; over-exploitation of forests; illegal wood procurement for export; slash-and-burn practices; water pollution and sedimentation; uncontrolled removal of vegetation; use of firewood as a source of energy; charcoal production; and uncontrolled bush fires. It is estimated that Mozambique has an annual deforestation rate of 0.58% and loses some 219,000 ha of forest per annum as a result of conversion to mostly subsistence agriculture¹³. The rate of deforestation varies among the provinces, but Nampula Province in the northern region has the highest rate of loss per year.

50. Food Insecurity and Subsistence Agricultural Practices - High levels of food insecurity are prevalent in certain parts of the country. Food insecurity is leading people to hunt illegally and use unsustainable agricultural practices, which in turn contribute to the decline of many species and their habitats. In spite of an abundance of arable land in Mozambique (the FAO estimates 36 million ha) only 4.9 million is cultivated, 75 percent of which is estimated to be used for unsustainable 'slash-and-burn' subsistence agriculture. These production systems are highly consumptive, soil depleting, and contribute to increased erosion. While extensive livestock grazing is also common among subsistence farmers, it is also considered relatively unproductive.

51. Soil Depletion and Erosion - Considerable erosion is occurring due to extreme weather events like droughts or heavy rains on severely degraded soils. Poor land-use practices - which include deforestation of coastal and inland areas - are the main contributors to sedimentation of the coastal and marine environments of Mozambique. As a downstream riparian country with a significant number of major rivers with high variability of water flows and limited infrastructure for water management, Mozambique is vulnerable to events outside its control. This is well illustrated by the floods in 2000, because in most international rivers,

¹³ Not enough information currently exists on deforestation rates, but according to the little information that exists these rates are accelerating.

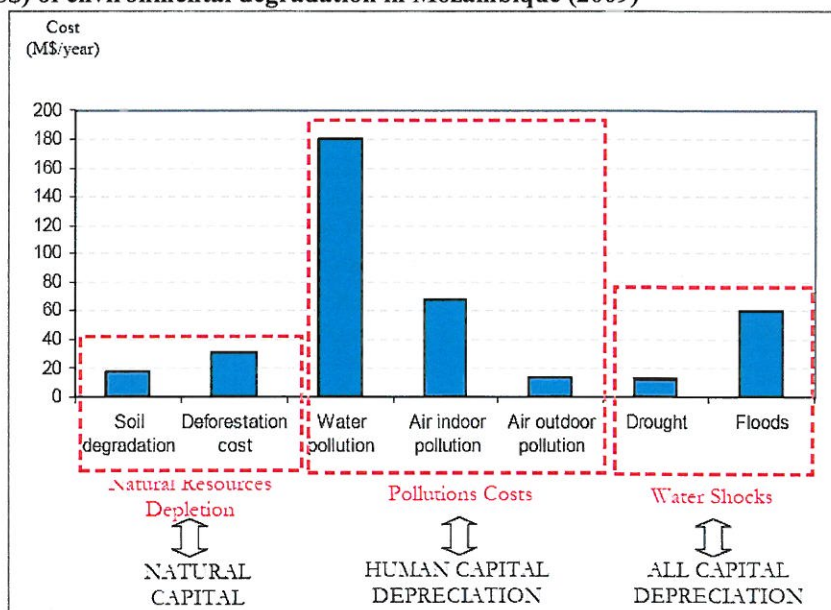
flows are generated outside the national territory. This vulnerability is exacerbated by the difficulty of building water infrastructure, and the low efficiency and poor state of maintenance of existing infrastructure.

52. Mining and industrial development - The Law on Mining (14/2002) currently states that mining operations shall have priority over other land uses (including ‘protected zones’) when economic and social benefits related to these operations are higher. Prospecting for uranium, oil, diamonds and gas is beginning to occur in prime tourist areas and areas of high conservation value (e.g. Quirimbas Archipelago, Pemba) in Mozambique. Extensive erosion and silting of rivers by small-scale mining in a number of conservation-worthy areas is already occurring (e.g. gold panning in the Chimanimani TFCA). Along the Mozambican coastline, industrial activities are mainly concentrated in the Maputo/Matola and Beira areas. Few industries are currently treating their effluents, which are discharged directly into canals, rivers, and coastal waters. Many of these contain toxic chemical and heavy metals. Analysis of water quality samples from rivers entering Maputo Bay have tested positive for heavy metals - particularly lead - in a number of localities. These include the Port of Maputo, the mouths of Matola and Maputo Rivers, and Nacala Bay.

53. Over-exploitation of Coastal and Marine Resources - The principal threats to the future sustainability of fisheries in Mozambique are reported to include: unlicensed fishing, in particular by foreign tuna and shark and high sea vessels; encroachment on fishing grounds/zones reserved for semi-industrial and artisanal fisheries by industrial fishing vessels; encroachment into shallow water shrimp fishing grounds/zones by unlicensed or unauthorized vessels; deficiencies in recording and reporting of catches in the official logbooks; difficulties in controlling artisanal fisheries distributed along the entire coastal line and in fresh water lakes and rivers; unsustainable exploitation of mangrove forests for charcoal and firewood; and difficulties in controlling recreational and sport fisheries and protecting endangered species, like shark and dugong. Other major threats to coastal ecosystems include; expansion of aquaculture infra-structure in mangrove forests and mud flats; oil, gas, and mineral prospecting; damming of major water courses; pollution from agriculture practices upstream; and poorly planned coastal tourism facilities.

54. The estimated costs of environmental degradation, amounting to nearly US\$370 million in 2009 (MICOA, 2009), represents more than 6% of Mozambican GDP (see figure 2) and 20% of Overseas Development Assistance (ODA). Of this, some US\$50m per annum comprises depletion of the natural resource base (figure 2).

Figure 2: Costs (US\$) of environmental degradation in Mozambique (2009)



1.3 Long-term vision and barriers to achieving it

55. The establishment and management of a representative system of protected areas is an integral part of the country's overall strategy to address the threats and root causes of biodiversity loss. The long-term solution sought by the Government of Mozambique is the establishment of a sustainably funded representative system of protected areas, under an effective and adaptive management regime (Conservation Policy, 2009). This solution however requires that the responsible protected area agencies have adequate capacities to identify and resource cost-effective management efforts across the protected area system. Under this ideal scenario, protected area institutions will need to have the ability to: (i) secure sufficient, stable and long-term financial resources for protected areas; (ii) allocate these resources in a timely manner and appropriate form to cover the full costs of protected areas; and (iii) ensure that the protected areas are managed effectively and efficiently with respect to conservation and other complementary objectives. To enhance this ability, protected area agencies will also need to: (a) seek closer alignment of their protected area management objectives with local, regional and national poverty reduction strategies; and (ii) improve co-operation and collaboration with local communities and partner institutions to address the increasingly complex conservation and developmental challenges facing protected areas such as human-wildlife conflicts. A number of initiatives are currently underway, including a diverse suite of complementary donor-funded projects, that will contribute towards achieving this long term solution. These include programs to: reform the institutional framework for protected areas; improve income streams to protected areas from tourism and hunting; develop and implement public-private-community-NGO partnerships in the management of, and commercial enterprises in and around, protected areas; upgrade the infrastructure in select protected areas; improve PA staff skills and capacities; restock key protected areas with large game; address human-wildlife conflicts in communities surrounding protected areas; and support community development initiatives in PA's and their buffer areas.

56. Currently the funding baselines for the PA system, and the capacities to administer and improve PA revenue streams, are however well below the levels required (see baseline analysis below) to ensure that the protected area system properly serves its function as an important tool to protect biodiversity.

57. There are three barriers to improving the financial sustainability of protected areas in Mozambique:

Barrier 1: Weak business planning skills and financial management capacities in PA institutions

58. At the level of the *protected area system*, Mozambique does not have a financial plan for its system of protected areas, or a business plan for each of the institutions responsible for the administration of protected areas. There is currently no standardized approach to facilitate system-level reporting of financial performance, or to compare income and expenditure across the different categories of protected areas. The determination of annual appropriations from the state treasury for the PA system is currently not based on any objective criteria, and there are no mechanisms to enable cross-subsidization across different categories of protected areas. There is no business case to motivate an increase in government funding of the protected area estate, notably through investments in infrastructure and facilities that could contribute to improving the long-term financial sustainability of the PA system. Information about the value of the goods and services provided by protected areas is still weak and government grant allocations are not premised on a clear understanding of the costs and benefits of the governments investment in the PA estate. While there is a system of collection and channelling of revenue between the protected areas and funds managed by the National Tourism Institute (INATUR) and the provincial and national state budget, the auditing and distribution of this revenue is not always transparent.

59. At the level of the *protected area institutions* there is a very limited use of strategic planning and business-oriented financial planning tools and approaches to ensure optimal use of available financial resources, and to source additional funds to fill financing gaps. Most protected area institutions have little or no direct control over their budgeting and financial management, with the administration of budgets and funding typically implemented at the level of the parent Ministry and provincial government. The financial management systems of the parent Ministry and provincial governments often tends towards compliance and adherence to procedure rather than cost and implementation efficiency, and rarely cultivates the requisite business management skills within the implementing PA Departments. The financial planning capacities/skills and financial systems and technologies are largely absent from PA institutions as this capacity is tied up in the finance department of the respective parent Ministry and/or provincial governments. While the development of a harmonized and unified format for financial planning and reporting by protected area institutions has been suggested, this has not occurred. PA institutions still do not fully or accurately report revenues and expenditures to stakeholders. Even within institutions, the flow of reliable and up-to-date financial information is very weak.

60. Although the government has a standardized cost accounting system (in terms of the legal requirements of SISTAFE), its usage is not consistently applied at the *individual protected areas* level. In some cases, protected areas with access to external funds outside of state accounts (i.e. those whose implementing agencies are not state bodies such as Quirimbas, Niassa, and Gorongosa) have not even used the state financial reporting framework to account for these external funds. Most of Mozambique's protected areas do not have up to date business plans. Protected areas typically plan to an available allocated budget, a significant portion of which is linked to donor funding support that is planned on different time horizons to annual budgets. While financial planning (or business planning) has been done in a number of protected areas, this has typically been a donor requirement for financing and is not integrated with the day-to-day operational management planning of the protected area. The purposes of financial planning in protected areas have also been varied, with some protected areas using them solely as fund-raising instruments (i.e. downplaying the costs of management and providing highly exaggerated revenue figures that convey financial sustainability within an overly optimistic timeframe). The links between management plans and budget allocations also remains somewhat tenuous, with the suite of activities undertaken in each protected area largely determined by the allocation constraints and not by any strategic prioritization process. Many protected areas are run by Administrators who have limited or no training in budgeting, strategic planning, financial management systems or cost-effective approaches to PA operations.

Barrier 2: Limited evidence of the cost-effectiveness of community-based partnership approaches in the establishment and management of PAs

61. Protected areas in Mozambique are currently home to more than 190,000 people. The existence of communities living in and around protected areas is reportedly exacerbating conflicts between the conservation objectives of protected areas and the subsistence needs of people living in these communities. In the absence of perimeter fencing, large wildlife is damaging homes, threatening lives and destroying crops. With inadequate enforcement of protected areas, communities are poaching wildlife for food, clearing land for subsistence agriculture and burning land for grazing of stock or agricultural use. In response to these challenges, the government - with significant financial and implementation support of donor agencies and NGOs - have promoted *inter alia*: (i) the equitable sharing of benefits arising from the use of protected areas to local communities¹⁴ (currently 16% of income generated from the direct payments for use of protected areas); (ii) the implementation of a variety of governance arrangements for government protected areas and conservation areas that seek to 'mainstream' local community development and poverty alleviation priorities into their management (*state-managed areas*; *delegated management authority* to an NGO, Foundation or private sector; and *community-conserved areas* in partnership with the private sector); (iii) direct capacity

¹⁴ The affected community is typically represented by legally constituted trusts, community associations or community representative councils.

building (training, micro-loans, bursaries, etc.) of local communities to enable them to participate in joint commercial ventures (e.g. tourism enterprises in protected areas) or secure employment in protected areas; (iv) community awareness and outreach programmes that provide resources and support to local communities in improving livelihood opportunities (skills development, access to finance institutions, business development, etc.) and social living conditions (e.g. education and health services, etc.) and reducing their concurrent impacts on the protected areas (environmental education, sustainable agriculture training, etc.); (v) the revision and rationalization of protected area boundaries to exclude permanent settlements (e.g. proposed amendments to the Gorongosa and Zinave NPs); and (vi) the incentivized resettlement of communities living in total protection zones (e.g. Limpopo NP).

62. There is some evidence to suggest that these community-based partnership approaches may be more effective in addressing the environmental pressures on, and impacts of, communities living in and adjacent to protected areas when compared to the more conventional state-managed PA management (e.g. fencing, regulating sustainable use) and enforcement (e.g. prosecution of illegal activities) approaches. Similarly, it is suggested that community-based partnership approaches yield more tangible benefits to communities who participate in partnership agreements with protected areas, when compared to the benefits accrued from normal community and economic development approaches in these rural communities. These assumptions are however not based on clear, unequivocal and objective data to justify the large investments that are currently being made in developing and maintaining community partnerships. For example, the phased resettlement of some 1,244 households being piloted in the Limpopo NP as part of the World Bank 'Trans-frontier Conservation Areas and Tourism Development Project' (TFCATDP) has shown that resettlement (even at a small scale) is a complex, expensive and drawn out process that may not be affordable (within the current financial constraints) or even practicable across the protected area system. The maintenance of community partnerships currently under development will require complex processes and institutional mechanisms, substantial funding and a well trained corps of protected area staff. In the absence of ongoing donor support, these capacities and resources do not yet exist in the public PA institutions.

63. The Conservation Policy also advocates that another form of governance – *co-management*, through 'Conservation Areas Management Committees' (CGAC) – be developed to enable the sharing of management authority and responsibility for individual protected areas. The envisaged institutional structure, roles and responsibilities of these CGACs are however still vague and unclear. Their functional relationship with ANAC, and critically their financial autonomy, has not been properly addressed yet. There are also no functioning examples of effective co-management governance structures for any protected areas in Mozambique to test and evaluate the efficacy of this community-based cooperative governance approach.

64. Protected areas in Mozambique will need to improve the cost-effectiveness of their operations to ensure optimal return on investment. There is a need to more objectively measure and assess the cost-effectiveness - in terms of the financial, conservation and social returns on investment – of different management approaches toward community-based partnerships in order to guide future decision-making around how to spend sparse funding and deploy inadequate resources. Currently there is no standardized cost-benefit data being collated from the different community development initiatives undertaken in and around protected areas to enable a meaningful comparison of the financial, conservation and social benefits from these investments.

Barrier 3: Insufficient revenue streams to address the PA funding 'gap'

65. Most protected areas still do not receive enough funding to be financially self-sufficient, and all are struggling to maintain even the most basic functions¹⁵ (see [baseline analysis](#) below). There is a critical need to increase, diversify and stabilize the financial flows to all categories of protected areas, through the

¹⁵ Except possibly for the Gorongosa NP, whose management costs are financed largely by the Carr Foundation, with the support of other donors.

implementation of a more diverse portfolio of financing mechanisms. Indications are that the national and provincial government budget allocations for protected areas are, in the light of other more pressing demands on the national budget, not likely to increase significantly from their current base level of less than US\$ 1 million per annum to fill this financing gap. The responsible Ministries have made little (MITUR) or no (MICOA, MITUR and MPescas) provision for PA planning and management costs in the national and provincial governments' medium-term expenditure framework. Without ongoing donor support, most protected areas will not even have adequate financial resources to cover their recurring management costs (e.g. staff salaries, running costs or infrastructure and equipment maintenance) let alone be able to invest in their capital development. While the country has been very innovative in facilitating the development of working partnerships with donor agencies, foundations and NGOs, the long-term sustainability of the short to medium-term investments made by the partners has not been adequately addressed. Donor projects have been largely opportunistic and *ad hoc*, and there is limited capacity in MITUR or MICOA to secure funding from multilateral development agencies, international conservation organizations and private donors for the protected area system in a strategic, coordinated and structured way. The government has made no, or little, provision for the long-term cost and resourcing implications of donor-funded projects. For example, an increasing number of protected area staff are being trained and employed directly by the partner institutions for the duration of their projects, but the government has in turn not committed resources in the medium to long-term to transfer these staff onto state payrolls in order to retain this expertise. Similarly, partner institutions are investing heavily in capital infrastructure and equipment in protected areas without the concomitant resource allocation by government to maintain and upgrade these capital investments.

66. The fee schedules for the use of protected areas is regulated for National Parks and National Reserves (Decree 27/2003) and the Coutadas and Hunting Reserves (Law 10/99 and Decree 12/2002, with the fee schedule updated by Diploma Ministerial 96/2003). When Decree 27/2003 came into effect, it was not however fully implemented for several years in the protected areas. Fees for the use of National Parks and National Reserves do not reflect the real or market values of the services offered, and are not differentiated according to the destination values of different protected areas. For example, the rate of concession fees is still determined on a per-hectare basis, regardless of whether the concession site is on a prime beachfront or deep in the miombo forest. Under the terms of the present fee schedule, fees are also charged at the same level across National Parks and Reserves, regardless of whether the conservation area is providing these services themselves (and thus incurring costs that should be covered by these fees) or if the private sector is providing the service. One of the consequences of this is that certain protected areas are charging fees at a rate considerably below the cost of providing that service. For example, Limpopo NP is required to charge no more than 100Mt/day for camping sites, well below the cost of maintaining, and managing them. There are no national statistics on the distribution of income by type of fee, as no protected area is systematically collecting and recording this information.

67. Where partner institutions are supporting the development of nature-based tourism enterprises as a means of generating more sustainable income streams for protected areas, the competencies in government institutions to facilitate the tourism concessioning processes are weak and, in some instances, overly pedantic and bureaucratic, resulting in long delays and loss of opportunities. The capacity of public institutions to administer concessions over the term of the agreement is also still weak. The economic feasibility of these tourism concessions is often premised on the assumption of the presence of basic public infrastructure (roads, electricity, water, waste treatment, fencing, etc.) which often does not exist, further compromising the profitability of tourism products.

68. While Reduced Emissions from Deforestation and Forest Degradation (REDD) payments offer the potential to provide an economic incentive to conserve the approximately 13 million hectares of Mozambique's forests found in protected areas, a lot of work still needs to be done to capitalize on this opportunity. The national framework to regulate REDD, including the financial management of REDD proceeds, is however not yet in place. Forest carbon projects in or near protected areas in Mozambique are

still at an early stage of development, with projects developed by Envirotrade, and initial scoping work done or underway for pilot identification (e.g., Fauna and Flora International for Niassa Reserve, WWF for “blue” mangrove carbon, Peace Parks Foundation for TFCAs, Manda Wilderness). More extensive work will be required to assess whether projects are feasible and financially sustainable, but there is a lack of technical capacity and skills to undertake this assessment.

69. Although a legal and institutional framework exists to manage environmental impacts, there is no established mechanism in place in Mozambique to address residual adverse impacts resulting from project development. With the growth of mega-projects in agriculture, forestry, hydroelectric, infrastructure, mining, petroleum and tourism sectors, there is potential to implement compensation and biodiversity offset mechanisms that finance conservation areas in order to achieve “no net loss” of biodiversity from investments. This potential however still remains under-developed due to the severe capacity constraints of the PA and environmental management institutions.

1.4 Stakeholder analysis

70. During the project preparation stage, a stakeholder analysis was undertaken in order to identify key stakeholders and assess their roles and responsibilities in the context of the proposed project. The table below describes the major categories of stakeholders identified, the individual stakeholder institutions/organisations within each of these categories, and a brief summary of their specific roles and responsibilities in supporting or facilitating the implementation of project activities.

(See more information in Annex III)

Stakeholder	Role and responsibility
Ministry of Tourism (MITUR), National Directorate for Conservation Areas (DNAC)	MITUR (through DNAC) will have overall responsibility for the implementation of the project. MITUR will be responsible for the direct implementation of a number of activities under Component 1 and 3 of the project. It will ensure that the policy, institutional and legislation reforms are in place to enable implementation of project activities. MITUR will chair the Project Board with MICOA.
Ministry for Coordination of Environmental Affairs (MICOA)	MICOA is the GEF Operational Focal Point and the Technical Secretariat of CONDES. MICOA will be responsible for the strategic oversight of a number of activities under Component 3. MICOA will be represented on the Project Board.
Ministry of Agriculture (MINAG)	MINAG support to the project will include: advice on issues related to Forests Reserves, and wildlife outside conservation areas; allocation of unused state land; technical support for the land demarcation process; and providing access to key datasets. MINAG may be sub-contracted to provide specialist and technical inputs into agricultural development activities under Component 2. As a member of CONDES, MINAG will be represented on the Project Board.
Ministry of Planning and Development (MPD)	This MPD is responsible for the preparation and monitoring of all development plans of Mozambique, including budgeting. It is expected that MPD will assure the incorporation of all the identified activities related to PAs in the provincial and annual plans. As member of CONDES, MPD will be represented on the Project Board.
Ministry of Finance (MF)	MF will be responsible for ensuring the ongoing allocation of funds in the state budget for PAs. It is expected that MF will support concomitant increases to fund protected areas from the state budget allocations. The MF will be represented on the Project Board.
Ministry of Fisheries (MPescas)	The MPescas will support the financial and business planning processes in the project and the piloting of carbon offsets in mangroves. The MPescas will be represented on the Project Board.
Ministry of Mineral Resources (MIREM)	The MIREM will provide support to the project in the piloting of biodiversity offsets in the mining industry. The MIREM will be represented on the Project Board.
National Council for Sustainable Development	CONDES is chaired by the Prime-Minister and has the responsibility to ensure that development activities are implemented in a sustainable way by all sectors. CONDES

Stakeholder	Role and responsibility
(CONDES)	will oversee the functioning of the Project Board.
World Wide Fund for Nature (WWF)	WWF will be responsible for facilitating the administration of the Foundation for the Conservation of Biodiversity (<i>Fundação para a Conservação da Biodiversidade</i> , BIOFUND) until it becomes operational. It may provide technical support in the implementation of sustainable financing pilots (specifically carbon and biodiversity offsets) and the determination of more equitable fee schedules for protected areas. WWF will be represented on the Project Board.
Carr Foundation/ Gorongosa Restoration Project (GRP)	The GRP will be responsible for the implementation of Component 2 of the project. It will work closely with Gorongosa Administrative Authorities and local communities. The GRP will be represented on the Project Board.
UNDP Mozambique	UNDP Mozambique will be responsible for the overall coordination and supervision of the project. The UNDP will be a member of the Project Board.
Provincial Government of Sofala (GS)	The GS will, through the provincial directorates of tourism, environment and agriculture will be an important project implementing partner in Component 2. It will actively participate in and support the implementation of all the project activities in Gorongosa NP, and link them to the provincial development strategies.
District Administration of Gorongosa	The role of the District Administration will be to facilitate all activities related to the project at the level of Gorongosa NP. It will support negotiations with affected communities and promote and facilitate community members' participation in project activities.
Centre for Investment Promotion (CPI)	CPI will be an important project partner and will provide technical assistance in the tourism and agricultural development activities.
Eduardo Mondlane University (UEM)	The UEM may be sub-contracted to provide specialist and technical inputs into reforestation project activities.
Donor agencies and Foundations	The donor agencies and institutions are important project partners. They will share, coordinate and collaborate with the project as and where relevant. Key donor agencies may be represented on the Project Board (e.g. AFD, KfW).

1.5 Baseline analysis

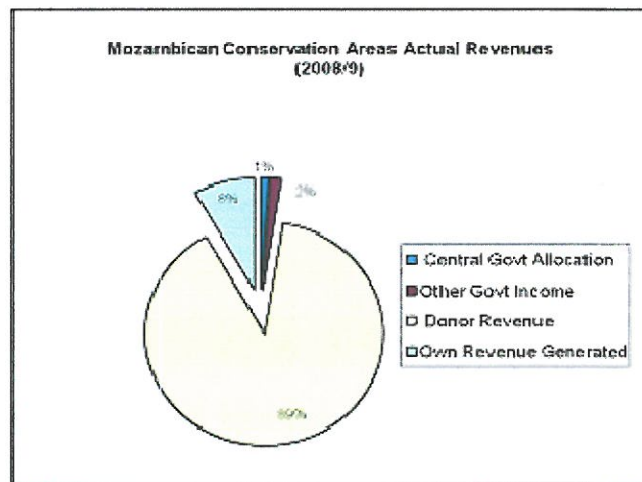
Institutional capacities:

71. There is a significant gap between the systemic framework for protected areas and the actual institutional and individual capacities to implement the country's evolving laws, regulations, policies and plans. The responsibilities for the establishment, planning and administration of protected areas are still distributed across a number of Ministry's and Departments (MICOA-DNGA, MITUR-DNAC, MINAG-NDLF and MPescas) and at different spheres of government (national, provincial and district), with little to no coordination of their respective functions and activities. While MICOA has the mandate to fulfill a coordinating role between these institutions it has no real executive powers and too few properly qualified and technically skilled staff to implement this function. DNAC - the primary agency within MITUR responsible for the operational planning and management of National Parks and National Reserves – currently suffers from low levels of human resources, equipment and financing. This severely constrains their capacity to: develop, implement and audit strategic business and management plans; perform basic protected area management functions; enforce conservation legislation; and gather basic management and financial information to guide decision-making in these protected areas. While DNAC also has overall responsibility for the Coutadas, there is no *in situ* staffing capacity to monitor and enforce the terms of concession leases with private hunting operators, notably in respect of the conservation management of these areas. NDLF – the primary agency with MINAG responsible for the planning and management of Forest Reserves and Game Farms – have no dedicated resources (funding, infrastructure, equipment or staffing) for their administration.

Protected area financing

72. Protected areas in Mozambique are financed from three primary sources: (i) annual central government allocation (~1% of income in 2008/9)¹⁶; (ii) other government allocation, including payment of staff salaries and special grants (~2.5% of income in 2008/9); internal revenue (self-financing) generated from activities undertaken in protected areas (~8% of income in 2008/9, of which 16-20% is distributed to designated local communities and 20% back to the state budget); and (iii) donor funding provided by development partners (~89% of income in 2008/9).

Figure 3: Distribution of revenue sources for funding Mozambique's conservation areas (2008/2009)



73. Government revenue allocations consist of direct government budget support, public taxes, fees and fines¹⁷, revenue sharing with communities and debt relief. The government contributes general budget support for operational expenses in conservation areas through the provincial directorates of MITUR and the Provincial Governments. Salaries of staff working in conservation areas are paid by provincial government offices.

74. The main income sources from the use of protected areas and their natural resources include: user fees (such as entry fees, accommodation, fishing fees, guided tours and diving fees); fees from licenses for use of natural resources (timber concessions, live game sales and hunting concessions); income from fines and auction sales of confiscated goods (predominantly timber); and income from nature-based tourism concessions. Except in the case of Limpopo NP (where a special agreement enables the park to keep the revenues generated within its borders to be used to offset operating and investment costs), the income from protected areas is submitted to the relevant provincial Financial Administration Office where a portion is allocated to the state budget (20%), a portion to the affected local community (16%) and the remainder (64%) returned (on application) to the relevant protected area for disbursement¹⁸. Table 4 summarises the income generated from the protected areas for the period 2005-2009.

75. Other government ministries may also provide direct financing or in-kind support for conservation areas. For example, under a Memorandum of Understanding signed in December 2004 between MITUR and

¹⁶ There are no central statistics on public expenditures for conservation areas since the government accounts only provide information by ministry. Based on data collected during the preparatory phase, general budget support for operational expenses (excluding central management) totalled US\$153,094 in 2008/9.

¹⁷ Taxes, fees and fines are related to natural resource exploitation or use that are charged in sectors such as petroleum and natural gas, mining, fisheries, forestry, land, water and tourism. A percentage of these fees, taxes and fines for tourism and environmental licensing and EIA fees are used for environmental purposes.

¹⁸ In terms of Decree 15/2009

the Ministry of National Defence (MDN) the MDN has provided weapons and ammunition to three different National Parks. In addition to material support, the MDN has placed military personnel inside six National Parks and Reserves, paying their salaries and other benefits, and contributing to their food needs as well.

Table 4. Income (in US\$) generated directly from the protected areas in Mozambique for 2005-2009

Conservation area	2005	2006	2007	2008	2009
Coutadas	185 793	315 371	190 747	272 929	4 161 344
Chipange Chetu ¹⁹	0	0	0	10 181	19 809
Tchuma Tchato ²⁰	98 361	68 370	150 936	130 962	181 863
Parque Nacional da Gorongosa	3 529	24 494	52 132	21 863	16 721
Parque Nacional do Arquipelago do Bazaruto	75 174	88 220	35 481	94 235	43 707
Parque Nacional de Limpopo	0	42 425	79 302	143 338	234 216
Parque Nacional das Quirimbas	4 912	9 119	17 524	55 821	42 500
Reserva Nacional de Chimanimani	0	0	0	1 255	757
Reserva Especial de Maputo	22 832	32 255	54 204	42 786	53 570
Parque Nacional de Banhine	0	0	0	0	94
Parque Nacional de Zinave	0	0	0	0	410
Total (MT)	390 601	580 254	580 326	773 370	4 754 990

76. Bilateral and multilateral donor projects, supported by donors such as France (AFD, FFEM), Germany (KfW), US (USAID), the Global Environment Facility (GEF) and the World Bank, provide the largest share of funding for Mozambique's conservation areas. Protected areas are still heavily dependent on donor funding to sustain even the most basic operational functions. Donors currently provide about US\$16-22 million annually in financing for Mozambique's conservation areas (see also Table 5)²¹. The Biodiversity and Environmental Working Groups provide forums for government and donor coordination, with participation from other stakeholders.

Table 5. Summary of the primary funding support from donor partners for protected areas in Mozambique (as at April, 2010)

Project	Donors	€ Amount	US\$ Amount	Period	Years	US\$/year (2008)	US\$/year (2010)
Development of Limpopo NP			32,060,000	2008-2012	4	8,014,999	8,014,999
	AFD	11,000,000	15,400,000				
	KfW/BMZ	11,900,000	16,660,000				
TFCAs: Banhine, Chimanimani, Limpopo, Maputo, Zinave			35,920,000	2006-2013	7	5,131,428	5,131,428
	World Bank		20,000,000				

¹⁹ Lipilichi Wilderness Investment Ltd. have been contracted by the government to manage a hunting and ecotourism concession in the area (on a 3-year contract until 2010). A community fund has been established, and 20 percent of annual revenue from the commercial operations are paid into this fund.

²⁰ Revenue from both game hunting and the chalet operation in the community reserve is split three ways: 35% to central government, 32.5 % to local district government and 32.5% to the communities represented in the *Tchuma Tchato* project.

²¹ It is estimated that some US\$22m of donor funding would be made available in 2010 for protected areas, and their buffer zones (~1.6% of Mozambique's foreign aid).

Sustainable financing of the protected area system of Mozambique

Project	Donors	€ Amount	US\$ Amount	Period	Years	US\$/year (2008)	US\$/year (2010)
	GEF		10,000,000				
	Japan		3,720,000				
	PPF/AWF		2,200,000				
Quirimbas NP Development Project			8,608,600	2004-2009	5	2,152,150	
	AFD	3,500,000	4,900,000				
	FFEM	700,000	980,000				
	WWF	1,949,000	2,728,600				
Consolidation of Quirimbas NP Development			8,706,250	2010-2015	5		1,741,250
	AFD/France C2D	4,000,000	5,600,000				
	FFEM	1,000,000	1,400,000				
	WWF		1,706,250				
Bazaruto Conservation Support Program							
	Sasol		1,500,000	2010-2015	5		300
Co-Management Gilé National Reserve			5,151,440	2009-2012	4		1,287,860
	FFEM	1,000,000	1,400,000				
	Italian Cooperation	1,200,000	1,680,000				
	IGF Foundation	687,400	962,360				
	Private Partners	568,700	796,180				
	MITUR	203,500	284,900				
	FAO	20,000	28,000				
Gorongosa Restoration Project			28,849,972				
	Carr Foundation		24,000,000	2008-2028	20	1,200,000	1,200,000
	USAID		4,000,000	2008-2012	4	1,125,000	1,125,000
	Portugal	499,729	699,620	2007-2008	2	349,810	
Creation of Lake Niassa Reserve			1,700,000				
	USAID		1,100,000	2006-2012	6	183,333	183,333
	Coca Cola		600,000	2008-2010	3	200,000	200,000
Protection and sustainable management wild fauna							
	AFD	800,000	1,120,000	2009-2011	3		373,333
BIOFUND Mozambique			6,120,000				
	AFD/C2D	4,000,000	5,600,000	2010-2012	3		1,866,666
	AFD		184,000	2009-2010	2		92,000
	KfW		252,000	2009-2010	2		126,000
	WWF		84,000	2008-2010	3		28,000
Development and Management of Niassa NR							
	FFI		600,000	2008-2009	2	200,000	400,000
TOTALS						18,381,896	22,051,669
Sources: AFD, FFEM, Gorongosa Restoration Project, MITUR, Niassa Reserve Company, Peace Parks Foundation, Sasol, World Bank, WWF, ODAmoz. Sasol: under negotiation; WWF Quirimbas funding includes Johnson and Johnson, Sall Family Foundation, U.S. Fish and Wildlife Service, Dutch Postcode Lottery Exchange rate: €1 = US\$1.4							

77. Mozambique's Environment Fund (FUNAB) was established as a public fund under the auspices of MICOA in 2000 (Decree 39/2000). Its mission is to generate and mobilize resources to fund environmental initiatives in the following areas: promotion of clean technology; environmental management; and response to environmental disasters. FUNAB's revenue sources include: 60% of environmental fees and fines

collected (under Decree no. 45/2004); compensation funds related to environmental accidents; revenues from sale of environmental stamps or certificates; inheritances, legacies and donations; revenue from sales of publications; and state budget subsidies. Since its inception, FUNAB has financed projects supporting environmental awareness and education, erosion and fire control, sanitation and reforestation. While FUNAB's mission includes contributing towards the management of protected areas, so far it has not disbursed any funds to PAs.

78. Through the Tourism Anchor Investment Program, MITUR's National Tourism Institute (INATUR) and the International Finance Corporation (IFC) aim to attract sustainable private investment to Mozambique by facilitating the investment process for tourism development 'anchor sites'. Two of the anchor sites – Gilé Reserve and Maputo NR – focus on low impact ecotourism in conservation areas. Three concessions in the Maputo National Reserve are the first to be marketed to potential investors through a public offer, including the development of a model community-public-private partnership concession at Ponta Chucamane. The Northern Mozambique Tourism project, supported by USAID, aims to increase tourism in the provinces of Cabo Delgado, Nampula, and Niassa. Preservation of the environment and cultural/historical resources along with developing niche tourism markets have been targeted for support. MITUR recently signed an MOU with the SAVE (Scientific, Academic, Volunteer and Educational) Travel Alliance. Tourism operators have shown high levels of interest in bidding on investment opportunities in conservation areas, such as Maputo NR and Gorongosa NP.

79. Based on a preliminary calculation undertaken during the project preparation phase for the National Parks, National Reserves and Forest Reserves²², the costs (funding necessary to cover core staff costs, basic conservation activities and basic investments) for protected areas are conservatively estimated at US\$19,837,459 per year. With current revenues of US\$14,897,402 (including donor funds) or US\$1,239,855 (excluding donor funds), this equates to a funding gap of US\$ 4,940,058 (with donor funds) or US\$ 18,597,605 (without donor funds) per annum (see Financial Sustainability Scorecard in [Annexure V](#)).

80. The estimated annual costs for all categories of conservation areas has also been estimated during the PPG phase and is summarised in Table 6 below.

Table 6: Estimated Annual Costs (2010 US dollars) for Mozambique's Conservation Areas:

Conservation Areas	Cost	Cost per km ²	Cost	Cost per km ²
	Basic management scenario ²³		Optimal management scenario ²⁴	
National Parks	\$ 7,143,098	\$ 207/km ²	\$ 12,354,710	\$ 358/km ²
National Reserves	\$ 4,243,882	\$ 84/km ²	\$ 6,771,492	\$ 133/km ²
Forest Reserves ²⁵	\$ 535,225	\$ 101/km ²	\$ 711,257	\$ 134/km ²
Coutadas	\$ 5,677,413	\$ 101/km ²	\$ 7,544,688	\$ 134/km ²
Community Reserves	\$ 467,131	\$ 55/km ²	\$ 700,696	\$ 82/km ²
1-yr TOTAL	\$ 18,066,749	\$ 116/km ²	\$ 28,082,844	\$ 181/km ²
10-year TOTAL ²⁶	\$ 216,911,327		\$ 337,165,637	
1-yr TOTAL (incl. central level mgmt & monitoring)	\$ 20,776,762	\$ 134/km ²	\$ 32,295,271	\$ 208/km ²
10-year TOTAL (incl. central level mgmt & monitoring)	\$ 249,448,026		\$ 387,740,483	

²² Coutada Hunting Reserves and Community Reserves were not included because revenue information for them was not readily available.

²³ Minimum necessary to undertake core conservation activities

²⁴ Amount conservation areas would have the capacity to spend effectively on enhanced/expanded conservation activities

²⁵ Costs for Forest Reserves and Coutada Hunting Grounds were estimated using a simple proxy average of costs per km² for Banhine and Zinave National Parks

²⁶ Based on average annual inflation of 4%

81. Under the ‘**business-as-usual**’ scenario, a range of activities relating to improving the governance framework, institutional and individual capacities, operational management and financial sustainability of protected areas would be undertaken during the next 5 years, regardless of the interventions planned under the project. These activities are briefly described in the text below:

82. Legislative and regulatory reform

83. With the recent adoption of the new Conservation Policy the country is seeking to update and reform its enabling conservation legislation to: improve the harmonization of the conservation laws and regulations with other sectoral policies and laws; establish a new institutional framework for protected areas; introduce a new classification system for protected areas, including their management objectives; strengthen the mechanisms for cooperative governance of individual protected areas, notably in respect of local communities participation and functionality of districts; and provide for a wider range of financing mechanisms, including the establishment and administration of a national trust fund. A working group - comprising technical staff from MITUR, MICOA, MPescas and MINAG – has been established to prepare this conservation legislation.

84. Governance and institutional reform

85. The recently adopted Conservation Policy (2009) makes provision for the establishment of a new institutional framework for conservation areas. This framework is summarised in Table 7 below.

Table 7. Proposed institutional framework for conservation areas in Mozambique (Conservation Policy, 2009)

Institutional structure	Functional responsibilities
<i>National Council for Sustainable Development (CONDES)</i>	The CONDES will evaluate, on a three-year cycle of reporting by the Ministry in charge of conservation areas, progress in the implementation of the Conservation Strategy.
<i>Ministry in charge of conservation areas²⁷</i>	The Ministry will be responsible for the overall implementation of the Conservation Policy. It will supervise the activities of the National Authority of Conservation Areas.
<i>National Administration of Conservation Areas (ANAC)²⁸</i>	The National Administration of Conservation Areas is the technical body responsible for the planning and management of the system of conservation areas. It will have financial, technical, administrative and management autonomy and will mobilize its own funds for the management of conservation areas. It will monitor, and report on, the performance of conservation areas to the Ministry in charge of conservation areas. It will also establish, guide, support and oversee the management councils (CGAC) of each conservation areas.
<i>Management Committee for each conservation area (CGAC)</i>	Management Committees will be established for each conservation area in order to ensure the participation of all stakeholders in their management. The representation and functioning of these Management Committees will vary, depending on the specific requirements of each conservation area. The Management Committee will be responsible for the overall planning, administration and management of the conservation area under its jurisdiction. They will integrate conservation areas with community development initiatives in surrounding buffer areas, and facilitate the implementation of public-private-community partnerships in and around the conservation areas.

²⁷ It has been proposed that MITUR could be designated as the ‘Ministry in charge of conservation areas’

²⁸ This may require an amalgam of staff, functions and assets from DNAC, NDLF, NFI and DNGA

86. The Conservation Policy working group will guide and direct the establishment processes for the new conservation agency (i.e. National Administration of Conservation Areas, ANAC) which is expected to be created in 2010/11. With the technical support of the Transfrontier Conservation Areas and Tourism Development Project (TFCATDP), MITUR has contracted a consulting firm to: undertake a preliminary financial analysis of the current status quo for conservation areas; design a business framework/ preliminary business plan for the new agency; propose an organisational structure for the new agency; support the (Conservation Policy) working group in establishing a human resources management strategy for the agency; and develop procurement, financial and environmental manuals for the new agency.

Sustainable financing mechanisms

87. Mozambique has made considerable progress in creating a new trust fund, *Fundação para a Conservação e Biodiversidade* ('BIOFUND, Mozambique') as a complementary financing mechanism for the protected area system. BIOFUND will be legally incorporated as an independent private foundation under Mozambique's Civil Code, and will be legally recognized as a public benefit foundation. A trust fund will also be legally established in a country that provides security for investment of the BIOFUND's capital and offers tax advantages for both capital investment and donations to the BIOFUND. The Founders Committee for BIOFUND has been successful in securing donor expressions of interest and commitments (e.g. AFD, KfW, Conservation International Global Conservation Fund, UNDP-GEF, WWF), but significant effort will still be required to secure these funds. The recent debt swap agreed between the governments of France and Mozambique will enable the allotment of €4 million to BIOFUND, effectively providing BIOFUND's initial capital (a requirement to legally register BIOFUND as a foundation under Mozambique law). For the first five years' however, BIOFUND is not likely to be able to cover its operating costs through investment income from the fund.

Protected area management

88. The government of Mozambique will administer the protected area system at the current rate of resource (human resource, equipment and financial) allocations. Income streams from the use of protected areas will remain sub-optimal, in the absence of significant capital investments, further diversification of revenue streams, increase in revenues from existing usage and an improvement in cost-effectiveness of management.

89. A range of donor-funded activities across the protected area system will continue to contribute to improving the management effectiveness baseline of individual protected areas (but with limited investment in systemic and institutional capacity). The suite of activities under the Transfrontier Conservation Areas and Tourism Development Project (TFCATDP) will be sustained - with funding support from a range of donor agencies - during the second phase (2006-2012) of the proposed 15 year program, focusing on providing support to the Limpopo NP, Maputo NR, Banhine NP, Chimanimani NR and Zinave NP. The Carr Foundation, through the Gorongosa Restoration Project, will continue to take direct responsibility for the financing, operational management and development of Gorongosa NP, and buffer areas. They will facilitate the establishment and operations of five tourism concessions within the park to improve revenue streams to finance its long-term recurrent management costs. The IGF Foundation will - with funding support from a range of donor agencies - rehabilitate and improve the management effectiveness of Gilé NR. Donor support for MPAs will be focused on the Bazaruto seascape, Primeras and Segundas Islands and Quirimbas NP areas.

90. The IGF Foundation will, with the support of a number of donor agencies, support MITUR in improving the administration and regulation of the hunting industry in Mozambique. It will specifically

assess ways of improving income from hunting fees, notably in the *Coutadas*, hunting blocks around Niassa and the Game Farms.

PART II: STRATEGY

2.1 Project Rationale and Conformity to GEF Policies and Strategic Objectives

91. The project is aligned with GEF's Strategic Objective (SO) 1 of the Biodiversity focal area, 'Catalyzing Sustainability of Protected Areas Systems'. The project is consistent with Strategic Programme's (SP) 1 of SO 1; 'Sustainable financing of PA systems at the national level'.

92. The project will contribute to the expected outcomes of SP 1 by investing GEF resources in the implementation of a suite of activities that could collectively catalyse a significant improvement in the ability of protected areas in Mozambique to secure sufficient and more predictable revenue - including external funding - to support their management costs. The project will support the development of a business-oriented financial plan for the protected area system. The system-level financial plan will provide a strategic framework for a range of project interventions at the institutional and site (PA) level. The project will strengthen the business planning and financial management capacities of the institutions responsible for managing protected areas, and facilitate the roll-out of business planning processes, and development of financial management skills, at the local protected area level. It will also evaluate the cost-effectiveness (in terms of financial, social and conservation returns on investment) of a range of different community-based partnership approaches at the individual site level (Gorongosa NP). Finally, it will facilitate the further development and testing of a range of financing mechanisms (conservation trust fund, fee structures for services and facilities, joint venture concessions, forest carbon offset and voluntary biodiversity offsets) for the protected area system.

93. The project will contribute to the achievement of GEF's expected outcomes and main indicators under this priority programming area as follows:

GEF-4 BD Strategic objective and programmes	Expected outcomes	GEF-4 BD Indicators	Project contribution to indicators
SO-1: Catalyzing Sustainability of Protected Area Systems	Biodiversity conserved and sustainably used in protected area system	Extent of habitat cover (hectares) by biome type maintained as measured by cover and fragmentation in protected area system Protected area management effectiveness as measured by protected area scorecards that assess site management, financial sustainability and capacity	At least 360,900 ha of marine and 13,580,900 ha of terrestrial habitats maintained in the protected area system Capacity development scorecard increasing from 46%, 46% and 35% (systemic, institutional and individual capacity) to >60%, 55% and 50% respectively Management effectiveness tracking tool (METT) score for Gorongosa NP improves from a baseline of 65% to 72% by end of project
SP-1 Sustainable financing of protected area (PA) systems at the national level	PA systems secure increased revenue and diversification of revenue streams to meet total expenditures required to meet management objectives Reduction in	Total revenue and diversification in revenue streams	Financial sustainability scorecard improves to a score of >21% from the current level of 45% Current financing for protected areas

GEF-4 BD Strategic objective and programmes	Expected outcomes	GEF-4 BD Indicators	Project contribution to indicators
	financing gap to meet PA management objectives		increased from a baseline of US\$14,897,402 to >US\$18,849,448 ²⁹ (~80% reduction in financing gap)

2.2 Country Ownership: Country Eligibility and Country Drivenness

94. The Government of Mozambique signed the United Nations Convention on Biological Diversity (CBD) on 12 June, 1992 and ratified it on the 25th of August, 1995.

95. The project will contribute to meeting the poverty alleviation, sustainable development and good governance objectives of the governments' new *Five-Year Government Program* (2010-2014). The project activities and budgets are closely aligned with the medium-term expenditure frameworks, and annual plans and budgets, of the affected PA institutions that have been developed in accordance with this Five-Year Government Programme.

96. The recently adopted *Conservation Policy and Implementation Plan 2009-2019* ('Conservation Policy') specifically focuses on Mozambique's conservation areas (including the buffer areas). It subsumes, updates and integrates all the existing national and sectoral policies and strategies that relate to the planning and management of conservation areas. This project has been specifically developed to complement, and support the implementation of, the priority actions identified by the Conservation Policy. It focuses its interventions in support of three (of the six) key implementation mechanisms in the Conservation Policy, *Institutional Reform, Partnerships* and *Financial Resources*.

97. The project will support the government in implementing the following strategic actions of the Conservation Policy: 1.4.1 *Carry out the preparatory work for the creation of the new institutional framework*, specifically in respect of business planning and financial skills development of the responsible PA institutions; 1.5 *Establishment of an independent trust fund to support the conservation areas* and 3.2.1 *Prepare the establishment of sustainable funding mechanisms*; 3.1.1 - ... *increasing the transparency of (the) mobilisation and distribution of funds*, particularly in terms of strengthening financial management systems and procedures; 3.1.2 - *Create models and mechanisms for the establishment of public, private and community partnerships*, focused on testing the cost-effectiveness of these in Gorongosa NP; and 3.4.2 *Identify viable income generation options ...*, specifically in respect of evaluating the feasibility of implementing a range of innovative funding mechanisms for the PA system.

2.3 Design principles and strategic considerations

Alternative scenario

98. Under the **alternative scenario** promoted by the project, Mozambique will have by 2016: (i) a rationalised governance structure in place to effectively administer the different categories of protected areas; (ii) a government-adopted strategic planning framework for the sustainable financing of the protected area system; (iii) a legal and regulatory framework that enables the implementation of a range of PA financing mechanisms; (iv) approved business-oriented financial management plans for each of the PA institutions, that guides the implementation of a diverse portfolio of financing mechanisms and cost-effective management approaches in individual protected areas; (v) significantly improved financial and business

²⁹ This assumes no annual adjustment for CPI.

management capacities, systems and technologies in PA institutions, and the individual PAs; (vi) an increase in funding for the PA system from government grant allocations; (vii) an increase in revenue from a range of direct user pay mechanisms implemented in protected areas; (viii) an increase in income from other diverse funding sources (donor funding, payment for ecological service, carbon trading, biodiversity offsets, lease fees, loans, etc) for the PAs; (ix) an improvement in the cost-effectiveness of investments in community-based partnerships; and (x) institutional mechanisms in place that facilitate the cross-subsidisation of protected area management costs.

Global environmental benefits

99. The increment of the project in terms of **global environmental benefits** is represented by; (i) increasing management effectiveness at the PA level (from a METT baseline for Gorongosa NP of 65% to a METT target of >72%); (ii) improving the overall PA institutional capacity (from a baseline of 44% in the Capacity Assessment Scorecard to >55%); (iii) increasing the financial sustainability of the PA system (from a financial sustainability baseline score of 21% to >45%); and (iv) reducing the PA financing gap by 80%. In the medium-term (by 2016 and beyond) the capacity (due to an improvement of financial resources and cost-effective management approaches) to contain threats to the integrity of protected areas, such as: illegal hunting and poaching; unsustainable levels of fishing; deforestation; soil erosion; illegal mining; spread of subsistence agriculture; and uncontrolled wildfires will be improved at the level of the entire expanded terrestrial and marine PA system of the country, an area covering >13,212,700 ha.

100. The project is assisting the country in the implementation of the CBD Programme of Work on Protected Areas (PoWPA). Project activities will support the country's efforts in contributing to achieving the global targets for the following goals: Goal 2.1 (mechanisms for the equitable sharing of both costs and benefits arising from the establishment and management of protected areas); Goal 2.2 (Full and effective participation of indigenous and local communities); Goal 3.2 (capacity-building programmes and initiatives); Goal 3.3 (development, validation, and transfer of appropriate technologies and innovative approaches for effective management of protected areas); Goal 3.4 (sufficient financial, technical and other resources to meet the costs to effectively implement and manage national and regional systems of protected areas); and Goal 4.1 (standards, criteria, and best practices for planning, selecting, establishing, managing and governance of national systems of protected areas).

101. The GEF financing for the project totals US\$ 4,850,000. Total co-financing for the project total US\$ US\$13,868,190 broken down into: a) US\$ 2,321,933 for Component 1; b) US\$ 6,840,000 for Component 2; c) US\$ 3,318,190 for Component 3; and d) US\$ 1,388,067 for project management. Co-financing is provided by the Carr Foundation (US\$6,840,000), WWF-US (US\$245,680), WWF-Mozambique (US\$272,510), UNDP (US\$200,000), KfW (US\$150,000), AFD (US\$4,920,000) and the Government of Mozambique (US\$500,000).

Coordination with other initiatives

102. The project will work closely with the *Conservation Policy Working Group* and the project coordinator of the World Bank *Transfrontier Conservation Areas and Tourism Development Project* (TFCATDP) to ensure complementarity of the activities in support of the governance, institutional and legislative reform processes currently underway in Mozambique, specifically the establishment and administration of the new National Administration of Conservation Areas (ANAC).

103. The project will collaborate with a number of bilateral and multilateral funded donor agencies active in a number of protected areas in order to avoid duplication of effort, identify opportunities for collaboration, and share resources and knowledge. The protected areas, and associated donor agencies and NGOs, will include *inter alia* the: *Limpopo NP* (AFD/KfW); *Gile NR* (FFEM/IGF/COSV); the *TFCAs*, covering

Banhine NP, *Chimanimani* NR, *Limpopo* NP, *Maputo* NR and *Zinave* NP (WB/GEF/Japan/PPF/KfW/AWF/IFC/GTZ); *Bazaruto* (Sasol); *Quirimbas* (AFD, WWF); and *Niassa* NR (FFI/IGF). The project will be represented on the *Biodiversity Working Group* by the UNDP CO to ensure alignment of project activities with other donor-funded initiatives in the conservation sector, and to optimise new opportunities for donor support.

104. The project will maintain a strong working relationship with the *IGF Foundation* and *AFD* who are currently providing financial and technical assistance to DNAC/MITUR in the rationalisation and regulation of the hunting industry in Mozambique. The proposed activities required to improve the financial sustainability of the Coutadas (and other categories of conservation areas that may be designated for hunting purposes) will be integrated into Outputs 1.1 and 1.2, while the financial management requirements for their administration will be supported in Output 1.3.

105. The project will liaise closely with the different line Ministry's and the SADC regional office to ensure the ongoing alignment of activities with the governments implementation of the *National Rural Development Strategy*, the *Action Plan for the Reduction of Absolute Poverty (PARPA II)* and the *National REDD Strategy*.

106. The project will, through the Carr Foundation and Gorongosa Restoration Project, work closely with *USAID* to combine resources in supporting community livelihood developments in and around Gorongosa Mountain. This will include establishing functional links with USAID funded initiatives and technical support from the US National Parks Service in staff and training development programmes, solid waste management, educational and awareness programmes, land use planning, fire management, health extension services and rehabilitation and restoration programmes. Lessons learnt from the agro-business initiatives in the Beira corridor will be integrated into the implementation of Output 2.3.

107. The project will collaborate with regional trust fund initiatives, such as the *Conservation Finance Alliance's African Funds committee* and the *Latin American and Caribbean Network of Environmental Funds (RedLAC)*³⁰. It will also target a 'twinning' partnership with an equivalent national trust fund such as the *Brazilian Biodiversity Fund (Funbio)* to enable the sharing of information, knowledge and experience.

2.4 Project Objective, Outcomes and Outputs/Activities

108. The project is focused on creating the enabling conditions for, and strengthening capacities to: (i) prepare and implement business-oriented financial plans; (ii) maintain effective and efficient financial management systems; (iii) improve the cost-effectiveness of community-based partnership approaches; and (iv) diversify and increase revenues, for protected areas.

109. The project will focus the outputs and activities at two levels of intervention: (i) the national PA system level, through working with the different public PA institutions and the BIOFUND Founders Committee, in order to develop and strengthen their capacity to more effectively plan, secure and administer funds for the protected area system; and (ii) the level of an individual protected area (Gorongosa NP), through working with the delegated management agency (Gorongosa Restoration Project and MITUR) to assess the cost-effectiveness (i.e. the social, financial and environmental returns on investment) of different types of community-based partnerships (agricultural support, direct employment and communications/awareness formal co-management) in securing the long-term conservation status of Gorongosa Mountain.

³⁰ Capacity building project under development with the French Global Environment Fund (FFEM), the Moore Foundation and USAID

110. The project's **development goal** is to 'Contribute to improving the financial sustainability of Mozambique's protected area system'. The project has the **objective** to 'Strengthen the overall effectiveness and sustainability of Mozambique's Protected Area System, including financial sustainability, through working partnerships between public, private, NGO and community stakeholders'. The project has three **components** – along with their associated outcomes, outputs and activities - which will contribute towards achieving the project objective. These are: Component 1 Sustainability of the protected area system institutionalised; Component 2 Co-management models in demonstration sites; and Component 3 Business planning and revenue generation.

This PRODOC (#2) pertains to the Outputs and Activities under Component 2. Descriptions of Outputs and Activities under the other Components are included herein for reference and information.

Component 1: Sustainability of the protected area system institutionalised

Output 1.1: A Financial Plan (FP) for Mozambique's system of conservation areas is adopted

Based on the preliminary work undertaken during the preparatory phase³¹, work under this output will focus on preparing a Financial Plan for the system of conservation areas in Mozambique. This business-oriented Financial Plan will be organized around three key aspects of the financial planning process: a) a detailed financial analysis that identifies realistic funding needs and gaps³²; b) a pre-selection and analysis of viable financial mechanisms, and an understanding of the legislative and regulatory framework for their implementation³³; and c) a formulation of the Financial Plan to guide the implementation of a sustainable financing strategy.

The specific activities to be undertaken in this output will include:

- (i) Accurately updating the current financial baseline prepared for the conservation areas during the PPG, including analyzing the protected area costs, reviewing different income sources and identifying specific cost-reduction opportunities;
- (ii) Using financial planning tools (e.g. scenario logic) to more accurately: a) qualify and quantify the projected financial needs for the system of conservation areas under different management scenarios; and b) determine the 'financial gap' between the current financial scenario and the optimal (or desired) scenario;
- (iii) Assessing the functionality of the financial management system of the protected area institutions, including accounting (income and expenditure), salaries and benefits, classification of expenses (standardization), cash flow, transparency (availability of and access to information), and auditing (internal and external);
- (iv) Selecting the most appropriate financial mechanisms to ensure the diversification of financing sources for the conservation areas. The focus of this activity is on ensuring the maintenance, and increase in income, from conventional financial sources (governments, donors, and trust funds), as well as developing innovative alternatives (e.g. PES, market mechanisms, etc.) to supplement the current income streams;
- (v) Defining the legal and institutional framework that is required to mobilize financial resources, adopt business management principles, establish innovative financial mechanisms, and ensure the autonomy of financial management based on principles of modern governance;

³¹ The information produced by the 'Consultancy Services for Feasibility Study, Legal and Management Structure and Start up of the National Agency for the Management of Conservation Areas in Mozambique', will also be integrated into the preparation of the FP

³² This will be based on the preliminary work completed during the PPG phase, *Assessment of Data on Both Sides of the Financing Equation for Mozambique's Conservation Areas* (report available upon request)

³³ This will be based on the preliminary work completed during the PPG phase, *Feasibility Study for Sustainable Financing of Protected Areas in Mozambique*

- (vi) Identifying opportunities for cost-saving to achieve economies of scale, eliminate duplication and improve service delivery;
- (vii) Using a 'market-based approach', preparing a medium-term (three to five years) 'Financial Plan' (FP) that establishes lines of strategic action to mobilize financial resources and build financial capacity to support a system of conservation areas in Mozambique. The financial plan would include: a) a summary of financial needs and gaps (identified in point (ii) above); b) the investment priorities; c) a market analysis; d) financial mechanisms; e) economic impacts; f) a detailed implementation programme (detailed activities, staffing requirements and budget); and g) the means of measuring progress; and
- (viii) Documenting lessons learnt in the design and development of the FP.

The lessons learnt in the implementation of Outputs 3.1 – 3.4 will also be integrated into the Financial Plan, wherever practicable. The outcomes of the financial plan will support and focus the implementation of Outputs 1.2 and 1.3.

A financial advisory group representing all the public agencies and institutions responsible for the planning, administration and monitoring of the conservation areas will be constituted to oversee the design and development of the Financial Plan. This advisory group may be supplemented by the requisite expertise from the Ministry of Finance and key NGOs, Foundations and funding agencies. The advisory group will, based on regional and global best practice, define the format and content of the Financial Plan. The technical work in developing the Financial Plan will be undertaken by a contracted financial planning service provider. They will be required to work with, train, and mentor pre-selected counterparts from each of the protected area institutions³⁴. They will work in close collaboration with the relevant departments and institutions of the affected Ministries and Provincial Governments during the preparation of the FP. The FP will be submitted to the Minister in charge of conservation areas for its adoption. It is envisaged that the FP will be added as a technical annexure to the *Conservation Policy and Implementation Plan*. The financial advisory group will provide ongoing technical inputs into the drafting of any new conservation legislation, and the associated regulations, to ensure that it provides an enabling legal framework for the implementation of the FP.

Output 1.2: A strategic plan for the National Administration of Conservation Areas directs the piloting of business planning processes in conservation areas

Work under this output will focus on supporting strategic and business planning processes in a National Administration of Conservation Areas (the PA agency), whose establishment is anticipated in conformance with the Conservation Policy³⁵. Activities will be concentrated in two focal areas. The first is in assisting the PA agency to prepare a medium-term Strategic Plan that effectively integrates strategic planning with medium-term expenditure framework (MTEF) budgeting and spending plans. The agency will be supported in moving from input-based budgeting to an output-based, results-oriented system where the use of resources (inputs) is specifically linked to objectives (outputs and outcomes) and performance. The second is supporting the preparation of standardized Business Plans that operationalises the Financial Plan and Strategic Plan at the level of the individual conservation areas. These business plans will describe the financial opportunities offered by each respective conservation area, provide recommendations on those opportunities that are most cost-effective and viable, and outline a strategy for pursuing them. The business plans will be aligned with, and integrated into, the overall Management Plan of each conservation area. It is anticipated that activities under this output would be guided (in part) by the Financial Plan for the system of conservation areas (see Output 1.1).

Activities under the first focal area of this output (i.e. PA agency Strategic Plan) include, *inter alia*:

³⁴ Each PA institution will be required to identify the staff to be trained and mentored by the financial planning service provider.

³⁵ If the National Administration of Conservation Areas is not established within the first 2 years of project implementation, GEF resources will be used to support the administration responsible for conservation areas (currently DNAC).

- (i) Identifying the various driving forces, or major influences, that might affect the agency;
- (ii) Establishing goals that build on strengths to take advantage of opportunities, while building up weaknesses and warding off threats;
- (iii) Depending on affordability, practicality and efficiency, establishing strategies to reach these goals and measurable strategic objectives;
- (iv) Developing a programmatic approach to achieving strategic goals and objectives;
- (v) Within the framework of the programmatic approach, establishing credible outcomes and the related outputs, performance measures or indicators that demonstrate progress toward the strategic objectives and goals;
- (vi) Determining Medium Term Expenditure Framework (MTEF) budget allocations for the programmes and sub-programmes;
- (vii) Assigning responsibilities and indicative timelines for achieving various outcomes and outputs;
- (viii) Consolidating the above information into a Strategic Plan for the agency that is linked to the MTEF cycle; and
- (ix) Supporting the preparation of the first Annual Performance Plan for the agency that details the performance targets (by quarter) for each of the programme outcomes and outputs, and the associated high level budget allocations.

The Strategic Plan and Annual Performance Plan will then guide the activities of the second focal area under this output (i.e. the development of conservation area Business Plans). These activities will include, *inter alia*:

- (i) Developing a generic template and describing a set of standard business planning guidelines for conservation area Business Plans;
- (ii) Identifying 2-3 demonstration conservation areas to test the efficacy of the Business Plan template;
- (iii) For each pilot conservation area, review the financial baseline and the financial needs under different operational management scenarios.
- (iv) For each pilot conservation area, present an overview of the “goods and services” that it provides and the markets and competition that may exist for those goods and services now and in the future;
- (v) For each pilot conservation area, undertake a detailed assessment of the costs of pursuing the most viable sources of revenue;
- (vi) For each pilot conservation area, conduct a detailed assessment of the assumed benefits and income from those revenue streams, along with an assessment of risk;
- (vii) For each pilot conservation area, assess the legal and socio-political framework as it relates to pursuing those revenue streams (e.g. the type and proportion of income that must be returned to the provincial fiscus and to local communities);
- (viii) For each pilot conservation area, develop a medium-term projection of the anticipated annual national/local government grant allocation;
- (ix) For each pilot conservation area, assess the potential income from donor funding and other financing mechanisms (e.g. BIOFUND, INATUR, etc.) and a medium-term projection of income from these sources, along with an assessment of long-term cost implications;
- (x) For each pilot conservation area, assess opportunities to reduce planning, administration and management costs (e.g. outsourcing of functions; concessioning visitor facilities and services; improving fee collection mechanisms; deployment of staff and equipment; leasing of large infrastructure and equipment; introducing more efficient financial systems, etc.);
- (xi) For each pilot conservation area, develop detailed strategies, next steps, activities and investments required to capitalize on the most viable opportunities. This may also include a short-term fundraising strategy to raise the needed capital to pursue a particular strategy; and
- (xii) For each pilot conservation area, document the lessons learnt to enable the iterative development of the final business plan template and business planning guidelines.
- (xiii) Reviewing the efficacy of the Business Plan template and preparation guidelines (based on an assessment of lessons learnt in the demonstration sites) and adopting a final generic template (or