

**Analysis of the Economic Conditions Relating to Tourism
In Mozambique**

Study 16 for the Preparation of MOZBio

18 August 2014

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FINAL REPORT

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Acronyms

AFD	French Development Agency/ <i>Agence Française de Développement</i>
ANAC	National Administration of Conservation Areas/ <i>Agencia Nacional de Áreas de Conservação</i>
AP	African Parks
BIOFUND	Foundation for the Conservation of Biodiversity/ <i>Fundação para a Conservação da Biodiversidade</i>
CDM	Clean Development Mechanism
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CPI	Centre for Investment Promotion/ Consumer Price Index
DNAC	National Directorate of Conservation Areas/ <i>Direcção Nacional das Áreas de Conservação</i>
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>
FDI	Foreign Direct Investment
GOM	Government of Mozambique
GDP	Gross Domestic Product
GEF	Global Environment Facility
GTZ	German Technical Cooperation
IFC	International Finance Corporation (World Bank Group)
INATUR	National Tourism Institute/ <i>Instituto Nacional do Turismo</i>
IUCN	The World Conservation Union
MICOA	Ministry for Coordination of Environmental Affairs/ <i>Ministério para Coordenação da Acção Ambiental</i>
MINAG	Ministry of Agriculture/ <i>Ministério da Agricultura</i>
MITUR	Ministry of Tourism/ <i>Ministério do Turismo</i>
MOZBio	Mozambique Conservation Areas for Biodiversity and Sustainable Development Project
MPA	Marine Protected Area
MZN	Meticais
NGO	Non-Governmental organization
NP	National Park
NR	National Reserve
PAD	Project Appraisal Document
PARPA II	Action Plan for the Reduction of Absolute Poverty II/ <i>Plano de Acção para a Redução da Pobreza Absoluta II</i>
PES	Payment for Ecosystem Services
PPF	Peace Parks Foundation
PPP	Public Private Partnership
SGDRN	Society for the Management of Niassa Reserve/ <i>Sociedade para Gestão e Desenvolvimento da Reserva do Niassa</i>
TFCA	Trans-Frontier Conservation Areas/ <i>Áreas de Conservação Transfronteira</i>
TFCA TDP	Trans-frontier Conservation Areas and Tourism Development Project
WB	World Bank
WTP	Willingness To Pay
WWF	World Wide Fund for Nature

Acknowledgements

The consultant is extremely grateful firstly to Afonso Madope and his MITUR TFCA team for their support and advice required to complete this research; the World Bank team (André Rodrigues Aquino, Claudia Sobrevila and Ben Garnaud) for their guidance as well as Sean Nazerali, Dr Anna Spenceley and Vernon Booth for providing their expertise and local understanding to ground-truth this analysis. The methodological approach developed in this report is a collaboration with the team members named above, providing continued advice and clarification.

1 Executive Summary

This report is a component of a larger study that looks at the economic potential of CAs in Mozambique in terms of this sustainability; what is the real earning potential of Mozambique's CA network and how can it be maximized so that conservation efforts can be sustained over time. This document consists of one section of the Study 16 assignment: Analysis of the economic conditions relating to tourism in Mozambique.

The analysis was conducted through a review of available literature, including consultancy reports and project documents from initiatives in Mozambique and from international analyses. A full list of materials cited can be found in the references section. Relevant stakeholders were contacted to provide additional material or clarifications on existing literature

The analysis identified the following issues:

- **Size of the tourism sector:** Tourism currently contributes a relatively small amount to the national GDP when compared with other countries in Southern Africa (2% in 2009: Ministerio do Turismo, 2014). There has been steady growth since 2006 in the number of tourist arrivals and international tourist receipts, with 2.2 million international arrivals in 2013, and USD248 million in tourism receipts generated in 2012 (Ministerio do Turismo, 2014).
- **International arrivals:** The bulk of international arrivals to Mozambique originate in South Africa (44%), followed by Malawi (12%) and Zimbabwe (9%). A fifth of arrivals the 2 million international arrivals in 2013 were from Europe, with the bulk coming from Portugal (4%) (Ministerio do Turismo, 2014). With an average of 400 clients per year, the number of safari hunting tourist is very small compared with other southern African countries. Most hunters originate in the USA (44% in 2010), followed by South Africa (13%) and France (10%) (Booth, 2012).
- **Policy and planning framework:** Mozambique has a relatively strong policy and planning basis for tourism and sport hunting, but this is undermined by weak implementation and enforcement (Spenceley and Batey, 2011; Booth, 2012). The SPTDM is in the process of revision, and will address tourism development and promotion in protected areas (MITUR, undated). Recent instances of political disturbance across the country (November 2013-January 2014) mainly affected domestic travel, and self-drive leisure travellers.
- **Clustering of tourism investment:** Tourism investment is clumped into tourism hubs, including Maputo, Inhambane, Pemba and Vilanculo, but these are inadequately serviced by support infrastructure an air access (Spenceley and Batey, 2011). The value of tourism investment is difficult to ascertain, with estimates from DINATUR of proposals worth USD 871 million in 2013, and of USD 97 million from the CPI (Ministerio do Turismo, 2014).
- **Investor interest:** International investors appear to be interested in tourism development opportunities in Mozambique, but are constrained by access to land, bureaucratic and lengthy licensing processes, corruption and the weak application of spatial plans (Spenceley and Batey, 2011). Coupled with this, the negative experiences of tourists in poor service, harassment and low value for money have led to a 'Mozambique fatigue', where operators are reluctant to book tourists into destinations (Batey, 2014).

- **Constraints to tourism development:** Constraints explored included air travel, infrastructure, institutional arrangements, the ease and speed of development, human resources, tourism promotion and safari hunting. Of these, the most important appear to be air travel, infrastructure, and the ease and speed of development.
- **Opportunities to capitalise on demand:** Actions needed to capitalise on the international and regional demand should focus on making travel into and within Mozambique easier for visitors; making the tourism product more attractive and competitive, and improving destination and product promotion.

Recommendations for MOZBio include to:

- enhance the capacity of ANAC to implement the higher number of requirement to improve the environmental for investment and tourists visiting Mozambique is extremely limited; and
- support the implementation of protected area management plans, district development plans, and tourism plans where they exist. Maputo Special Reserve and Limpopo National Park both have tourism concession programs designed, while other protected area management plans need updating (e.g. Bazaruto), and other tourism plans are in development (e.g. Ponto do Ouro Partial Marine Reserve).

2 Introduction to the Assignment

The Government of Mozambique (GoM) Ministry of Tourism's (MITUR) Trans-frontier Conservation Area (TFCA) Unit is in the process of concluding a World Bank Global Environment Facility (GEF)-funded second phase Transfrontier Conservation Areas and Tourism Development Project (TFCA TDP), and commencing a new third phase: Mozambique Conservation Areas for Biodiversity and Sustainable Development Project (MOZBio). As a result, a number of consultancies have been approved to support the conclusion of TFCA TDP and the preparation for MOZBio. This report is a deliverable from one of these consultancies: a study on the Economic Potential of Conservation Areas in Mozambique (Study 16).

Box 1: Difference between a protected area and a CA

Protected areas (PA) are reserves with a formal classification governed by the Mozambique Land Law (19/1997), Forests and Wildlife Law (10/1999) and the General Regulation for Maritime Fishing. These laws provide varying levels of protection for National Parks, National Reserves, Partial Marine and Biological Reserves, Coutadas and Forest Reserves. CAs (CA) includes the above protected areas as well as those not technically protected, such as community reserves and fazendas (private game farms). Therefore, this document will refer to CAs as an inclusive term rather than using PAs.

The study consists of four main sections:

1. **Desk analysis of the economic conditions relating to tourism in Mozambique**, identifying the constraints to growth and development of CA as well as the macro-level factors impacts on the development of the tourism sector. The analysis also identifies macro-level opportunities to meet international and regional demand. It includes recommendations for tourism development in CAs supported under the TFCA TDP and proposed under the MOZBio project.
2. **Analysis of the revenue potential of CAs**, utilising a mixture of macro-level assessments and micro-level assessments for prioritised national parks (NPs) and national reserves (NRs) proposed by the MOZBio project. The analysis describes the current financial value of the CAs to Mozambique, their revenue generation in 2013 to (i) the economy, (ii) to the Government of Mozambique and CA Management Authorities, as well as (iii) respective CA communities. 15-year financial projections are developed for individual NPs and NRs as well as the overall CA network. Furthermore, 21 financial scenarios are described and applied to the CA network. Recommendations are provided on particular CAs to prioritise for investment and how to maximise the revenue generation of the CA network as a whole. Specific recommendations are also provided for the development of the MOZBio Component 2: 'Promotion of Tourism in CAs'.
3. An **ex-post financial analysis of the TFCA TDP** and evaluation of the net present value (NPV) and economic rate of return (ERR) of the project.
4. A **financial analysis of the proposed MOZBio** project and evaluation of the net present value (NPV) and economic rate of return (ERR) of the project.

This document consists of the first section of the Study 16 assignment: Analysis of the economic conditions relating to tourism in Mozambique. Separate documents will be developed other sections as they are all targeted at different stakeholder groups.

3 Methodology

Research for this report took place between 14th April and 30th June 2014. The methodology for the development of the report is described below. The methodology for Sections 3 and 4 (financial analyses of TFCA TDP and MOZBio) are provided in a separate document.

An inception telephone meeting was conducted on Tuesday 15th April 2014 with Dr. Afonso Madope, Head of the TFCA Unit (MITUR), to clarify the terms of reference, the timeframes for deliverables and key stakeholders to consult.

An inception visit was organised between 16th and 18th April in Maputo with identified key stakeholders to further clarify components of the TOR as well as collect relevant literature for desk analysis and the data on the revenues and costs of CAs in Mozambique. The results were documented in the Inception Report and annexed to this report (see Annex 8.3).

A review of available literature was conducted for the desk analysis, including consultancy reports and project documents from initiatives in Mozambique and from international analyses. A full list of materials cited can be found in the references section.

Relevant stakeholders were contacted to provide additional material or clarifications on existing literature. A list of consulted stakeholders is provided in Annex 8.1.

3.1 Limitations to the Research

The research was limited by:

- **The time period allowed to complete the research:** The original study was envisaged to begin in September 2013 and conclude at the end of June 2014. At that time, the TOR did not include the cost-benefit analyses of the TFCA TDP or MOZBio. However, the study was delayed whilst other preparation studies for MOZBio were conducted. When the study was commissioned in April 2014 the scope of work had increased with the two cost-benefit analyses, but the timeframes and level of effort had not been adjusted: the deadline remained the end of June 2014. Therefore, the process has had to be adjusted to utilise as much existing information as possible in order to deliver outputs on time. It was not possible therefore to collect primary data, so the study depended upon the:
 - Existing data from existing literature;
 - Data collected by other consultant studies currently taking place in the field; and
 - Development and explanation of a number of economic assumptions in order to fill data gaps.
- **No field visits to CAs to verify data:** Again, as time to complete the TOR was limited it was not possible to visit each CA (93 in total) to verify the collected data. Therefore, the data presented is secondary and has not been checked with each CA.

4 Analysis of the economic conditions relating to tourism in Mozambique

Tourism is the main sector analysed in relation to the economic potential of CAs for three main reasons: (1) it is currently the main revenue generating sector for CAs in the country, (2) tourism is a sector that can be developed and operated in a way that benefits the biodiversity conservation objectives of the CA, and (3) that it can contribute positively to local livelihoods through value chain linkages, employment and enterprise ownership. Therefore tourism is more compatible with the overarching objectives of biodiversity conservation and poverty reduction, and sustainable development than alternative sectors (e.g. mining, agriculture).

The purpose of this section of the study is to analyse the tourism sector in Mozambique, particularly in relation to CAs and to contribute towards the development of the new MOZBio project. The MOZBio project aims to support the development of the new ANAC, as well as other support entities (such as Biofund), and the individual CAs themselves. Management, community relationships and benefit sharing, cooperation with other agencies, and communications are all important. However, for any of these to be sustainable over time, financial sustainability, financial planning, and sound financial management are all important. This section is a component of the wider study that looks at the economic potential of CAs in Mozambique in terms of this sustainability; what is the real earning potential of Mozambique's CA network and how can it be maximized so that conservation efforts can be sustained over time.

The objective of this desk study report is to summarise and synthesise existing information on tourism in Mozambique, specifically focusing on tourism in CAs and economic conditions that affect its current and future growth.

This section of the report incorporates:

- (i) An analysis and evaluation of information of existing economic conditions in the country, related to tourism in Mozambique.
- (ii) Identification of macro-level key constraints to the growth and development of CAs based on tourism as a key driver contributing towards national economic growth.
- (iii) Evaluation of other aspects related to the development of tourism such as, the institutional elements of tourism including safari hunting, investment processes, governance and regulatory procedures, incentive structures, and availability of bulk infrastructure.
- (iv) Identification of key macro level opportunities to meet international or regional market niches, and suggestions of possible development responses to these.
- (v) Specific recommendations on tourism development in selected CAs, Transfrontier CAs (IFCAs) and for ANAC at National level, based on existing literature.

4.1 Economic conditions in Mozambique relating to tourism

This section of the report provides an overview of the tourism economy, and describes the financial contribution of the sector to the economy (Gross Domestic Product: GDP), the number of visitors and their expenditure, and the level of tourism investment in Mozambique. An overview of the tourism economy in Mozambique, compiled from the World Travel and Tourism Council's (WTTC) tourism satellite accounts is provided in Table 1.

Table 1: Growth in tourism in Mozambique (2008-2013) (real 2013 figures)

Mozambique (MZNbn, real 2013 prices)	2008	2009	2010	2011	2012	2013	2014E	2024F
1. Visitor exports	5.9	7.3	8.4	8.1	8.5	8.8	8.7	13.0
2. Domestic expenditure (includes government individual spending)	11.0	11.5	8.5	11.2	13.9	15.1	16.3	31.0
3. Internal tourism consumption (= 1 + 2)	16.9	18.8	16.9	19.3	22.4	23.9	24.9	44.1
4. Purchases by tourism providers, including imported goods (supply chain)	-7.1	-7.8	-7.1	-8.0	-9.3	-10.0	-10.4	-17.8
5. Direct contribution of Travel & Tourism to GDP (= 3 + 4)	9.8	11.0	9.8	11.3	13.1	13.9	14.5	26.3
Other final impacts (indirect & induced)	5.9	6.6	5.9	6.7	7.8	8.3	8.7	15.7
6. Domestic supply chain								
7. Capital investment	2.7	3.0	3.4	3.9	4.7	5.4	5.7	7.6
8. Government collective spending	0.8	0.9	1.1	1.1	1.2	1.3	1.4	3.1
9. Imported goods from indirect spending	-0.5	-0.6	-0.8	-1.1	-1.2	-1.4	-1.5	-1.7
10. Induced	3.8	4.2	3.7	4.2	4.8	5.1	5.3	10.8
11. Total contribution of Travel & Tourism to GDP (= 5 + 6 + 7 + 8 + 9 + 10)	22.5	25.1	23.1	26.1	30.5	32.7	34.1	61.7
Employment impacts ('000)								
12. Direct contribution of Travel & Tourism to employment	237.1	251.3	216.5	234.4	257.1	273.0	277.5	352.0
13. Total contribution of Travel & Tourism to employment	561.0	591.5	537.2	572.8	681.9	717.8	724.9	890.7
Other indicators								
14. Expenditure on outbound travel	5.0	6.5	9.5	7.6	6.6	8.0	8.7	16.4

Source: WTTC, 2014: pp12

In the overall country rankings for tourism competitiveness, Mozambique ranked 125th out of 140 countries in 2013, an improvement of 3 places since the last edition in 2011 (Blanke and Chiesa, 2013).

4.1.1 Contribution to GDP

McEwan (2004) estimated that 80-85% of tourist expenditure in Mozambique contributes to GDP through taxes, investment and money circulation. Estimates of the contribution that tourism makes to GDP indicate relatively constant rates of between 2.0% and 2.4% of GDP between 2005 and 2009, rising to 5.6% in 2010 with a value of USD197.3 million (see table below). This is compared with its regional competitors with 25.8% of GDP in the Seychelles, 5.1% in South Africa, 5.6% in Zimbabwe, 5.1% in Tanzania and 4.9% in Kenya in 2008 (WTTC, 2011b).

Table 2: Receipts for international tourism in USD and GDP contribution

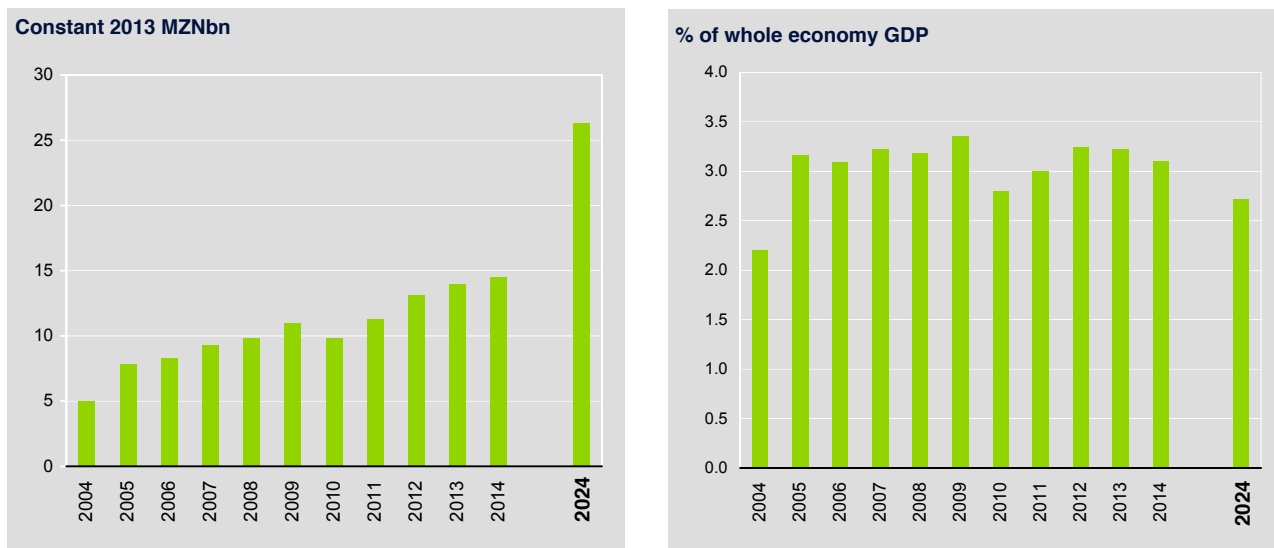
Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 *
USD millions (MITUR)	95.3	129.6	139.7	163.4	190.0	195.6	197.3	231.1	248	222.8
- Contribution to GDP (%)	1.7	2.1	2	2.3	2.2	2	5.6			
USD millions (World Bank)						247	260	256	230	

Source: INE, cited in Ministerio do Turismo, 2014. Note: The 2010 and 2013 figures are derived from Pilot Tourism Satellite Account which is not yet finalized and waiting confirmation by the INE. World Bank: <http://data.worldbank.org/indicator/ST.INT.XPND.CD>, cited in Batey 2014

However, it is important to note that the World Bank data indicated in **Table 2** indicates very different values between 2009 and 2012 to the MITUR data. The World Bank data suggests a decline of 11.5% between 2010 and 2012, by contrast to the MITUR figures that indicate a 20% increase for the same period. Further disparity comes from the WTTC who suggest that the whole of the economy GDP has been higher, at around 3% in 2009 and 2014 (see Figure 1). The WTTC provides the following estimates and forecast for GDP (WTTC, 2014: pp1&6):

- **Direct contribution of travel and tourism:** MZN 13.9 bn (3.2% of total GDP) in 2013; forecast to rise by 4.0% in 2014, and to rise by 6.1% pa, from 2014-2024, to MZN 26.3 bn (2.7% of total GDP) in 2024.
- **Total contribution:** MZN 32.7 bn (7.6% of GDP) in 2013, and forecast to rise by 4.4% in 2014, and to rise by 6.1% pa to MZN 61.7 bn (6.4% of GDP) in 2024.

Figure 1: Direct contribution of travel and tourism to GDP

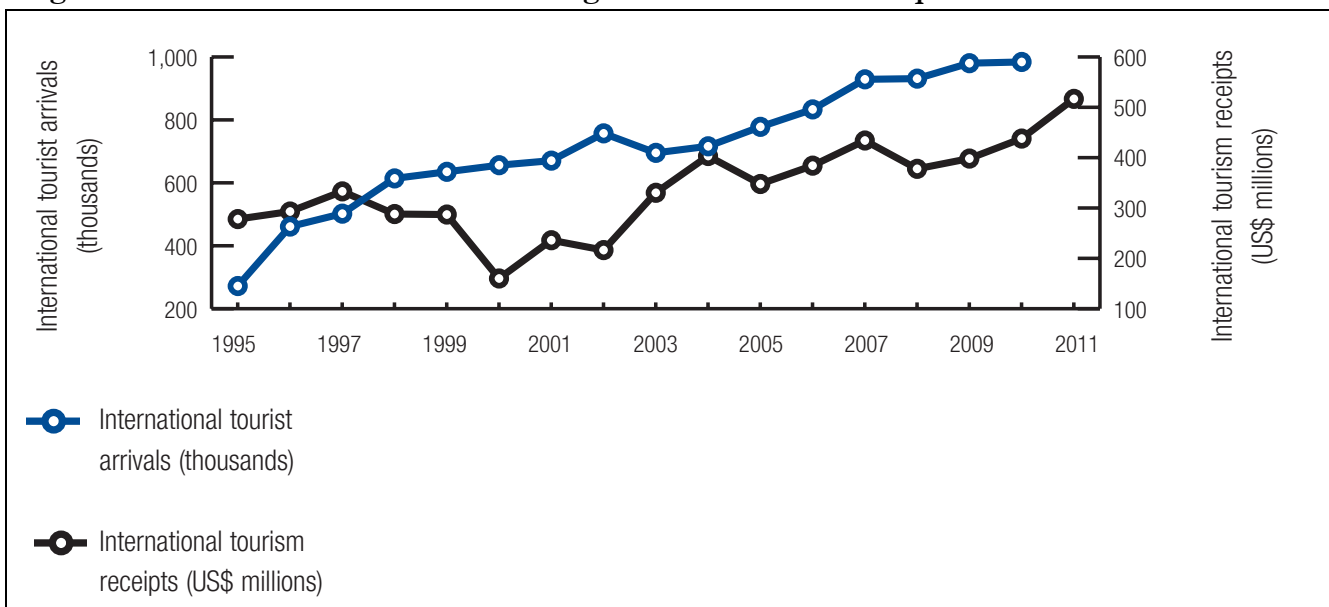


Source: WTTC, 2014. Values in constant 2013 prices and exchange rates

4.1.2 Numbers of visitors and their reason for visit

Since the restoring peace in Mozambique in 1992, international tourist arrivals grew rapidly from approximately 240,000 in 1999 (Jones, 2010) to 2.2 million in 2013 (Ministerio do Turismo, 2014). The value of international tourism receipts was estimated at USD248 million in 2012 (Ministerio do Turismo, 2014). The growth in international arrivals and tracks the growth in international tourism receipts over time (see figure below).

Figure 2: International arrivals and overnight visitors in Mozambique



Source: Blanke and Chiesa, 2013

The majority of international arrivals to Mozambique indicated that they travelled for leisure in 2013 (66%), followed by business (16%) and then visiting friend and relatives (13%) (adapted from Ministerio do Turismo, 2014: see Table 3). The 2013 arrivals recorded were 11% lower than in 2012, with decreases in the number of business travellers (-29%), leisure travellers (-11%), and religious visits (-40%), although an increase in the number visiting friends and relatives (+40%) and for health reasons (+53%) (adapted from Ministerio do Turismo, 2014). It should also be noted that due visa restrictions, and for example the difficulties of obtaining a business visa, that visitors may misrepresent their purpose of visit on arrival cards.

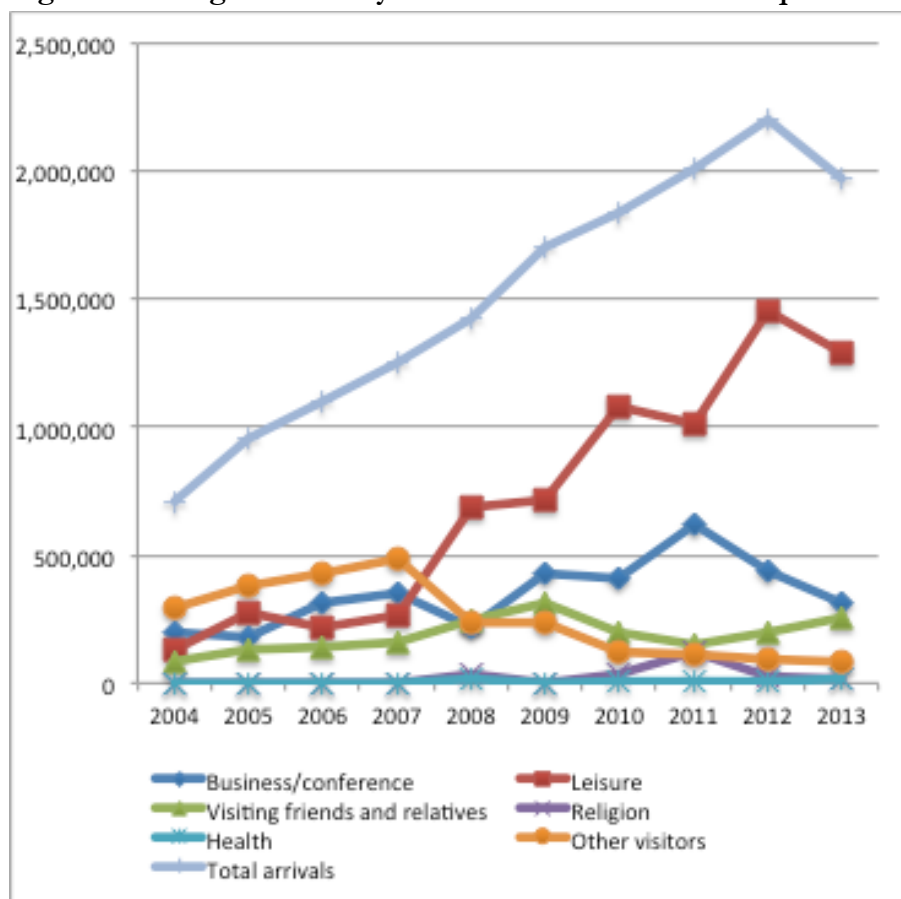
Table 3: Foreign arrivals in Mozambique by reason for visit

Reason for visit	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business/conference	198,936	175,000	310,000	351,000	214,414	431,008	405,164	618,416	437,210	311,767
Leisure	130,853	275,000	214,000	261,000	687,852	720,057	1,078,036	1,009,762	1,450,245	1,294,996
Visiting friends and relatives	85,136	128,000	140,300	159,000	241,755	309,573	198,680	150,994	194,895	252,671
Religion	...	...	...	...	33,097	...	31,213	120,540	20,844	12,564
Health	...	...	...	...	15,829	...	4,802	1,834	9,381	14,425
Other visitors	296,135	376,433	430,700	485,802	237,303	240,478	118,248	111,094	93,278	83,293
Total arrivals	711,060	954,433	1,095,000	1,256,802	1,430,250	1,701,116	1,836,143	2,012,640	2,205,853	1,969,716

Source: Ministerio do Turismo, 2014: Note: The 2010 figures are derived from Pilot Tourism Satellite Account which is not yet finalized and waiting confirmation by the INE.

Shown graphically, the figures demonstrate a dramatic rise in the number of leisure arrivals between 2007 and 2014, with almost a 500% increase (see below).

Figure 3: Foreign arrivals by reason for visit to Mozambique



Source: Adapted from Ministerio do Turismo, 2014: Note: The 2010 figures are derived from Pilot Tourism Satellite Account which is not yet finalized and waiting confirmation by the INE.

4.1.3 Length of stay and tourist expenditure

Estimates from MITUR for the average length of stay in Mozambique were 2.19 nights in 2004 (MITUR data), increasing to 2.7 nights in 2011, but declining to 1.7 nights in 2013 (Batey, 2014, citing MITUR data for 2011 and 2013). This contrasts dramatically from estimated length of stay of 4 days in 2008 and 7 nights in 2010 from the INE (INE, see Table 4). However, it seems unlikely that the average trip duration has risen by so much in such a small space of time.

Table 4: Average length of stay and spend in Mozambique

Year	Average stay in the country	Average spending per day (MT)	Average spending per day (USD*)	Average trip spend per day (USD)
2008	4	4,688.00	189	755
2010	7	9,490.52	288	2,014

Source: INE. Exchange rate 2008 = 24,85 MT (Source: World Bank); Exchange rate 2010 = 33,00 MT (Source: World Bank);

International tourism receipts per international arrival were estimated at USD260 per trip in 2003 (Jones, 2010), and INE calculated that in 2008 this value was much higher, at USD755 per trip, before rising to USD2,014 per trip in 2010 (see Table 4). However, more recent survey work undertaken in 2013 indicates that the average trip spend by foreign tourists in Mozambique is comparable to Jones' (2010) estimate – at USD230 (Batey, 2014). The variations in the estimates over could be due to the method of analysis used by different agencies, rather than real fluctuations. It is notable to compare the Mozambique estimates with the World Economic Forum's figures of average spend of around USD1000 per trip in other countries of the region, including South Africa, Mauritius and Tanzania (Blanke and Chisea, 2007). Batey's (2014) calculations for trip spend in 2013 (see Table 5) indicate the level of spend by different types of tourist (e.g. business, leisure) on different parts of their trip (e.g. accommodation, food).

Table 5: Profile of foreign tourism expenditure (2011, 2013)

	Business	Leisure - Self drive (89% total)	Leisure – Mid (10% total)	Leisure – High (1% total)
Expenditure (daily, USD p/p)				
Accommodation	20	5	15	250
Food and restaurants	15	5	20	20
Other	10	5	10	50
Total	45	15	45	320
Average stay (no. days)	2	2	2	2
Spend per visit (USD per person)	90	30	90	640
Total number of visitors ('000s, annual)	551	359	40	4
Total expenditure (USD million)	49.6	10.8	3.6	2.6

Source: Batey, 2014

By contrast, domestic travellers spend the bulk of their trip expenditure on purchases (55%), followed by road transport (21%) (see table below). Only a small proportion of expenditure is allocated to accommodation (4%) (INCAF, 2012-13, cited in Ministerio do Turismo, 2014). Batey (2014) estimates domestic trip expenditure at USD111 per person, per trip.

Table 6: Profile of domestic travel expenditure

Description of expenditure	%
Purchases	55.3
Ground transport	20.8
Other expenses	6.8
Medical expenses	4.2
Accommodation	3.8
Restaurants	3.7
Air travel	3.7
Recreation	1.7
Cultural services	0.1
Guided services	0.0
Total	100

Source: INE (INCAF 2012/2013), cited in Ministerio do Turismo, 2014

Hypothetically this expenditure signature for domestic travellers could be due to a combination of expenditure on lower-cost accommodation, and that the majority of trips are for the purpose of visiting friends and relatives (45%), as the actual number of bed nights by domestic travellers is roughly the same as for international arrivals (see Table 7 below).

Table 7: Hotel visitors and bed nights

Type of visitor	2009	2010	2011	2012	2013	Var. (13/12) %
Foreign guests	236 657	267 720	278 233	247 870	259 709	4.8
Foreign bed nights	491 410	517 929	579 350	425 368	433 831	2.0
Domestic guests	245 898	254 493	277 757	253 881	251 405	-1.0
Domestic bednights	432 992	518 438	615 731	441 945	433 518	-1.9

Source: INE, cited in Ministerio do Turismo, 2014

The WTTC breaks down estimated expenditure into leisure, business and domestic travel for 2013 and provides predictions up to 2024 (WTTC, 2014: pp1&6):

- **Leisure travel spending (inbound and domestic)** generated 55.7% of direct Travel & Tourism GDP in 2013 (MZN 13.3 bn) compared with 44.3% for business travel spending (MZN 10.6 bn).
- **Leisure expenditure** is expected to grow by 1.7% in 2014 to MZN 13.5 bn, and rise by 5.2% pa to MZN 22.5 bn in 2024.
- **Business travel expenditure** is expected to grow by 7.2% in 2014 to MZN 11.4 bn, and rise by 6.6% pa to MZN 21.6 bn in 2024.

- **Domestic travel spending** generated 63.4% of direct travel and tourism GDP in 2013 compared with 36.6% for visitor exports (ie foreign visitor spending or international tourism receipts). This is expected to grow by 7.3% in 2014 to MZN 16.3 bn, and rise by 6.7% pa to MZN 31.0 bn in 2024.

The main income sources from the use of protected areas and their natural resources include direct tourism expenditure, and also payments made by tourism operators. They comprise (Booth, 2012):

- User fees (i.e. entry fees, accommodation, fishing fees, guided tours and diving fees).
- Fees from licenses for use of natural resources (i.e. timber concessions, live game sales and hunting concessions)
- Income from fines and auction sales of confiscated goods (predominantly timber);
- Income from nature-based tourism concessions.

4.1.4 Tourism investment

Mozambique has a number of well developed tourism products. However, these products tend to be clumped into tourism hubs (e.g. Maputo, Inhambane, Pemba, Vilankulo etc) which are inadequately serviced (i.e. administratively, support services, supply lines and air access) or they are isolated because of their remote location and uncompetitive pricing (Spenceley and Batey, 2011).

DINATUR report that between 2004 and 2013 that tourism investment worth USD 2.5 billion was approved. This proposed investment was supposed to generate 50,221 rooms, with 95,758 beds and 62,204 jobs over the ten-year period (see Table 8). However, the report also does not reveal what investments were actually made during this period. Both CPI and DINATUR report only a small dip in investment during the 2008-2009 world economic crisis, although Batey (2014) suggests that on the ground actual investment was either not realised or was downscaled substantially.

Table 8: Tourism investment projects (accommodation, tour operators & travel agencies)

Description	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
DINATUR/ MITUR data										
Proposals considered (10 ³ USD)	116	169	194	171	265	249	403	409	426	510
Proposals approved (10 ³ USD)	55	95	113	133	237	231	380	367	359	510
% approved	47.4	56.2	58.2	78	78.9	92.8	94.3	89.7	81	100
Rooms	1,855	2704	2899	8040	7756	6422	4893	4440	5781	5431
Beds	3171	2951	5411	15618	13205	12452	9357	9272	15063	9258
Value (USD m)	67.2	293.8	607.9	977.2	739.6	615.9	740.9	540.0	640.0	871.2

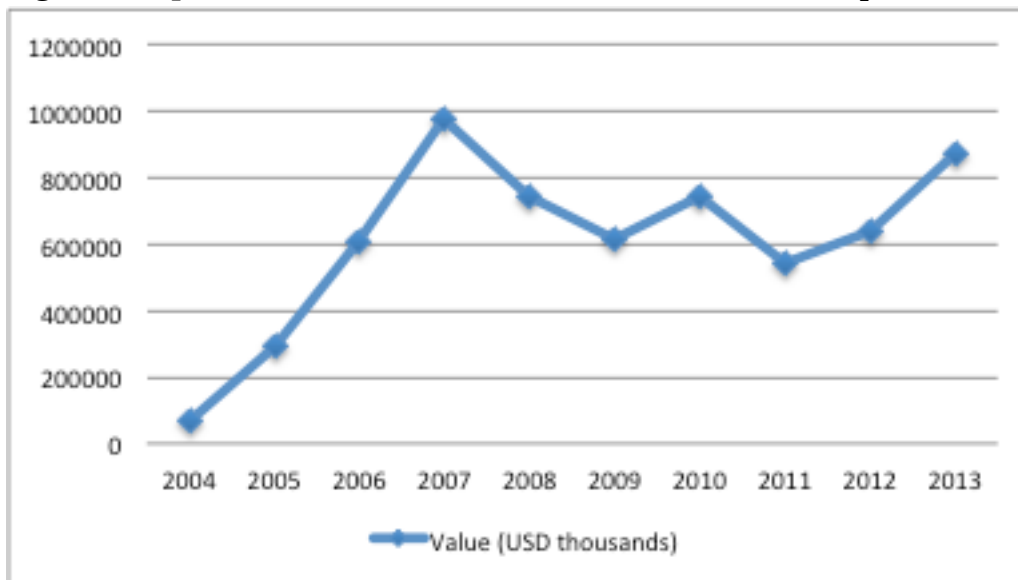
CPI data										
FDI Total (USD millions)		84.0	76.6	138.7	124.6	74.0	33.2	35.7	66.1	34.7
IDN Total (USD millions)		29	3.5	7.2	17.4	43.8	25.6	14.5	32.1	42.9
Loans and supplies (millions)		88.7	327.0	126.2	49.1	146.4	75.2	44.9	225.5	19.8
Total (USD millions)		175.6	407.2	272.2	191.2	264.1	134.0	95.2	323.8	97.4

Sources: World Bank; DINATUR/MITUR & CIP cited in Ministerio do Turismo, 2014

Note: FDI = Foreign Direct Investment; IDN = National Direct Investment

The investment data indicates that the value of annual investment declined between 2007 and 2009, and by 2013 had nearly recovered to 2007 levels (see figure below).

Figure 4: Capital investment in travel and tourism in Mozambique, DINATUR data

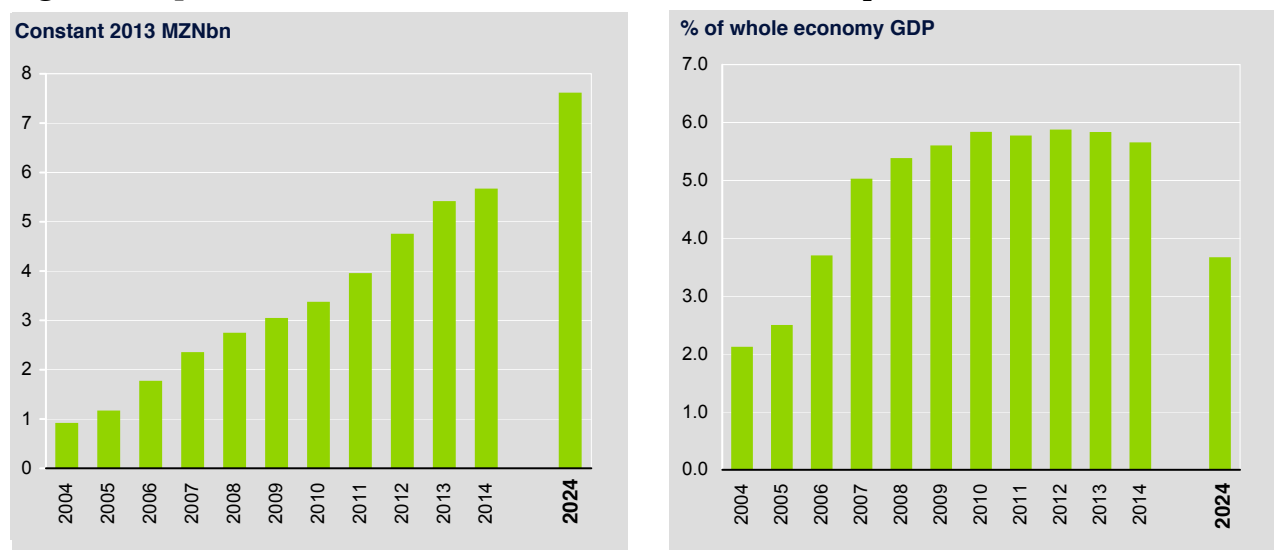


Source: Adapted from DINATUR/MITUR data, cited by Ministerio do Turismo, 2014

Based on data supplied by Mozambique, the WTTC estimated that Mozambique attracted capital investment of MZN 5.4 bn in 2013 (equivalent to approximately USD 175 million: and substantially lower than the DINATUR estimate of USD 871.2 million), and will rise by 3% pa to MZN 7.6 bn by 2024¹ (approximately USD 255.2 million) (WTTC, 2014) (see Figure 5).

¹ MZN 1 bn = USD32.1 million on Monday 14 March 2011, <http://www.oanda.com/currency/converter/>

Figure 5: Capital investment in travel and tourism in Mozambique, WTTC data



Source: WTTC, 2014. Values in constant 2013 prices and exchange rates

The value of tourism investment in CAs addressed by the TFCA Transfrontier Development (TFD) program are outlined in Table 9.

Table 9: New private tourism or conservation-related investment (USD) leveraged as joint-ventures with communities in target districts, under the TFCA TFD program

Destination	Project investment (TFCA TFD) - USD	Leveraged investment - USD	% of total leveraged
Libombo TFCA			
Chemucane Lodge, Maputo Special Reserve	500,000	2,000,000	80%
Limpopo TFCA			
Covane Lodge re-development, adjacent to Limpopo National Park	500,000	250,000	33%
Fish Eagle Tented Camp rehabilitation, Banhine National Park	143,000	-	-
Tondo Lodge, Zinave National Park ²	TBD	TBD	TBD
Chimanimani TFCA			
Ndzou Lodge	220,000	91,000	29%
Chikwidzi Lodge	33,000	-	
Tsetsera Campsite	50,000	-	

Source: Breen, 2014 (the report is missing data for Tondo lodge)

Investment has taken place in some sport hunting destinations across the country, notably in the Niassa

² Information on whether investment has begun and the levels of investment were not available at the time of writing.

National Reserve where successful tenders resulted in long term contracts being negotiated with 9 safari operators that attracted investments estimated to be in excess of USD 11 million since 2000 in developing tourism hunting blocks (SGDRN, unpublished data). With few exceptions this trend however has not occurred in the coutadas (hunting blocks) elsewhere in Mozambique (Booth, 2012).

Table 10 outlines the basic investment conditions and incentives that exist in Mozambique.

Table 10: Business regulations and incentives for investment

Regulation or incentive	Description
Corporate tax rate	Standard rate: 32%
Rules regarding repatriation of profits	Repatriation of profits is allowed.
Investment incentives	Benefits on importing inputs for investment projects (e.g. construction material, hotel equipment etc) include exception from customs duties. Investment tax credits and the reduction or exemption of corporate tax are available under the Fiscal Benefits Code. These are granted according to the location of the investment. Modernising and introduction of new technology. Professional training. Specific benefits in Special Economic Zones (i.e. Zones of Tourism Interest).
Rule related to requirements or local partners	Public Private Partnership (PPP) and other partnership models are allowed.
Rules regarding land ownership by foreign companies	Land is the property of the state and can be leased to investors.
Availability of work permits for expatriate staff	Work permits are subdivided into either a Communication of Work (under the quota) or an Authorization for Work (outside the quota).
Investment guarantees	Protection of property rights. Repatriation of profits.
Restrictions on foreign investment	Not allowed under MT2.5 million (under USD100,000).

Source: RETOSA, 2014

4.1.5 Challenges of tourism statistics in Mozambique

At national level, tourism statistics capacity building, collection and analysis were supported under TFCA TDP. However, the results were disappointing, and weak capacities and human resources within INE and MITUR on tourism statistics resulted in unreliable, inconsistent data and reports. This means that the ability of government to understand the financial importance of the tourism sector, and the impact of

constraints such as changing visa fees and flight access on the sector, have limited the prioritisation of the tourism sector within government agendas (Spenceley, 2012). The limited reliable statistical and GIS data means that there is no solid base from which to undertake tourism planning, or to measure the actual economic impacts of tourism on the national economy (USAID, 2010b).

Mozambique's tourism statistics have further supported by the World Bank PACDE project, and also the United Nations World Tourism Organization (UNWTO). The most recent of these has been the development of a Tourism Satellite Account with UNWTO support, which currently in draft. A Social Accounting Matrix for Mozambique highlighted a major difficulty in that tourism data is limited and inconsistent (Jones, 2010). Neither MITUR nor INE regularly publishes the international tourism arrival numbers (Jones, 2010). There is limited understanding and data collection in the provinces, and mistrust between the private sector and data collection agencies about how information will be used (Spenceley and Batey, 2011).

Furthermore, limited investment statistics means that it is difficult to ascertain the value of realised tourism investment in Mozambique. DINATUR collates information on the value of investment proposals considered and approved, but there are no official figures for actual investment and construction that took place, and real jobs that materialised across the country (Spenceley and Batey, 2011). However, the TFCA TDP collected actual investment data for the protected areas that fell under the program.

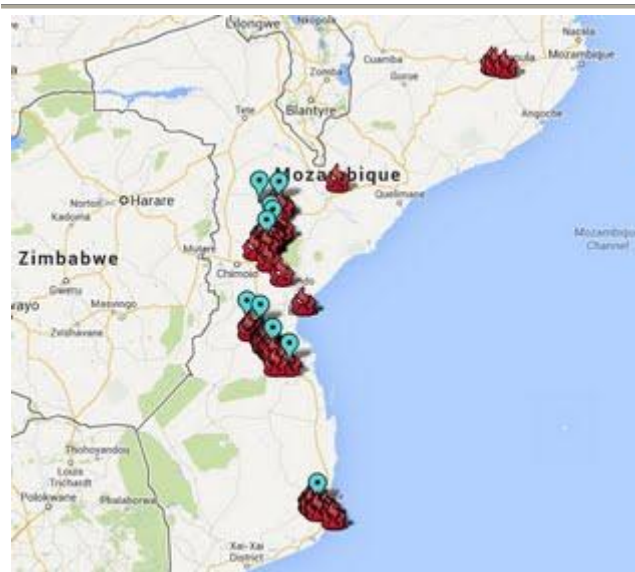
4.2 Macro-level conditions and constraints for tourism in CAs

4.2.1 Political stability

Between November 2013 and January 2014 there have been a series of incidents of fighting across the country, particularly between groups aligned with the main political parties: Renamo and Frelimo. These included a series of attacks on military columns, riots (including at a political rally), and also attacks on health posts, vehicles on highways including passenger busses and even national park staff (i.e. Gorongosa). Discussions between the political parties reached agreement in July 2014, and the situation has been generally calm since, although some fighting continues in rural areas around Gorongosa (adapted from Batey, 2014). A map of events is illustrated below (**Figure 6**) showing that the unrest occurred in localised points rather broadly distributed across the country (i.e. in relation to tourism destinations and CAs).

Figure 6: Incidents of fighting, unrest, and attacks (Nov 2013 – Jan 2014)

A Calendar of Events 2013 - 2014



**Map from @Verdade Newspaper
Fire indicates confrontation points**

Source: Batey, 2014, pp71

Batey (2014) recently assessed the economic cost of renewed conflict in Mozambique, with a particular focus on Vilanculos (part of a MOZBio cluster prioritised for support). Her interviews with stakeholders in Vilanculos cited renewed conflict as one of the factors affecting tourism performance, but it was not perceived as the primary cause of the currently state of the tourism industry in Vilankulo. Among the twelve operators surveyed (Batey, 2014):

- 20% noted that travel agents or tour operators cited the conflict as a reason for cancellation of bookings;
- 20% stated that clients cited the conflict as a reason for cancellation of bookings; and
- 10% reported that the conflict had interrupted their supply of goods.

Analysis by Batey (2014) of international press coverage of the renewed conflict indicated that most (95%) coverage was limited to regional press. The press articles largely claimed travel remained safe for tourists and encouraged travellers not to cancel year-end reservations. Five European countries³ had listed travel warning to their citizens. All security warning listed crime and kidnapping above conflict in terms of risk factors for travellers. Given the isolated reporting, Batey (2014) suggests that it is unlikely that the conflict has greatly influenced travel decisions made by mid- to high-end fly-in leisure tourists from Europe. However, regional press coverage may have impacted on the regional self-drive travellers, who account for an estimated 30% of inbound tourism. Furthermore, extensive coverage of the conflict in the national

³ The report does not state which 5 countries these are

press will likely have impacted the 3 main segments of the domestic tourist market (business [57%]), leisure self-drive [37%] and leisure mid range [0.4%]) which account for 99% of the total domestic market (Batey, 2014).

Batey's (2014) modeling suggests an overall average decrease in tourism spending of 26% due to the conflict. She also suggests a reduction in overall value chain expenditure by tourism operators of total of approximately USD 3.25 million over the period November 2013 to January 2014. These calculations assume a decrease of 0.1% of arrivals (by trip). This equates to a 26% reduction in tourism spend and a loss of USD1.7 million in VAT.

4.2.2 *Tourism policy and legislation*

The tourism policies and regulations in Mozambique are generally supportive of the development of the industry. The Government of Mozambique (GoM) has taken a series of actions to promote the tourism sector, including creating a separate Ministry of Tourism (MITUR) in 2001 and a series of policy and regulatory instruments, which are summarised here.

Tourism Policy and Implementation Strategy of 2003 (Resolution 14/2003) defines the high-level tourism objectives, identifies the focal points for government intervention and provides tactical guidelines on how to optimize and operationalize its competitive edge (Republic of Mozambique, 2003). It also indicates that CAs are key assets for tourism development (Casimiro and Spenceley, 2012).

The **Tourism establishments and activities Licensing Regime** (Decree 18/2007) restricts activities that may be undertaken in protected areas to ecotourism, hunting, photography, filming, recreational diving and other activities that are described in the protected area management plan. It also establishes that local communities need to be consulted and formally give their opinion on the development of tourism projects in protected areas. According to Decree 39/2007, fractional ownership and time shares are legally possible inside a protected area, subject to the presentation of a special license (Casimiro and Spenceley, 2012: pp14).

The regime established by Decree 27/2003 for the **tourism user fees** in National Parks and Reserves is particularly important, updated in 2012 by Diploma Ministerial 204/2012. It indicates specific fees for entry, adventure, area occupation/site⁴, camping and other (e.g. photography, filming, towing, search (and rescue), sport fishing, scuba diving, snorkelling, and scientific research). This also relates to the legislation on the **sharing of PA tourism revenues legislation** (Decree 15/2009 and Ministerial Diploma 66/2010), whereby communities⁵ are entitled to share of a protected area's revenues. The income is submitted by park administration to the relevant tax department where a portion is allocated to the state budget (20%), a portion returned to be paid to the local management committees (16%) and the remainder (64%) returned (on application) to the relevant protected area administration. Contractual concession fees can only legally

⁴ The Area occupation/Site land fee, the highest of all (1000 MZM / ha), is also part of the Decree's list of legal fees.

⁵ As long as organised in local management committees (Ministerial Diploma 93/2005).

be charged when the conceding authority (a park administration, such as in Niassa National Reserve, or a community legal entity, like in Ponta Chemucane in the MSR), is of a private nature⁶ (Casimiro and Spenceley, 2012: pp15).

Tourism Law 4/2004 and **Marketing Strategy** approved by Resolution 45/2006 respectively, provide regulations applicable to activities allowed in CAs and principles such as sustainable tourism development, and establish priority tourism development areas, and tourism routes (Casimiro and Spenceley, 2012). The law also describes public sector activities directed at promoting tourism, suppliers of tourism products and services, tourists and consumers of tourism products and services (ANRMPC, 2010). Furthermore, the Tourism Law provides for the establishment of Zones of Tourism Interest (ZITs), which may be designated by the Council of Ministers, such designation including details of what activities may be undertaken within these zones (ANRMPC, 2010). Regulations for ZITs were approved under Decree 77/2009 and include the legal requirements applicable to the declaration of a ZIT. The declaration process involves the identification of the relevant area and the preparation of the declaration proposal, to be submitted to the relevant authorities for approval (PCAA and PDA (2010).

Amendments to the laws have been developed to allow integrated resorts (mixed use resorts that incorporate leisure, tourism and entertainment facilities) to be established, in line with the Investment Law Regulation (Decree 43/2009). An additional decree to establish comprehensive **Integrated Resort Schemes** has also been developed (IFC, 2012). Furthermore, Decree 39/2007, enacts regulations on **timeshares** and various forms of vacation ownership (Frey and Smit, 2008).

The **Mozambican Immigration Law** (Law 5/93 of 28 December) is regulated by the Immigration Regulation (Decree 38/06 of 27 September), and Decree 38/2000 that allows for the issuing of certain **visas at borders**, and Decree 26/99, which regulates work visas. However, the implementation of the regulations changed in 2013, to mean that all visas to enter the country must now be applied for and obtained before travel in order to enter Mozambique. It is no longer possible for tourists to purchase a non-renewable single-entry visa with a validity of 30 days right at the border (i.e. land borders and airports). There have been a number of instances where visitors were refused this service, resulting in them being turned back from border posts and airports. These visa requirements apply to citizens and nationals of all countries except from Botswana, Malawi, Mauritius, Swaziland, South Africa, Tanzania, Zambia, and Zimbabwe, who do not need a tourist visa (Seb, 2013).

⁶ Until such time PPP legislation is found to be applicable to ANAC, or if such fees are created by an act of Parliament (i.e. a Law). Note that the current Conservation Law include such a provision.

Box 2: Border delays affect regional tourism

During the December 2012 / 2013 peak season, travellers attempting to enter Mozambique from South Africa through the Ressano Garcia boarder post faced waiting periods of up to three days, during which they were unable to leave the entrance queues and return to South Africa. News of the situation was reported daily by the national news agency in South Africa (SABC) for an entire week.



Source: Batey, 2014: pp 20

The legal framework that relates to sport hunting comprises a series of legal instruments (Booth, 2012). The **Law of Forestry and Wildlife** (Law N° 10/99 of July 7, 1999) and its Regulations (Decree N° 12/2002 of June 6, 2002) address key issues such as that forest and wildlife resources belong to the State; how local communities, the private sector and civil society are involved in the use and management of the resources; conservation and sustainable use. The **Land Act** (Law n ° 19/97 of 1 October 1997) and its Regulations (Decree n ° 66/98 of 15 July 1998) define the extent of land that can be awarded for Fazendas at the Provincial (up to a maximum of 1000ha), Ministerial (1000ha to 10,000ha) and Council level. The **Tourism Act** (Law No. 4/2004 of 17 June 2004) includes hunting operators in the list of suppliers of products and tourism services, and the **Arms Regulation and Ammunition** are addressed in the Council of Ministers Decree No 8/2007 of 30 April. These lay down rules governing the use and possession, importation, exportation, transit of firearms and ammunition in the country, either by citizens, residents or foreigners.

International protocols and conventions that also impact on hunting in Mozambique include:

- The **Convention on International Trade in Endangered Species of Wild Fauna and Flora** (CITES), ratified by the Government in 1981, through Resolution No 20/81 and 21/8, both of 30 December, which enforces rules and limitations on trade in species of wild fauna and endangered flora. Appendix I include species threatened with extinction and for which trade is permitted only in exceptional circumstances. Within this Appendix are included leopard, crocodile, and elephants.
- The **Protocol on Wildlife Conservation and Law Enforcement and Community Development in Southern Africa** approved through Resolution 14/2002 of 5 March 2002, which aims to establish common approaches in the area of conservation and sustainable use of wildlife resources and support effective implementation of legislation on wildlife.

4.2.3 Tourism plans

The Strategic Plan for the Development of Tourism in Mozambique (2004 – 2013) (SPDTM) argued that tourism in many developing countries has been proven to be a significant catalyst for economic growth and job creation. The plan noted that tourism is labour-intensive and has the potential to be ‘pro-poor’ as it offers significant opportunities for women and unskilled workers as well as at the level of small, micro and medium enterprises (SMMEs) and communities. The SPDTM incorporated a vision for 2020, that Mozambique will be Africa’s most vibrant, dynamic and exotic tourism destination, famous for its outstanding beaches and coastal attractions, exciting eco-tourism products and intriguing culture, welcoming over 4 million tourists a year (SPDTM, 2004). Table 11 provides an overview of the strategic plan for coastal and marine resources as well as wildlife and nature resources.

Table 11: Strategic plan for tourism approach to tourism resources

Resource	Strategy	Explanation
Coastal and Marine Resources	Capitalize	Mozambique’s vast coastline, tropical beaches and warm waters and rich coastal and marine resources are of exceptional quality and unique in southern Africa. Mozambique should capitalize on this position in product development and marketing. At the same time conservation and protection of the fragile coastal and marine resources should be a priority.
Wildlife and Nature Resources	Develop	To be able to compete in Southern Africa markets, Mozambique must develop its nature and wildlife based tourism product. Efforts should be focused on (re)building the resources and infrastructure, promoting investments in CAs, developing human resources and restocking wildlife.

Source: SPDTM, 2004

A revision of the SPDTM is currently underway, with the support of the World Bank and UNWTO, and due to be completed during 2014. The plan aims to be cognisant of how the global tourism context has changed since 2004. The plan will include a protected area development and promotion plan, with guidance on how the areas can become more significant attractions, including implications for policy, infrastructure, communities, product development, promotion and capacity building (MITUR, Undated).

Specific tourism development plans also exist for protected areas, and for parts of TFCA in Mozambique. For the four areas prioritised under MOZBio for tourism investment, these plans include:

1. Ponta do Ouro/Maputo Special Reserve cluster:

- Reserva Especial de Maputo: Plano de Gestao, 2009 (2010-2014) with a chapter on tourism development
- Ponta do Ouro Partial Marine Reserve Management Plan, 2011: including a number of tourism related issues, including regarding fishing, scuba diving, boat use, dolphin and whale watching, shark diving, and coastal development.

- Ponta do Ouro Partial Marine Reserve Strategic Plan for Commercialisation (draft)
- Tourism framework for the Maputo Special Reserve and Futi Corridor, 2006

2. Limpopo National park

- Parque Nacional do Limpopo, Strategic plan for tourism development, 2012

3. Bazaruto/Pomene/Vilanculo/Inhasorro cluster:

- Plano de Maneio do Parque Nacional do Arquipelago do Bazaruto, 2009 (2009-2013 – expired)
- Vilankulo District Tourism Master Plan, 2009

4. Quirimbas:

- Tourism Development Plan for the Parque Nacional das Quirimbas: 2009

Additional plans with tourism components that relate to other protected areas include:

Great Limpopo TFCA:

- Zinave National Park Master plan, 2010: Including a chapter on tourism
- Parque nacional de Bahinine, Plano de Maneio, 2010: including a chapter on tourism

Chimanimani TFCA:

- Chimanimani Conservation Area Management plan, 2010: including a chapter on infrastructure and tourism development
- Plano Mestre de Turismo do Distrito de Sussundenga, 2011
- Plano Mestre de Turismo do Distrito de Manica, 2011

However, the IFC (2013) reflect that overall, few CAs in the country have proper management plans that make provision for areas designated for tourism development, indicating the required/allowed number of beds, number and location of investment sites, airstrips, roads, etc. For those that do have plans, implementation is often challenged and/or not applied.

4.2.4 *Macro-level constraints relating to tourism growth*

New policies and regulations relating to tourism were developed during TFCA TDP and the IFC Anchor Program, which are new and untested. In terms of **bureaucracy**, there is substantial red-tape that the private sector must battle through in order to establish a commercial business in Mozambique, which constrains tourism development and limits the country's competitiveness as a destination (Spenceley, 2012).

The IFC suggest that there is a **weak legal framework for tourism investment in CAs** in general. Many of the instruments used to assess and award tourism investment in CAs lack legal status or procedures are

not yet clearly defined in regulations or procedures manuals (IFC, 2013: pp15). The **confusion** within provincial authorities regarding which licenses are required for developing in buffer zones (e.g. DUAT or Special licenses), and what category level of EIA required, has delayed several tourism investments that were proposed under TFCA TDP (e.g. at Tseterra in Chimanimani; Chemucane in Maputo Special Reserve) (Spenceley, 2012).

Without detailed implementation plans and sound models, there is an **inconsistency of approaches towards concessions** across the country (Spenceley, 2012). **Concession fees are inappropriately established.** Currently there is flat fee of MTN 2000 per ha per year for all ‘commercial’ usage of land in a CA. This fee is uniformly applied for all CAs. This has been a point of debate as it is not considered by many experts the right approach. Under the current system high-value land in e.g. coastal and island CAs (such as Bazaruto) where investors are typically looking for a very small ‘foot-print’ area for development are severely under-priced, whereas in the lower value terrestrial CAs, where investors will be seeking larger areas, the cost for use of land area is generally over-priced. It is recommended to use a variable fee depending on attractiveness of the location (IFC, 2013).

A long-standing problem for the private sector has been **indiscriminate fines by inspectors** (whose salaries, and budget of their departments, are partially supported by those fines) (Spenceley, 2012). Examples including from Vilanculos where an operator reported repeat inspections from departments of labour, where fines were applied. As these could not be contested at the time. They had to be paid and then the case argued later. In another example, a tourism operator who has worked for a decade in Mozambique described two instances of wrongfully applied fines by the authorities. He said that he would never again manage a tourism operation in Mozambique, due to the harassment, threats and requests for bribes by officials. (Pers. Com. Spenceley, 2014).

4.3 Factors impacting on the development of tourism in Mozambique

Over the past decade, Mozambique has been viewed as an emerging destination, and it has been selling above its market value due to its unexplored, unique and new destination status. However, as international travellers seek more value for money destinations in the wake of the economic crisis, the leisure products offered by Mozambique have begun to experience a sharp decline in market position and occupancy rates (Batey, 2014).

Batey (2014) suggests that factors affecting tourism growth at a systemic level that have not been resolved are now culminating in “Mozambique Fatigue”. Tour operators are using this term to describe their reluctance to book clients into Mozambique destinations because of higher rates of dissatisfaction, lower levels of service, higher instances of harassment and lower perceived value for money in Mozambique than in comparable destinations (e.g. Mauritius, Seychelles, Kenya, South Africa). Batey (2014) notes that the term also incorporates operators’ weariness, barriers to establishment and operation of tourism, including

high levels of bureaucracy and corruption, high costs of inputs, low levels of available expertise and their effective exclusion from collective management of the destinations in which they invest and operate.

From a small survey of 23 tourism experts and tourism investors (9 people), the IFC has identified a series of specific constraints relating to tourism investment in Mozambique (IFC 2013: pp23):

- **Constraints to tourism investment:** By far the main constraint is ‘air access’ considered by 95% a ‘big constraint’ and by the remaining respondent a ‘medium constraint’. Also ‘poor infrastructure’ is considered by all respondents a ‘big’ (86%) or ‘medium’ (14%) constraint. ‘High operating costs’ is identified as the #3 concern. Of least concern are ‘Image of the country’ and ‘legislation for labour’.
- **Biggest constraints for tourism investment specifically in CAs:** Quality and quantity of wildlife (13 comments), weak park management capacity (5 comments), poor access/infrastructure (4 comments), high occurrence of poaching (4 comments) and difficult/lengthy investment procedures (4 comments).

Major factors impacting tourism development relate to air travel, infrastructure, institutional arrangements, the ease and speed of development, human resources, and tourism promotion, and safari hunting. These are described below, with recommendations for interventions that could alleviate the challenges.

4.3.1 *Air travel*

Relating to air travel, this section considers issues of infrastructure, flights, blacklisting, and the impact of air travel on tourism.

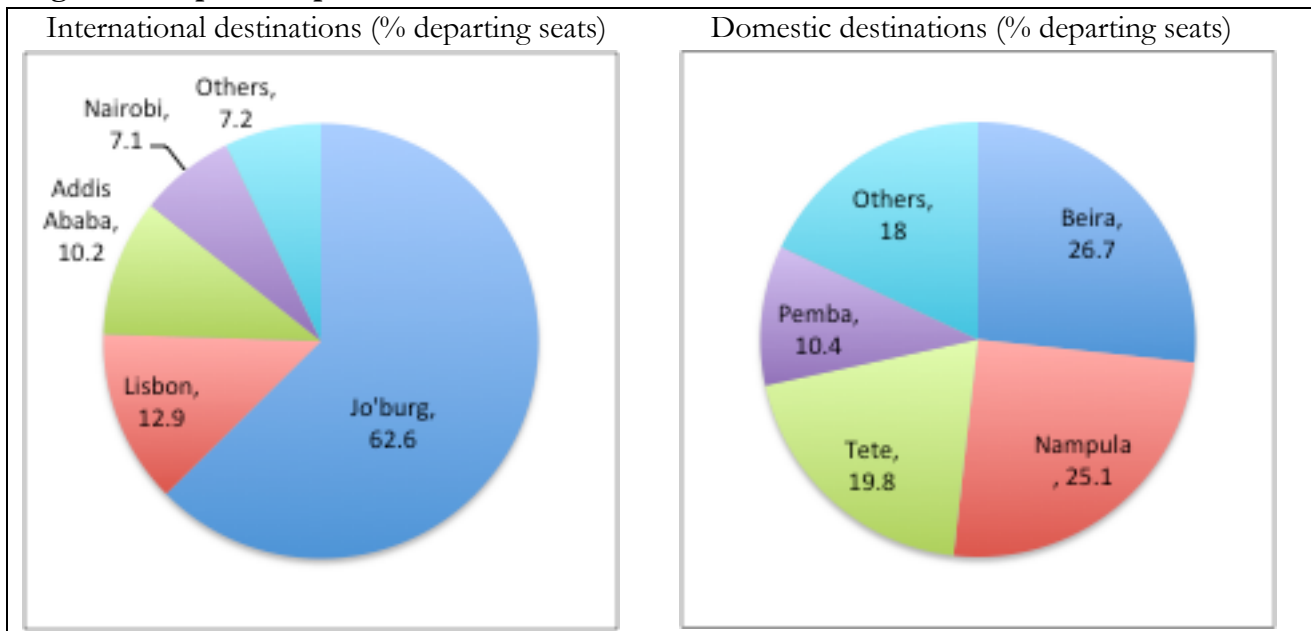
Air travel infrastructure: Aeroportos de Moçambique (ADM) is responsible for infrastructure operations in Mozambique. The country has (Enriquez, 2013):

- 3 international airports: Maputo, Beira, and Nampula;
- 6 primary airports including: Inhambane, Quelimane, Tete, Lichinga, Pemba, and Vilankulos;
- 10 secondary airports;
- 6 military airfields; and
- nearly 300 additional landing strips.

Maputo International Airport is the main gateway for visitors to Mozambique. In 2009, a USD 32 million expansion and modernization of the airport was completed, which included development of the new terminal building and all necessary associated facilities, such as taxi-ways, aprons, car parking, and access roads. A new international passenger terminal was opened in 2010 with a capacity of 900,000 passengers per year. A new domestic terminal opened two years later with an even larger service capacity than the international terminal (300 departing passengers and 225 arriving passengers per hour) (Enriquez, 2013).

Flights: The top five domestic and international destinations from Maputo are illustrated in the figure below.

Figure 7: Maputo’s top 5 international and domestic destinations



Source: Adapted from data from Enriquez, 2013

The SPEED program analysed the potential impact of air transport liberalisation on the tourism sector and wider economy in Mozambique (Enriquez, 2013). The analysis found that flights to, and within Mozambique are substantially higher than other countries in the region (Enriquez, 2013):

- **Domestic flights:** LAM and MEX are dominant in the Mozambique domestic market. LAM and MEX have only two small competitors that serve the domestic market, which do not pose a competitive threat: Kaya Airlines and TTA Airlink (Enriquez, 2013). Domestic fares in Mozambique (in USD per mile) are 27.4% higher than Tanzania and 33.5% higher than in South Africa.
- **International flights:** Regional airfares are higher in Mozambique than in other Southern African destinations, due to limited connectivity and regulated offers. The average airfare between Johannesburg and Maputo is one of the highest in the region (more than twice the price per mile of similar routes). South African Airways and LAM kept prices as high as possible through an informal agreement, rather than creating fair competition. This situation is preventing access by non-business travelers from South Africa to the tourism market in Mozambique at reasonable prices. For example, a flight from Johannesburg to Pemba is a similar price as a flight to Europe.

Blacklisting airlines: European Commission added all airlines registered in Mozambique to its "no fly" or "ban list" in April 2011. This was due to an audit of safety procedures that identified "a large number of

significant deficiencies with regard to the capability of the civil aviation authorities of Mozambique to discharge their air safety oversight responsibilities". According to LAM is related to the regulatory agency, the Mozambican Civil Aviation Institute (IACM), rather than any particular air company. LAM claims that it complies with all safety regulations and is fully certified, but because of issues identified with the IACM the entire country remains on the EU ban list (Enriquez, 2013). European tourism operators cite difficulties in selling Mozambique with the prolonged black-listing of all Mozambique-based airlines (IFC, 2013).

Reliability: The frequent cancellation of domestic (particularly LAM) flights at the last minute meant that travel within the country is unreliable and that tour operators take on a lot of risk in selling trips to and within Mozambique – in terms of reputation and financial risk (Batey, 2011).

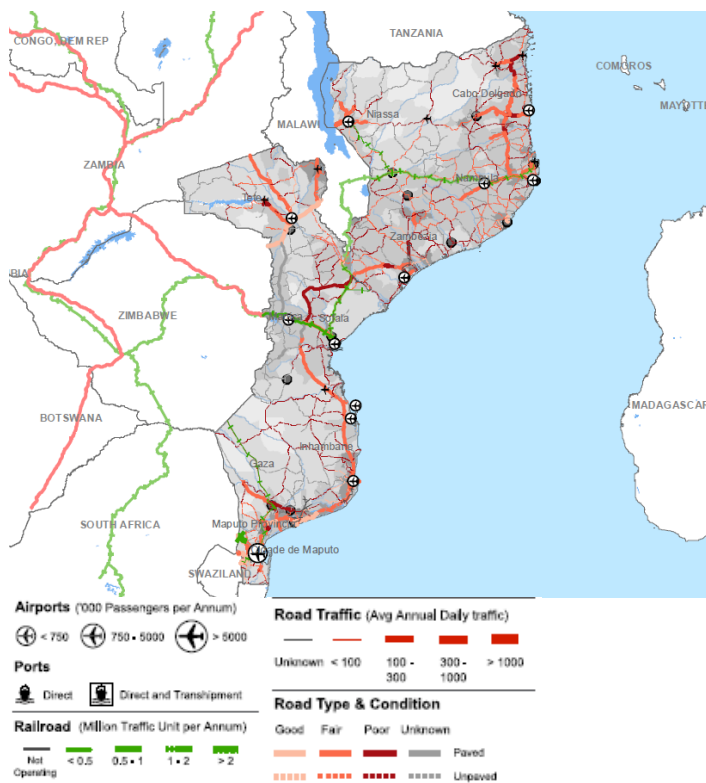
Impact of air access on tourism: All respondents in a small survey of 23 experts and private sector representatives (9 people) by the IFC identified air access this as a major or significant constraint (IFC, 2013: pp14). Currently the main use of Mozambique's airports is for business travel (Enriquez, 2013), rather than leisure travel. Enriquez (2013) estimates that the Net Present Value (NPV) of a well implemented air liberalization plan in the Civil Aviation Industry combined with a well-designed and implemented tourism strategy for Mozambique is between MZN 105 and 165 bn (USD 3.6 and USD 5.7 bn). In addition, the Mozambique regulations governing the construction and operation of 'bush' airstrips are extremely rigid and cumbersome. The result is that very few operators are able to meet the required standards (Pers. Com. Booth 2014), which impacts on the number of tourists that choose to spend greater periods of holidays travelling to remote locations.

4.3.2 *Infrastructure*

All respondents in a survey of private sector representatives and technical experts by the IFC identified infrastructure as a major or significant constraint to the industry (IFC, 2013: pp14). This section addresses roads, power, communications and water infrastructure in relation to tourism.

Roads: Mozambique's total road network length is 32,500 km as of 2008. The classified network, with about 22,500 km, consists of primary and secondary networks with less than 5,000 km each, and a tertiary network of about 12,700 km. The unclassified network is estimated to be around 6,700 km and the urban network 3,300 km (Dominguez-Torres and Briceño-Garmendia, 2011). A map of the road network is described in the figure below. Most CAs have difficult access and a limited or poorly maintained road network within the area (IFC, 2013), which constrains access by tour operators and tourists. For example, in Maputo Special Reserve (MSR) there is an ad hoc road network, with multiple tracks cut through fragile vegetation through to deep sand. The roads can only be traversed by 4x4, and even then only by highly experienced drivers. There is some signage, but it is not systematically available throughout the reserve (Pers. Com. Spenceley, 2014).

Figure 8: Roads, railways and airports in Mozambique



Source: Dominguez-Torres and Briceño-Garmendia, 2011, pp7, citing AICD Interactive Infrastructure Atlas for Mozambique (www.infrastructureafrica.org).

Box 3: Roads and roadworks

Major road works have been underway since early 2013 on the N4 between Nelspruit and Maputo adding up to 4 hours to the journey that previously took a total of 3 hours. News coverage regarding the delays and poor road conditions have been widely published in South Africa. In Mozambique travellers experience poor quality roads, regular reported harassment by traffic police, and poor driving conditions with little or no rescue services.

At present it takes 3 to 5 days to travel from Maputo to Pemba by car, due to the poor condition of the roads. However, the road linking Pemba to Lichinga is in progress and facilitate travel between the coastal areas and Lake Niassa, Malawi and Zambia. When commissioned, this will greatly improve access in the north of the country (Pers. Com. Booth 2014).

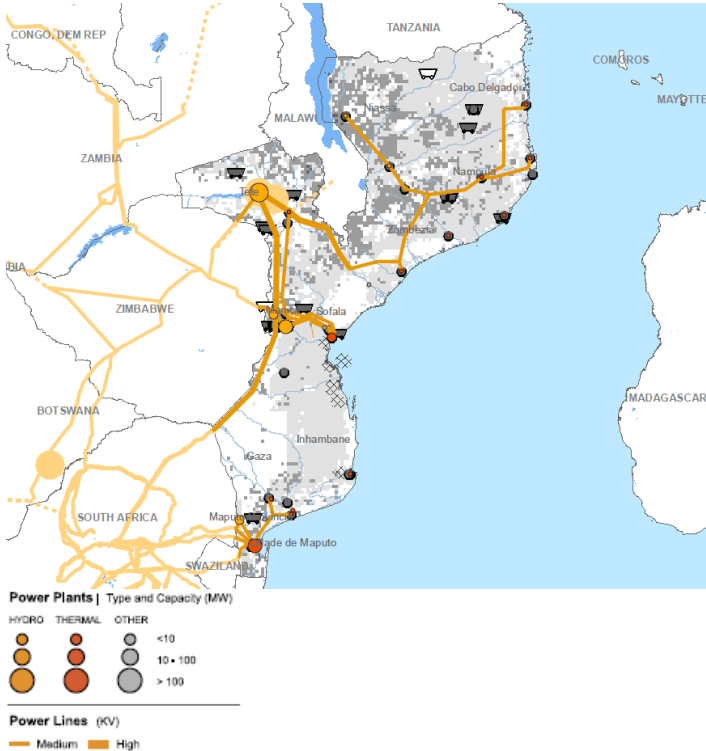
Source: Batey, 2014: pp 20

Power: Provision of power infrastructure within most CAs is weak (IFC, 2014). Mozambique’s energy supply is relatively reliable compared to its African neighbours. According to the Enterprise Survey for 2007, the value of sales lost due to power outages in Mozambique was 2.4%, less than half the value lost in other Lower Income Countries (LICs) and close to the level of Middle Income Countries (MICs). In

Mozambique there were 37 days when power outages occurred, vis-à-vis 70 and 124 days in middle- and low-income countries respectively, but the duration of power outages in Mozambique (4.2 hours) was above the level of most of neighboring countries. Around 11% of the energy consumed by firms in Mozambique was generated in-house, a level comparable to that of MICs and half that of other LICs. Due to the relatively good quality of energy supply, the percentage of firms identifying energy as a major constraint in Mozambique was below the Sub-Saharan average (Dominguez-Torres and Briceño-Garmendia, 2011).

Most tourism operations require locally generated power (e.g. generators or solar power), and do not have grid electricity (Pers. Com. Spenceley, 2014). A map of power provision across the country is provided in **Figure 9**.

Figure 9: Power provision in Mozambique



Source: Dominguez-Torres and Briceño-Garmendia, 2011, pp7, citing AICD Interactive Infrastructure Atlas for Mozambique (www.infrastructureafrica.org).

Communication: Population covered by a global system for mobilecommunications (GSM) signal grew from 14% in 2000 to over 80% in 2008, taking Mozambique above the level of countries in the same income group. Mobile telephone penetration has gone up from less than 1% in 2000 to over 20% in 2008 compared to just 0.4% for fixed-telephone penetration in 2008. Mobile growth between 2005 and 2008 was around 40% a year, about the same as the Sub-Saharan average. International Internet bandwidth has increased steadily to around 15 bits per person in 2008. However, Mozambique falls behind other

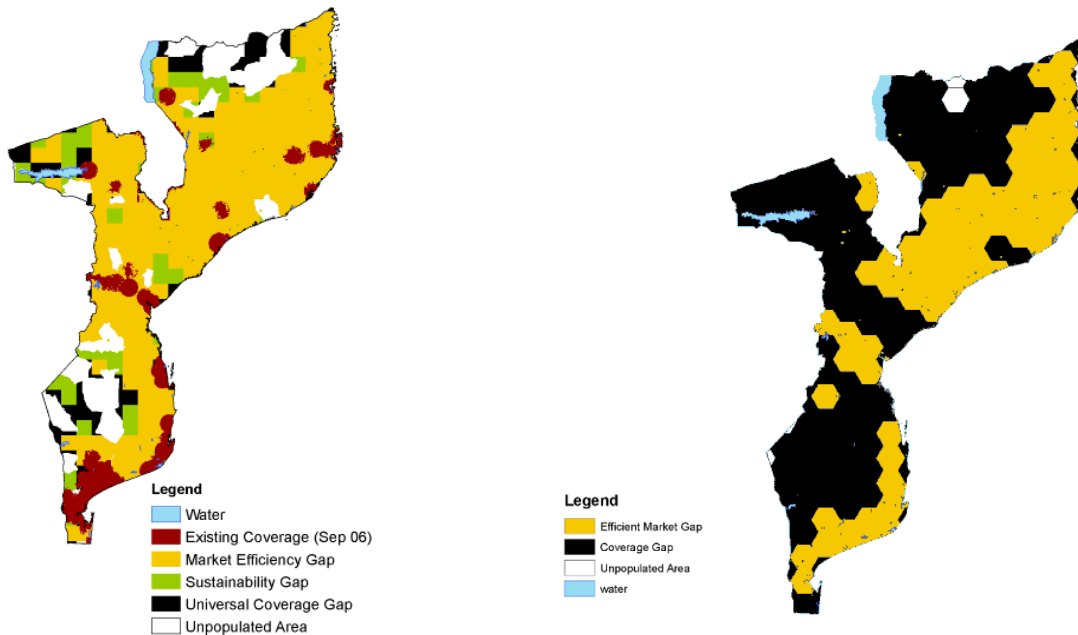
southern African countries in both Internet penetration and international Internet bandwidth (Dominguez-Torres and Briceño-Garmendia, 2011)

Communication, and particularly cellphone coverage, is weak within CAs in Mozambique, with patchy reception. This has implications for the safety and security of tourists, and also the ability of operators to liaise with guests (e.g. taking bookings via email etc) (Pers. Com. Spenceley, 2014).

Figure 10: Telephone and broadband coverage in Mozambique

a. Telephony

b. Broadband

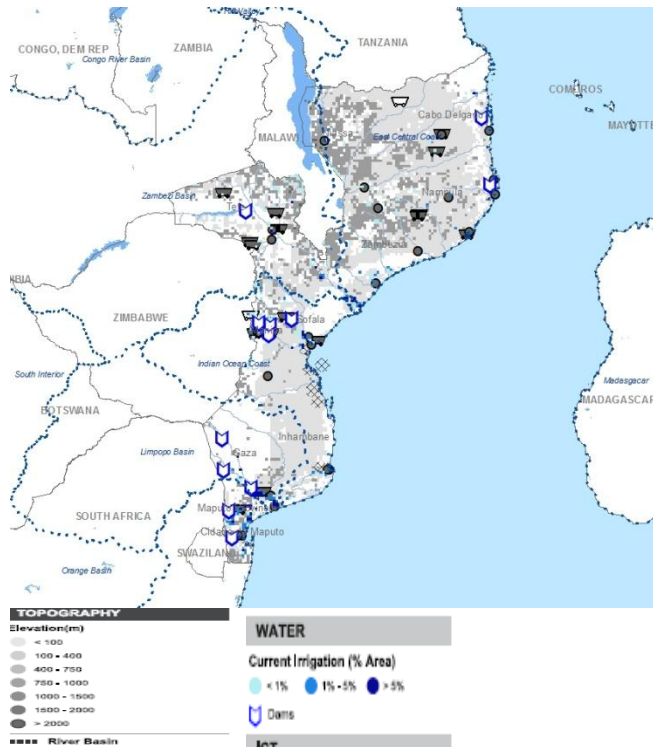


Source: Dominguez-Torres and Briceño-Garmendia, 2011, pp39, citing Mayer and others, 2009

Water: Mozambique is relatively well endowed with water compared to countries occupying similar climatic zones. The country has 104 main river basins, the Zambezi and Rovuma rivers being some of the most important given that their catchment areas are more than 100,000 km². The renewable water resource per capita is estimated at about 12,000 cubic meters per year, which is well above the Sub-Saharan African average of 7,000 cubic meters per year. Mozambique’s water vulnerability is defined by its high dependence on hydrological resources shared with other countries and by its high hydrological variability. The total runoff is estimated at 216 km³/year, of which 116 km³/year (53%) is generated outside the country, leaving Mozambique affected by upstream abstraction. The Zambezi River Basin represents around 40 km³/year and is shared by eight countries. The major rivers in the south of the country (i.e. Maputo, Umbeluzi, Inkomati, Limpopo, and Save) originate in neighboring countries. Cyclical droughts and floods, compounded by events such as the Niño and Niña phenomena, lead to variable river floods. The limited storage capacity and the lack of flood control infrastructure add to the problem (Dominguez-Torres and Briceño-Garmendia, 2011).

Tourism operations in CAs rely on natural sources of water, including surface water (e.g. rivers, lakes), groundwater (i.e. in aquifers, accessed via boreholes). There is little rainwater harvesting in the tourism sector (Pers. Com. Spenceley, 2014).

Figure 11: Water infrastructure in Mozambique



Source: Dominguez-Torres and Briceño-Garmendia, 2011, pp7, citing AICD Interactive Infrastructure Atlas for Mozambique (www.infrastructureafrica.org).

4.3.3 Institutional issues

Across government at national, provincial and local level there are constraints to communication and coordination, high levels of bureaucracy, and sometimes weak relationships. Initiatives that require approval at the Council of Minister level (e.g. tourism concessions) need to be lobbied/agreed by different ministries, and it is not sufficient for MITUR alone to promote a particular way forward (Spenceley, 2012). With the arrival of ANAC, the closure of DNAC, and with staff from the TFCA TDP unit in transition to MOZBio, these problems may be compounded over the next few years as capacity in ANAC is developed. The key institutions relating to tourism in protected areas are described in **Box 4** below.

Box 4: Key institutions relating to tourism in CAs

- **Ministry of Tourism (MITUR):** Responsible for tourism and CAs oversight at the national level. MITUR is legally responsible for managing these areas for conservation and tourism purposes, including representing government on granting contractual concessions, and approving management plans.
- **Ministry for the Coordination of Environmental Affairs (MICOA):** Has the overall responsibility for coordinating all environment related issues in Mozambique and reports on the national implementation of the CBD.
- **National Administration of CAs (ANAC):** This Agency has been recently created by Government (Decree 11/2011) to manage all CAs and has tourism concessioning powers. It became operational in 2013, but is not yet fully staffed.
- **Directorate for Areas of Conservation (DNAC):** DNAC as per June 2013 has ceased to exist and its responsibilities have been taken over by ANAC. DNAC was responsible for the technical establishment and management of National Parks, National Reserves and Coutadas, and also to issue special licenses for tourism projects and activities in CAs.
- **National Tourism Directorate (DINATUR):** Responsible for generally licensing tourism projects and activities.
- **TFCA Unit (Transfrontier Conservation Areas Unit):** A special purpose unit in MITUR that has been set-up at the start of the TFCA Program to specifically support implementation of the program.
- **Centre for the Promotion of Investment (CPI):** CPI is responsible for managing the application and approval of investment projects' fiscal incentives and benefits, and depending on the project value, it may also have authorization powers.
- **Instituto Nacional do Turismo (INATUR):** Is a broad institute responsible for tourism destination marketing, tourism investment promotion, asset management (as INATUR holds various properties and land titles), training and special projects such as the establishment of a local chain of mid-range hotels (Projecto Capulana).
- **Mozaico do Indigo (MdI):** Was incorporated in 2009 as a special purpose limited liability company by INATUR and the Instituto de Gestão de Participações do Estado (Institute for Managing State Participation: IGEPE). Its purpose is primarily to advance tourism investment in the Country's newly created ZITs. MdI has been awarded the Milibanaglala and Dabela concessions in the Maputo Special Reserve (by Council of Ministers Resolutions 52 and 53/2009).

Source: IFC, 2013: pp8

Institutional issues that constrain tourism development in the country, which are described below, include:

- No tourism concession unit

- Clarity of roles and responsibilities
- Financial management
- Organisation of the private sector; and
- Support for community participation in tourism

No tourism concession unit: Other countries often have under their Park Management Bodies a dedicated Concession Unit responsible for policy setting, tourism investment, tender management and concession supervision. Mozambique lacks such a unit that is dedicated to, and responsible for, policy setting, tourism investment, tender management and concession supervision. The limited experience in concessions so far has not been retained within MITUR (e.g. due to turnover of staff, lack of knowledge and management systems, etc). This is expected to be addressed under ANAC (IFC, 2013). A concession manual has been created for the private sector under USAID’s SPEED project (Casimiro and Spenceley, 2012), and a complementary manual and training program for the public sector is nearing completion under TFCA TDP. In principle these tools should guide the development of future concessions in a consistent manner and speed up the process (e.g. Limpopo National Park has been waiting for around 2 years to have its concession process documents approved [e.g. RfP, EoI, contracts etc]).

Clarity of roles and responsibilities: There is some lack of clarity between the roles of various institutes. For example, investment promotion sits under INATUR and CPI as well as directly in the Ministry. INATUR holds some DUATs and properties in land within CAs (e.g. a DUAT on Epidendron and Casuarina islands that have recently been declared a CA). It is unclear how INATUR sits within the overall CAs management structure and if and how potential revenues will be channelled back to the CAs system (IFC, 2013).

Furthermore, Mozaico de Indico (Mdi) holds rights to Dobela and Milbangalala in Maputo Special Reserve (MSR). The experience of Mdi so far has not been very encouraging since the company has not been able to attract private sector investment nor finance for its concessions (see **Box 5**). Most stakeholders interviewed by the IFC believe that the Mdi model has not much ground for replication in other CAs (IFC, 2013). By contrast, the Chemucane concession agreement in MSR is between MITUR and the community association, A hi Zameni Chemucane.

Box 5: Institutional and process challenges with tourism concessions in Mozambique

The IFC’s Anchor program was hampered by factors including Government changes in the concession agreement terms in Maputo Special Reserve. The concession structure was changed after the launch of the Expression of Interest Phase of the procurement process:

- From a direct Government concession to a prospective private investor.
- To a concession agreement with an intermediary and compulsory partner, a joint stock company called Mozaico de Indico (Mdi) consisting of two state entities

This change in the procurement rules, and that they would have to partner with an unknown, and

untested entity, negatively affected investor interest and confidence, a situation that was compounded by the worsening international financial situation and political indecision.

Source: Pers. Com. Spenceley, 2014

Unclear mandates are also prevalent in Marine Protected areas, such as the Reserva Marinha Parcial da Ponta do Ouro (PPMR) (see **Box 6** below).

Box 6: Challenges of unclear mandates and conflicting objectives for protected area management: PPMR

There are unclear mandates within the PPMR for management, and here local MoUs have been signed between institutions, these are not recognised at ministerial level and can be overturned, or removed when new personnel arrive locally. Regulations are not clear, and are sometimes inconsistent, on what fees can be collected from different uses of the MPA (e.g. diving; sport fishing; recreational fishing; filming etc).

Some departments do not recognise the MPA management plan, although the MPA is gazetted and the plan approved. An illustration of the practical implications include:

- no jet skis are permitted in the MPA under the management plan, but ADMAR (the Maritime Authority) is selling jet ski licenses to tourists;
- more fishing licenses are sold to tourists than the management plan allows for;
- houses are being built along the coast illegally, and MICOA is giving permission for sea defenses around them (e.g. gabions).
- There are abuses of power, with unofficial permits being sold to tourists and then tourism companies are fined by ADMAR. Although the MPA administrator has sent copies to the relevant ministries, no action has been taken to rectify the problem.

The PPMR is unable to retain any of the income it receives, for fines etc, which are collected on behalf of other departments such as Fisheries. It is therefore unable to generate income to finance its activities, or to provide the community with 20% of retained revenue. If the reserve were able to charge the park entrance fees as gazetted, they could generate around USD150,000 per year that would ensure that the management operations were self-sustaining.

Threats to the PPMR include the continued prospect of the Technobanine deep water port at Dobela in MSR. Although reports continue to arise in the media, no feasibility study has yet been undertaken. If developed it would destroy the most important coral reefs in southern Mozambique: threatening biodiversity and tourism revenue. The threat of the port also undermines the prospect of achieving World Heritage Site status through UNESCO. A feasibility study was sent to the Minister of Tourism in August 2012, and a presentation is pending.

Source: TFCA TDP Aide Memoire, Tourism Annex, October 2013

Organisation of the private sector: FEMOTUR is the umbrella private sector association, whose members comprise provincial private sector associations and the hunting and tour operators associations. Interviews with representatives of the associations during 2011 indicated that the majority of associations are operated on a voluntary basis, without strategies or business plans, and without the capacity to negotiate or collaborate within the private sector, to undertake destination marketing, or to coordinate with relevant government institutions (e.g. INATUR, Provincial Directorates of Tourism) (Pers. Com. Spenceley, 2014).

Financial management: CAs generate very limited revenue, and those revenues are not retained by CAs as some revenue goes back to the state budget (IFC, 2013). In principle, the Ministry of Finance should return 80% of revenue generated to CAs for management (and therefore, in turn, for them to allocate funds to communities); weak capacity in MITUR and Mozaico de Indico to negotiate tourism concessions; weak capacity within INATUR to market and promote tourism in the country; and weak transfer of information and capacity between the national level, and implementation level in provinces and local government (Spenceley, 2012).

Support for local community participation: At the local level, the development of community associations, and instilling sufficient capacity and knowledge to manage interactions and joint-ventures with the private sector, is very time consuming. This is partially because of the low level of basic capacity and education of communities living in and around protected areas. During the course of TFCA TDP, NGOs worked as intermediary brokers between the private sector and communities (Spenceley, 2012), but their capacity and knowledge, and achievements on the ground varied widely. Community involvement in tourism in CAs is prioritised in the Mozambique tourism Strategy and law, and joint-venture partnerships have been established under the TFCA TDP project (Covane and Ndzou lodges), and under the IFC Anchor project (Chemucane) (adapted from IFC, 2013). Three further joint-venture partnerships in Zinave, Bahine, and Banamana failed due the withdrawal of the private sector partner when implementation was due to begin. However, the full cost of this transaction advice, and the technical skills required of NGOs, has not been adequately realised. The IFC (2013) suggests that a dedicated support structure is needed to mobilize and support communities, rather than the current ad hoc organization and resources.

4.3.4 Ease and speed of development

In Mozambique the tourism sector remains under developed due to the absence of large, international investment that is capable of driving high-value markets and building local supply chains, high input costs, low productivity of current tourism businesses, and sub-optimal use of resources and other attractions (USAID, undated). Facilitating large international investments has been a primary objective of MITUR, and use of the ZITs and the IFC's Anchor Investment program have promoted this, along with regionally specific tourism master planning. However the timing of the launch of the IFC program, which was in part designed to remove many of the legal and practical barriers to rapid investment and development of

tourism facilities in pre-zoned areas, coincided with the global economic crisis resulting in minimal uptake from international investors or national private sector (see Box 7) (Spenceley and Batey, 2011).

Business enabling environment issues remain a significant constraint for private sector investment and innovation in Mozambique. The private sector remains concerned about the planning and management of the sector, unclear and complicated investment procedures relating to the availability and allocation of land and access to credit (USAID, 2010b).

Box 7: Feedback from investors on concession site opportunities under the IFC Anchor Program

Meetings were held with prospective investors to gauge their level of interest in tourism concessions program, and to gain an understanding of their experiences and expectations with land access and government facilitation. Among the issues addressed were land tenure and ownership, structure of compensation for land and investment deals with governments, development models used, infrastructure needs, incentives and taxes, procurement processes, and government expectations.

- Investors were open to different fees or compensation structures for land, ranging from fees to shareholdings. Different ways of assessing land value were also discussed.
- Many investors considered access to infrastructure, an international airport, and tourism markets crucial to investments of this type.
- Typical prerequisite incentives were discussed, including tax holidays, investment incentives, duty waivers on imports during development, and relaxed immigration laws for real estate buyers and investors.
- Land ownership issues and the impossibility of “freehold” arrangements were discussed. Though the absence of freehold arrangements were not necessarily considered a deal breaker, it was cited as a constraint – especially when selling real estate.
- Investors indicated a general commitment to aiding local communities and a willingness to pay social development fees and/or otherwise support community development.
- Almost all prospective investors stipulated that they would most likely not participate in a competitive tender for resort sites process due to Mozambique’s lack of demand for tourism projects and weak tourism sector.

The meetings helped shape the procurement strategy, deal structuring, and investment promotion strategy. However, it should be noted that it was difficult to hold the interest of investors without formal marketing materials or solid procurement strategies established. Having indicative financial models for investment opportunities can be more compelling in these discussions.

Source: IFC, 2012: pp23-24

Attempts to engage the private sector in tourism concessions in protected areas has generally been protracted and difficult, with few investments realised. In part this has been due to delays, inconsistencies and bureaucracy from government, and in part due external factors (e.g. the global financial crisis) (Spenceley, 2012).

Furthermore, there are high building and operational costs for tourism investments in remote locations in Mozambique. Most CAs in the country are located in remote areas with few materials and services available for construction and operations. This means that costs during development and operation are high (IFC, 2013).

For many areas it is not easily known if specific sites are available for tourism investment or the current 'legal' status of existent concessions. Some CAs experience cases of 'non-compliance' with set specifications under MoUs or concessions contracts or 'no progress' with DUATs and Special Licenses granted (IFC, 2013).

4.3.5 *Human resources*

Regarding human resources, this section considers training programs and facilities, skills in government, labour in hospitality, language skills, and the implications of these for the tourism sector.

Training programs and facilities: There are hotel schools in Pemba (Catholic University) and Inhambane (Escoal Superior de Hotelaria e Turismo de Inhambane). There used to be a hotel school in Maputo (Andalucia), but this has now closed. Vocational courses have also been provided development programs including by SNV, Helvetas, Development Aid People to People, and by individual restaurants and hotels (Spenceley and Rozga, 2007).

The Programa Integrado da Reforma da Educacao Proissional (PIREP) is a pilot program funded by the World Bank that aims to restructure all vocational courses in Mozambique, through a demand led, stakeholder driven process to develop and financially sustainable courses. This is a USD37.5 million government program that started in July 2007 and will be implemented over 5 years. PIREP is targeting 4-5 tourism sectors, which will probably be in bar and restaurant; catering; housekeeping; and front of house. The courses will be developed for technical schools (equivalent to secondary schools) that are administered by the National Directorate for Professional Technical Education (DINET). The program includes a stakeholder body (including private sector and government representatives) that will be able to set standards and accredit courses (an activity currently undertaken by the Ministry of Education). The format will be similar to the South African Qualifications Authority unit standards format (TIVA), and will be ready by August 2007. PIREP intends to deliver three courses at three pilot institutions in 2008. By 2009 PIREP will be registering, accrediting courses and training providers. PIREP stated that there were 'too many generals, and not enough soldiers' in the tourism industry, reflecting a demand for more people to be trained with basic hospitality skills, rather than management capacity. PIREP noted that they also required modules instructing teachers in how to train people in tourism (Spenceley and Rozga, 2007).

The curriculum development and practical training aspects of PIREP focus on tourism and hospitality, along with agriculture, administration and commerce. PIREP has drafted new curricula for tour guiding, restaurant and bar service, front office and housekeeping, and cookery. They are currently working on a curriculum for ecotourism and eco-guiding. The training is competence based and focuses on students up to Level 10. Courses are of three years duration, on a modular basis with students being able to exit the program at any time and with a certificate awarded for each year completed. After 3 years students are qualified to enrol for a diploma. The program is being piloted in three colleges that are equipped for this purpose, namely Maputo, Inhambane and Pemba and total student numbers are in the order of 400. Students have to do a practical internship of at least 120 hours per year. PIREP also runs a train-the-trainer program for teachers. Challenges are the limited training facilities and large numbers of students per class as well as the difficulty of finding placements in the industry for practical internships (Pers. Com. Gordon-Davis, 2014).

Skills in government: Insufficient resources in the Public Sector (financial, human and material) and weak implementation capacity constrain tourism development in Mozambique. Even where policies, guidelines, and action programs have been formulated, there is weak operational ability in MITUR, MICOA and INATUR (USAID, 2010b). For example, there is limited capacity in MITUR to design and implement tender/concession processes due to the lack of a dedicated ‘concessions’ unit (IFC, 2013).

Box 8: Government of Mozambique: Experience of concession partnership negotiation for Gorongosa with the CARR Foundation

- Prior to the CARR agreement, the Government had no experience in negotiating similar partnerships.
- Government did not have enough preparation for the negotiation; the text of the agreement was drafted by the investor and the venue for negotiation also provided by the investor.
- While government was talking about participative management, clear guidance on how to establish it were absent.
- The negotiations with the CARR Foundation took 2 years while both parties were anticipating 6 months, this indicates that both were over optimistic.

Source: Soto, 2012

Although there are a few notable individuals with high levels of experience, motivation and capacity within government, their ability to deliver efficiently and effectively is often constrained by others who do not. Higher standards for recruitment, retention, and promotion are needed, in addition to adequate training and support for individuals with high potential, and dismissal of non-performers (Spenceley, 2012).

Labour in hospitality: National statistics on employment in tourism in the country estimate 7228 employees in 2013 (see Table 12). There is no explanation for the 2007 figure, which is exceedingly high by comparison to the previous and subsequent year.

Table 12: Employment in tourism in Mozambique

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Employees	1922	2232	3896	17936	5448	4879	4422	8173	5710	7228

Sources: DINATUR/MITUR data, cited in Ministerio do Turismo, 2014

FDI = Foreign Direct Investment; IDN = National Direct Investment.

For the tourism hunting sector, in 2012 there were 1088 people employed: 480 permanent workers, 381 temporary workers and 227 scouts (Booth, 2012).

These figures from within Mozambique contrasts vastly from employment estimates from the WTTC, but it is not clear why (WTTC, 2014: pp1&6), which indicates 273,000 direct jobs in tourism in 2013 (2.4% of total employment). Expected to rise by 1.6% in 2014, and rise by 2.4% pa to 352,000 jobs (2.3% of total employment) in 2024. In terms of the total contribution to employment (direct and indirect jobs), tourism contributes 6.4% of total employment (718,000 jobs) in 2013, including jobs indirectly supported by the industry. Employment is expected to rise by 1.0% in 2014 to 725,000 jobs and rise by 2.1% pa to 891,000 jobs in 2024 (5.9% of total).

Language skills: A fundamental constraint to institutional interactions in Mozambique is language, namely between Portuguese and English. Communication will be vastly improved between all constituencies with improved Portuguese and English language training across the board (Spenceley, 2012).

In a training-needs assessment undertaken in Inhambane in among 34 lodges in 2006, a third of employees were illiterate, and only 50% had primary school education. Only 8% employees had professional training, and most of these were foreigners rather than Mozambicans. They estimated that 661 training weeks were required in English (which was the most highly prioritised training need). 28 of the lodges were willing to pay the equivalent of €30 per person, per week for language training (~USD40) (Muatxiwa and Eberherr, 2006).





Implications of skill levels: In his Social Accounting Matrix (SAM) for Mozambique, Jones (2010) indicated that shortages of skilled labour has created a critical constraint for tourism growth in Mozambique. However, the SAM indicates that job creation associated with tourism growth is reasonable when compared with other sectors (although weaker for domestic tourism). The income multipliers for the poorest households are small in absolute terms, with only 10% of value trickling down to them. However, there are stronger multipliers for agriculture to the poor, probably because the majority of poor households participate in agriculture.

Weak participation by the local communities and their inhabitants, particularly in terms of ownership, employment, investment opportunities, direct and indirect development by Small- and Medium-sized-Enterprises (SME), skills enhancement and population growth (USAID, 2010b).

4.3.6 Tourism promotion

For tourism promotion, this section considers investment promotion, destination promotion, products and services, market access, and social media.

Tourism investment promotion: There is a lack of capacity within MITUR, INATUR and Mozaico de Indico to market the investment opportunities, administrate the investments processes and mobilize the required infrastructural development in protected areas (adapted from Spenceley and Batey, 2011). During the IFC Anchor Project, technical support for investment promotion was provided by external consultants, and produced a series of attractive investment portfolio materials for anchor sites (see example below). At the end of the Anchor program these were passed on to INATUR to continue the promotional activities.

Box 9: Example of a general flyer for the IFC Anchor promotion process		
WHAT IS THE MOZAMBIQUE TOURISM ANCHOR INVESTMENT PROGRAM?	ANCHOR INVESTMENT SITES	ANCHOR INVESTMENT SITE DESCRIPTIONS
<p>The Mozambique Tourism Anchor Investment Program is a joint initiative between IFC, a member of the World Bank Group, and the government of Mozambique (represented by the Ministry of Tourism - MITUR).</p> <p>It aims to secure high-quality investment in the tourism sector of Mozambique through practical, hands-on project development.</p> <p>Together with the project implementation partner; the Fundo Nacional do Turismo (FUTUR), the program identifies, plans and markets selected Anchor Investment Sites to the international investment community. It also works with other key stakeholders to clear the administrative and regulatory constraints to tourism investment.</p> <p>SITE MODELS</p> <p>The Anchor Investment Sites are developed according to the following models:</p> <ul style="list-style-type: none"> Eco-tourism Development Low impact, environmentally sustainable developments in protected areas Tourism Resort Tourism Development in a pristine coastal environment with emphasis on low environmental-impact Integrated Tourism Resort Large-scale integrated development in an established destination with multiple components (golf, retail, hotels). <p>SITE SELECTION</p> <p>Following an intense process of identification and assessment, final Anchor Investment Sites were selected and approved by the Minister of Tourism.</p> <p>As each of these sites become available for investment, they will be announced publicly in the press from May 2008. For information, please contact the Anchor Team.</p>	 <p>Aerial view of Jamali Island</p>  <p>Aerial view of Epidendron Island</p>  <p>Aerial view of Inhassoro coastline</p>  <p>Aerial view of the Maputo Elephant Reserve</p>	<p>Name: Crusse/Jamali Anchor Site Model: Tourism Resort Location: Mossuril District, Nampula (Greater Ilha de Moçambique area)</p> <p>A 1,750Ha greenfield site of scalloped bays, coral reefs and two islands has been selected to develop an exclusive tourism resort with the potential to create: clusters of boutique hotels, a marina, stilted chalets, tented camps and a select number of high-end residential units.</p> <p>Name: Gilé Anchor Site Model: Eco-tourism development Location: Gilé and Pebane Districts, Zambézia</p> <p>The protected reserve of Gilé in combination with two pristine islands close by; Epidendron and Casuarina has been identified for a low-impact and environmentally sustainable bush/beach development.</p> <p>Name: Inhassoro Anchor Site Model: Integrated Tourism Resort Location: Inhassoro District, Inhambane (Greater Vilanculos/Bazaruto area)</p> <p>A 2,500Ha of elevated beachfront land (5.7km of beach frontage), overlooking the renowned Bazaruto Archipelago has the potential to be developed into an integrated resort to include: residential, 18-hole golf course/s, hotels, entertainment, retail and recreation facilities.</p> <p>Name: Maputo Elephant Reserve Anchor Site Model: Eco-tourism development Location: Maputo Special Reserve, Maputo Province</p> <p>The 70,000Ha Maputo Special Reserve has been chosen to accommodate a limited number of small, exclusive, environmentally sensitive eco-tourism developments with a strong community and conservation focus.</p>

Source: IFC, undated

At Indaba 2014 a new ‘Southern Africa Tourism Investment Handbook’ was disseminated, published by RETOSA, with sections on each SADC country and on TFCAs (RETOSA, 2014). The handbook’s section on Mozambique provides an outline of tourism infrastructure, business regulations and investment incentives, two investment options (two of the anchor projects developed by the IFC, for Inhassoro and Crusse / Jamali). It also provides contact numbers and websites for MITUR, INATUR and the Investment Promotion Centre (CPI). Mozambique also has another 12 investment opportunities presented within a section on transboundary tourism opportunities (RETOSA, 2014). However, some of the material is out of date (e.g. it states that Chemucane is in ‘serious negotiations with investors’ (pp113), but in fact investors were secured several years ago and the lodge is due to open in June 2014.) Ensuring that investment promotion materials are up to date is crucial.

Tourism product and destination promotion: Marketing and promotion of protected areas in Mozambique is very limited internationally. The result is low demand from tourists, tour operators, and investors, to work in the natural destinations of the country (Spenceley, 2012). Many of Mozambique’s CAs have not established themselves yet as ‘destinations’. Few people even know their names and richness/potential of many of the areas is completely unknown (IFC, 2013).

Products and services: Coupled with the need for an improved road and flight network, signage, tourist maps, and accommodation facilities, is also the need for improved tourism routes and circuits for operators and travellers. These provide tour operators and travellers with a greater range of choices to visit, stay longer, and spend more money in Mozambique (Spenceley, 2012).

Market access: The majority of tourists from the EU access Mozambique via tour operators in South Africa, rather than directly, which constrains access. Equivalent linkages between the country and other international source-markets also need to be investigated, as do efforts to drive a larger domestic travel market (including of expatriates and workers on mineral extraction sites for oil, coal and gas) (Spenceley, 2012).

Social media: the opportunities for promotion through social media is not yet capitalised on in a formal way, but rather Batey (2014) reports that it is used extensively by travellers. This means that their experiences are immediately accessible by those considering travel to the area. Therefore she suggests that constraints such as travel difficulties, cost, perceived poor levels of service, corruption and harassment have likely contributed to the decrease in uptake of Mozambique’s tourism offering (Batey, 2014).

4.3.7 *Safari hunting and CITES*

The hunting industry in Mozambique is under-performing and according to estimates from Booth (2012) could potentially double its overall income using the existing quota allocations. Currently hunting tourism contributes an insignificant proportion of GDP (<0.01%). This reflects the small scale of the industry (around 350 clients/year), despite setting aside approximately 17% of the country’s land hunting takes place. Sales of hunting licenses (particularly trophy fees or abate tickets) provide revenues of an estimated

USD1.2 million per year. The sector generates less than 1000 jobs, and contributes approximately USD1 million in salaries and wages to the local economy each year. Financial benefits to local communities emanate from the 16% that is legally allocated to them from protected area revenues (approximately USD1,200 per association, per year). Concession fees generate little revenue for government, and are on average USD4.60/km². The highest values are generated by Niassa National Reserve where competitive tenders attracted significant investments. In 2012 hunting in 9 management units generated USD36.5 million, or an average of USD11.74 per km² (Booth, 2012: pp44). By comparison, photographic tourism generated USD120 million in 6 management units, or USD10.31 per km² (Booth, 2012: pp44). An overview of the various revenue streams from hunting in 2012 is provided in the table below.

Table 13: Summary of income from hunting tourism in Mozambique, 2012 (MT)

Source of Revenue	DNAC	DNTF	T. Tchatu	TOTAL (MT)	%
Abate tickets	11,650,000	2,332,773	6,328,141	20,310,914	58%
Hunting License	275,117	64,932	88,099	428,148	1%
PH License	81,144	N/A	23,184	104,328	0.30%
Annual Concession Fee	4,621,772	N/A	480,000	5,101,772	15%
NNR (hunting)	8,873,487.26			8,873,487.26	22%
NNR (photo)	2,701,000.00			2,701,000.00	3%
TOTAL in Meticais	28,202,520	2,397,705	6,919,424	37,519,649	100%
TOTAL in USD	909,758	77,345	223,207	1,210,311	
% of the Total Revenue	75%	6%	18%	100%	

Source: Booth, 2012: pp46

There are a number of major constraints to safari hunting in Mozambique. These include (Fusari, 2014; Pers. Com. Fusari, 2014; Booth, 2012):

- **Enabling environment:** The legislative and regulatory framework is not comprehensive, including the lack of provision for licensing of professional hunters, registration of firearms to companies (rather than individuals), bureaucratic and lengthy processes for inspection and export of client trophies, and complicated procedures for the temporary importation of firearms.
- **Roles and responsibilities of institutions:** Hunting areas are managed by different institutions, including MITUR and MINAG (i.e. Coutadas (hunting blocks) that fall under MITUR and Fazenda Bravias (game farms) under the Ministry of Agriculture). This leads to problems compounded by weak coordination and cooperation between them. There is weak coordination and representation of safari operators, with a private sector association (AMOS) representing about half the 40 operators in the country. A Technical Working Group that was established in 2010 to discuss hunting issues is no longer functioning. The role of safari operators in combating poaching is not clear. Management of hunting areas is not undertaken consistently or comprehensively.
- **Capacity:** The capacity of the administrative authority of the Convention on the International Trade in Endangered Species (CITES) is low, and it is currently not providing adequate quality of monitoring and reporting of species hunted. If the problem is not resolved, then CITES may ban

the exportation of trophies from Mozambique, until such time as the country can improve its performance. There are currently low capacities in ANAC on safari hunting.

- **Quotas and monitoring:** The quota setting is not controlled by Mozambique, and are defined by CITES. To change them is a major undertaking in order to meet conditions set by CITES and the US Fish and Wildlife Division (Pers. Comm. Booth, 2014). Approximately 34% of the hunting quota was purchased in 2010 (2,401 animals) but only 23% (1,601 animals) was utilised. Operators in the Niassa Reserve and those in the Coutadas are most active, but those in fazendas, multiple use zones and community programs purchase and utilise a relatively small proportion of the quota that they are allocated. Abate tickets were underpriced but have recently (2014) been updated to be in line with regional prices.
- **Fees:** Concession fees are currently USD4.6 per km² on average (or USD10,000 per year, per coutada), and most have not been awarded by competitive tenders. Direct negotiations with the current concessionaires or a competitive tender process would be needed to establish an improved market value. Higher fees would require improved investment in management and administration, stable quotas, competitive licensing and pricing, resolution of human-wildlife conflict problems arising from expanding human settlement in many coutadas, and addressing illegal hunting.
- **Community involvement and benefits:** There is little involvement of local communities in the management and conservation of hunting areas or benefit sharing from it (i.e. as in Tchuma Tchato; Chipanje Chetu). The ministerial decree that sets the bases for wildlife-based community-based natural resource management (CBNRM) is only relevant to the Tchuma Tchato area, and has not been applied to other areas of the country.
- **Conservation challenges:** The level of poaching is increasing, which means that there are less animals available for sport hunting. Habitats are being degraded, and there is increasing pressure on the hunting areas for other incompatible land uses (e.g. agriculture, mining). There is weak control of poaching (or illegal hunting) in coutadas and reserves.

4.4 Macro level opportunities and actions needed to meet international and regional demand

This section describes the growth and status of demand for international, regional and domestic travel, and suggestions activities to meet the demand.

4.4.1 International and regional travel

Data in international arrivals indicates that the number of regional arrivals from within Africa constitute the majority of international arrivals (72% of in 2013), with the bulk of these originating in South Africa (44% international arrivals). Most of the European arrivals come from Portugal (4%), followed by the UK (3%) and Germany (1%). Between 2010 and 2014, there were relatively stable arrivals from within Africa, aside from a decline in South Africans of 10% between 2012 and 2013 (adapted from INE/Migração, cited in Ministerio do Turismo, 2014).

Table 14: International arrivals to Mozambique (2010-2013)

Continent / country	2010	2011	2012	2013	(%) continent/ country 2013
AFRICA	1 465 793	1 584 095	1 580 523	1 411 327	71.7
South Africa	946 583	950 941	971 868	872 017	44.3
Malawi	228 092	215 374	264 723	236 385	12.0
Zimbabwe	147 060	151 264	198 021	176 823	9.0
Swaziland	39 016	140 884	64 096	67 007	3.4
Other countries	237 396	125 632	81 815	59 096	30
AMERICAS	102 041	106 670	135 488	120 984	6.1
USA	61 825	36 228	76 603	68 403	3.5
Other countries	40 216	70 442	58 885	52 582	2.7
ASIA	28 211	33 293	28 661	25 593	1.3
EUROPA	219 089	284 493	444 506	396 921	20.2
UK	50 420	70 442	57 322	51 186	2.6
Portugal	25 810	67 214	86 504	77 244	3.9
Germany	23 409	11 625	11 985	20 940	1.1
Other countries	119 450	135 212	288 695	247 552	12.6
REST OF THE WORLD	21 009	4 089	16 675	14 890	0.8
Total	1 836 143	2 012 640	2 205 853	1 969 716	100.0

Source: INE/Migração, cited in Ministério do Turismo, 2014

4.4.2 Domestic travel

The number of domestic trips was estimated at 6.3 million in 2012/13⁷, made by 4 million travellers (INCAF, 2012/13, cited in Ministério do Turismo, 2014). The majority (45%) of trips were made for the purpose of visiting friends and relatives, followed by work (11%), funerals (9%) and business (9%).

⁷ The statistics report is unclear which year this data relates to

Table 15: Domestic travel motivation for travel

Reason for travel	Number of trips	%
Visiting friends and relatives	2 828 407	45.0
Work	715 088	11.4
Funeral	583 081	9.3
Business	551 008	8.8
Leisure/recreation	403 647	6.4
Health	350 194	5.6
Religion	227 206	3.6
Other	624 529	9.9
Total	6 283 160	100

Source: INE (INCAF 2012/2013), cited in Ministerio do Turismo, 2014

4.4.3 *Actions to address tourism demand*

There are a series of actions that can be taken to both meet current demand from international and domestic travellers, and also increase the yield generated from tourism. In some instances, this relates to an increase in the actual number of travellers or trips, and in other cases, to improving the level of expenditure of each traveller.

- **Make travel into Mozambique easier for visitors:** Make points of entry, including airports, ports and border posts, pleasant environment for visitors to experience. This includes making processes faster, friendlier, and less bureaucratic (see sections 4.2 and 5.2). Options include to pilot the SADC Univisa in Mozambique, and to re-allow visas to be obtained at ports of entry.
- **Make travel easier within Mozambique:** This includes by increasing the domestic flight network, improving the routes, and reducing prices (see section 5.1), and also improving the maintenance of the road network (see section 5.2) and alleviating harassment of travellers by road by the police (see section 5.2).
- **Make the tourism product more attractive and competitive:** Make the conditions for tourism investment faster and easier (see section 5.4) and therefore more attractive when compared with competing destinations in southern Africa. Ensure that development is in line with the management plan and tourism development plan frameworks for each CA. Apply harmonised quality standards to accommodation facilities, preferably piloting the new SADC system. Establish new and attractive tourism products including accommodation facilities and attractions in destinations, so that visitors want to travel more, spend more, and stay longer.

- **Improve destination and product promotion:** Use the traditional forms of promotion (e.g. guide books, maps, trade fairs, FAM trips etc) but also capitalise on new channels provided by social networking (see section 5.6).

Note that the revision of the SPDTM intends to address tourism development and promotion of CAs in Mozambique, and should be available in July 2014. This may also consider any adaptation to the source markets targeted for promotion, in order to increase yield from tourism in CAs.

4.5 Recommendations for tourism development in selected CAs and TFCAs

The IFC has identified a series of general issues relating to tourism investment in Mozambique (IFC 2013: pp23):

- **Most ‘attractive’ investment sub-sectors:** Most ‘attractive’ investment options are ‘Eco-lodges/small scale leisure hotels in Coastal Areas’, followed by ‘Business Hotels in Maputo’, and ‘Business Hotels in other capital/major cities. Fewer respondents considered Eco-lodges/small-scale leisure hotels in CAs as attractive while the least attractive option is ‘larger scale hotels/resorts in Coastal areas.
- **Provinces with highest investment potential:** Biggest opportunities are seen in Business Hotels and in Eco-Lodges. Eco-Lodges are considered for Maputo Province (47%), Gaza (53%), Inhambane (57%), Niassa (78%) and Cabo Delgado (45%).
- **Highest rated CAs:** CAs were rated by 20 respondents in the survey.
 - CAs receiving **very high scores** (over 30) are Gorongosa (38), Maputo Special Reserve (38), Bazaruto (34), and Quirimbas National Park (34).
 - **High scores** (over 20) were given to Limpopo (27), Lake Niassa Reserve (26) and Niassa Reserve (24).
 - **Low scores** (20-10) are attributed to Chimanimani (19), Ilhas Primeiras and Segundas (18), and Pomene (14).
 - **Very low scores** (<10) are attributed to Zinave (8), Gile Reserve (7), Marromeu (4), Tchuma Tchato (4) and Banhine (0 points).
- **Drivers for investment in CAs:** ‘Quantity of wildlife’ (40 points) is considered by far the most important factor. On second and third place respectively are ‘strong park management’ (36 points) and ‘scenic landscape’ (33 points). Of least concern are the ‘presence of other private sector operators’ (14 points) and ‘presence of additional support’ (16 points).
- **Willingness to invest in Mozambique’s CAs:** 14 respondents consider themselves ‘investors’. Of these, three will not consider investing, 10 in the medium to long term and only one says to consider investing in the short term. Most respondents are positive towards community partnerships and indicate they are willing to consider partnering with local communities.

An outline of the recommendations for tourism development in the prioritised CAs for tourism, and also TFCAs addressed under TFCAI TDP is described below. The analysis is based on a review by the IFC (IFC, 2013) and also the management plans that exist for each area.

4.5.1 *Lubombo TFCA*

Maputo Special Reserve/Ponto do Ouro cluster (prioritised under MOZBio)

Maputo Special Reserve (MSR) is located in the southernmost tip of Maputo Province, and covers 700 km². The Reserve has exceptional scenic beauty and is made up of riverine forests, wetland, freshwater lakes, grasslands, dunes and sandy beachfront. The reserve boasts marine and coastal resources include pristine corals, manta rays, whale sharks, turtles. Inland wildlife is recovering from the war, but includes approximately 400 elephants and small game (IFC, 2013).

Three concession sites were identified and approved by the Council of Ministers for investment in MSR, and one of these (Chemucane) was awarded to a community association, who formed an agreement with a private sector partner. Dobela and Milibangalala have been awarded to Mdl, and although MoUs have been signed with the private sector, no development has taken place (IFC, 2013: pp25). The three sites are summarised as follows:

- **Chemucane Community Concession:** Under the IFC Anchor Program a private sector partner was secured for a USD3 million lodge and preparations for the construction of the lodge are ongoing. The Community has a direct concession agreement with MITUR. This facility is due to open in February 2015.
- **Milibangalala:** Mozaico de Indigo (Mdl) holds this concession, and has signed an MoU for a large development (700 beds) with a well-known investor. So far little progress has been achieved and the MoU was due to expire in July 2013. However, Mdl report that the project is still going and likely to advance. PPF and MITUR have expressed concerns about the envisioned size of the development as this is over the carrying capacity established in the MSR Management Plan (IFC, 2013).
- **Dobela:** Mdl has signed another MoU with an investor for this site. So far the investor has not progressed and Mdl is considering cancelling the agreement.

The IFC (2013) suggests that MSR has potential for tourism investment, and a re-launch of the tender process for Dobela and Milibangalala sites could be considered. A full package of tender documents and procedures were been developed for all 3 sites in the MSR by the IFC, which can be easily adapted to new tenders.

However, threats to the ecology and tourism potential of the MSR include a potential deep water port proposed for Dobela. If created, this would also threaten the marine reserve to the south (Pers. Com. Spenceley, 2014).

Ponto do Ouro Partial Marine Reserve (PPMR) is a 678 km² marine protected area, stretching from Ponta do Ouro in the south to the Maputo River Mouth in Maputo Bay. The PPMR stretches three nautical miles into the Indian Ocean and includes the waters around Inhaca Island and Portuguese Island. The PPMR has a rich diversity of marine life and is the most important leatherback and loggerhead turtle nesting ground along the Mozambican coast (PPF, 2014).

In general, tourism development in the MSR and PPMR should follow the recommendations from the relevant management plans. An overview of the relevant management plans are displayed in **Box 10**.

Box 10: Relevant management plans to the MSR/PPMR cluster

- Reserva Especial de Maputo: Plano de Gestao, 2009 (2010-2014) with a chapter on tourism development
- Ponta do Ouro Partial Marine Reserve Management Plan, 2011: including a number of tourism related issues, including regarding fishing, scuba diving, boat use, dolphin and whale watching, shark diving, and coastal development.
- Ponta do Ouro Partial Marine Reserve Strategic Plan for Commercialisation (draft)

4.5.2 *Great Limpopo TFCA*

Limpopo National Park (prioritised under MOZBio)

The Limpopo National Park (LNP) is situated west of Gaza Province, near the South Africa border and south of Zimbabwe border, and covers 10,000 km². The terrain is well preserved with 10 distinct landscapes. Visitors can view the majority of Southern African wildlife species. The Massingir Dam just outside the LNP, the zone of river Shingwedzi and Mapai are attractive zones in terms of fauna, and culture (IFC, 2013: pp16).

The LNP can be accessed via dirt road through Giryondo Border Post leaving from Kruger Park and the Pafuri Border Post (natural road). From inland Mozambique it is possible to access the park by road leaving from Massingir and Mapai (IFC, 2013).

The LNP has two campsites with accommodation facilities: Machapane Trails Camp which has luxury tents available on a three-day packages basis and is leased to the operator Transfrontier Parks Development, and Águia Pesqueira campsite (tourists are urged to bring along their own tents and supplies). There are also campsites available (Pafuri-Massingir) Tambotie, Mamba Pan and Machamba. Accommodation facilities offered by the LNP are also provided at the Massingir Gate of the park (IFC, 2013). A motel and campsite is also being developed under a project of the NGO CESVI in Pafuri, close to the border post, which is integrated within the LNP tourism plan (Pers. Com. Spenceley, 2014).

The park generates revenue but the majority of visitors use the park for ‘transit’ purposes as the Park provides shortest route from Limpopo/Mpumalanga area in South Africa to Gaza (used as a corridor for seasonal mine workers from Mozambique in SA as well as a transit for tourists to Gaza/Inhambane beaches). (IFC, 2013). The LNP has instituted a policy whereby people travelling through the Giriondo gate must stay at least one night in either Kruger National Park in South Africa or the Limpopo National Park in Mozambique (Pers. Com. Spenceley, 2014).

Prior to declaration of the National Park in 2002 the area was a Coutada (hunting area). The original Coutada concession holder, Gaza Safari’s still holds the rights to 70,000 ha within the park boundaries. This situation has yet to be resolved and as such has prevented tourism development from taking place (Pers. Com. Booth, 2014). Previous studies have indicated that large concessions areas (approx. 10 to 13,000 ha for the high value concessions of Bonsweni and Madonse) are necessary to attract credible private sector operators to the area. Sizeable concessions have been difficult to allocate from a political perspective (IFC, 2014). The park has a plan to tender out more areas of the park for more infrastructure development, in line with its commercial plan, but this has been awaiting approval for 2 years (Pers. Com. Spenceley, 2014).

Threats to tourism include poaching of rhino and elephant, which is escalating in Mozambique and in the region at large. Cases have been documented in the Limpopo NP while facilitating the entry of poachers into the Kruger NP in the South African side. There is also a resettlement program for over 1,200 families, which is still ongoing (IFC, 2013).

The IFC (2013) suggests that the LNP has potential for tourism investment once the community resettlement process has been completed, and the existing concession agreement with Gaza Safaris has been resolved. They suggest that tourism investment in the Park is currently held back by the present uncertainty surrounding the Gaza concession. The exact size and location of land allocated for Gaza Safaris needs to be re-negotiated in order to ‘free’ areas for other concessions. Furthermore, it is advisable that the community resettlement is fully concluded before sites are brought to the market (IFC, 2013: pp25).

Bazaruto/Pomene/Vilankulo/Inhasorro cluster (prioritised under MOZBio)

This cluster includes a national park (Bazaruto: BANP), a national reserve (Pomene) a tourism node (Vilankulo) and a coastal tourism destination (Inhassoro).

The **Bazaruto Archipelago** is a group of six islands covering 1600 km² near the mainland between Vilankulo and Inhassoro and is a proclaimed marine national park. It comprises the islands of Bazaruto, Benguerra, Magaruque, Banque, Santa Carolina (also known as Paradise Island) and Shell. Tourist attractions include sandy beaches, coral reefs, and opportunities for diving, snorkelling, surfing and fishing. Humpback whales, marine turtles, spinner, humpback and bottlenose dolphins, marlins and barracudas, devil rays and the dugong can be seen (IFC, 2013).

The BANP is a popular tourist destination. As of 2011 the park had five hotels promoting high- value, low- impact programs. The archipelago includes a cluster of high-end accommodation on the islands, and the management plan (now expired) does not allow for further investment. New developments are however underway by RANI (within the framework of the existing management plan) (IFC, 2013).

Sasol drilling for gas offshore might have visual impacts drilling stations and could be a threat to the park (IFC, 2013).

Pomene reserve is the smallest CA in the country. Some experts cite as one of the greatest opportunities for tourism investment in Mozambique. However, a considerable amount of residential ‘tourism’ development has already taken place in the coastal area. The nearby old colonial hotel (not in the Reserve) has been recently awarded to an investor (IFC, 2013).

Banhine (BNP) (identified for basic support under Phase I of MOZBio)

Banhine Park is home to extensive wetlands and is a key source of water for the arid lands surrounding it, and covers 7000 km². It still supports healthy populations of ostrich, kudu, impala, reedbuck, duiker, steenbok, porcupine, warthog, and the rare oribi (IFC, 2013).

It includes the most humid area in inland Mozambique, ecologically regulated by trends related to cyclical rainfall fluctuations and draughts (IFC, 2013).

This is a remote park, and access by road from Inhambane or Gaza Province is via dirt roads (IFC, 2013).

There is no notable tourist development in the BNP. Accommodation under the form of camping can be arranged through the BNP administration in the main campsite (IFC, 2013), and at the Fish Eagle Camp (Pers. Com. Spenceley, 2014).

Zinave (ZNP) (considered for basic support within Phase II of MOZBio)

Zinave is situated along Save River in the far north-west of Inhambane Province, and covers 6000 km². The ZNP has a diversity of landscapes namely: miombo forests, bushes, riverine vegetation and lagoons. Fauna includes lions, leopards, cheetah, spotted hyenas, kudus, nyala, reedbuck, steenbuck, both grey and red duiker, bushbucks, hippos, impalas, reedbucks, and crocodiles (IFC, 2013).

The park is remotely located, and access by road from Inhambane city and Gaza is advisable in 4x4 vehicles due to the conditions of the road (precarious roads, particularly during the rainy season).

There is virtually no infrastructure yet, aside from Tondo Camp, which has been developed with the support of an Italian NGO, LIVIA and funds from the TFCA TFD project, for local community based venture with a private sector operator. MITUR is in the process of supporting the securing of a private

sector partner for the community. Also accommodation, mainly in the form of camping, can be arranged through the local administration in the main campsite (IFC, 2013; Pers. Com. Spenceley, 2014).

In general, tourism development should follow the recommendations from the management plans that apply to the GLTFCA, and CAs and interstitial areas within it. These relevant plans are shown in **Box 11**.

Box 11: Relevant management plans to the Great Limpopo TFCA

- Parque Nacional do Limpopo, Strategic plan for tourism development, 2012
- Plano de Maneio do Parque Nacional do Arquipelago do Bazaruto, 2009 (2009-2013 – expired)
- Vilankulo District Tourism Master Plan, 2009
- Zinave National Park Master plan, 2010: Including a chapter on tourism
- Parque Nacional de Bahinine, Plano de Maneio, 2010: including a chapter on tourism

4.5.3 Quirimbas

The **Quirimbas National Park**, stretching along the northeast coast of Mozambique, protects 750,639 hectares (7500 km²) of coastal forest and mangroves, rich coral reefs and abundant marine life, including sea turtles, dugongs and hundreds of fish species. The park was established in 2002 to protect the region's natural resources (IFC, 2013).

The IFC (2013) states that Quirimbas represents an attractive CA for investment facilitation support. Whereas previously the Quirimbas were dependent on long-haul upmarket segments, nowadays a new 'resident' market is emerging with the establishment of the gas industry in Pemba and surroundings. However, the management plan does not present sites that are ready to be marketed and feedback from interviews indicate that possibly sites are available but a legal review of land availability is needed. Quirimbas might present a particularly attractive option for the facilitation of a community-private sector partnership(s) (IFC, 2013).

The Park has a large resident population, limited options for local livelihoods and a large number of active NGOs. Furthermore it is expected that funding can be sourced from multi-nationals currently engaged in feasibility studies along the Cabo Delgado coast (IFC, 2013: pp25).

A detailed study is needed in Quirimbas to identify available land and assess the status of existing land arrangements. This would include assessment of the potential for Community Partnerships, including NGO's, presence, willingness and capability to support community tourism ventures. It would also review the existence of community associations and their willingness and ability to enter into private sector partnerships (IFC, 2013: pp25).

In general, as with the other destinations, tourism development in the park should follow the Tourism Development Plan (Tapper et al, 2011).

4.5.4 *Chimanimani TFCA*

The **Chimanimani National Reserve** (CNR) is situated in the Sussundenga district, Manica Province. The CNR has an intact ecosystem (rich in biodiversity especially in the mountainous areas), dramatic landscapes, archaeological tools, rock paintings, intact beliefs and traditional structures. It has a great diversity of species of plants and endemic birds, reptiles and butterflies. The CNR protects a series of ecosystems of great value, including prairies and high mountain vegetation (IFC, 2013).

Access is reasonable, and improving, but it is not on a current tourism circuit. Access to CNR is possible by road, either from Chimoio city or via road, from the airports of the cities of Tete, Chimoio and Beira. It is advisable to travel in a 4x4 due to the state of the roads (IFC, 2013).

Basic campsites are available in Chikukwa and Mahate (IFC, 2013) and three small accommodation facilities have been developed under the TFCA TFD project (Ndzou, Tsetserra and Chikukwe). The reserve has favourable conditions for the practice of various activities: mountaineering, safaris, canoeing, horse riding and cultural tourism. Revenues are currently low, and expectations are that tourism will pick-up only once Zimbabwe re-establishes itself as a tourism destination.

Threats to the ecology of the reserve, and potentially the security of tourists, include illegal gold mining in the core of the reserve (Pers. Com. Spenceley, 2014).

In general, tourism development should follow the recommendations from the management plans that apply to Chimanimani and its buffer zone. These are summarised in the box below.

Box 12: Relevant management plans to the Chimanimani TFCA

- Chimanimani CA Management plan, 2010: including a chapter on infrastructure and tourism development
- Plano Mestre de Turismo do Distrito de Sussundenga, 2011
- Plano Mestre de Turismo do Distrito de Manica, 2011

5 Discussion

This section of the report aims to highlight some of the key issues from the analysis, relating to the economic conditions relating to tourism in Mozambique

5.1 Economic conditions of Mozambique relating to tourism

Tourism currently contributes a relatively small amount to the national GDP when compared with other countries in Southern Africa (2% in 2009: Ministerio do Turismo, 2014). There has been steady growth since 2006 in the number of tourist arrivals and international tourist receipts, with 2.2 million international arrivals in 2013, and USD248 million in tourism receipts generated in 2012 (Ministerio do Turismo, 2014). The average trip spend in Mozambique is currently estimated at USD230 per trip for international tourists and USD111 per trip for domestic travellers (Batey, 2014). These values could be increased with longer length of stay, easier flight and road access to remote areas of the country, and a greater variety of locally-produced products and services for tourists to spend money on (Spenceley and Batey, 2011).

Tourism investment is clumped into tourism hubs, including Maputo, Inhambane, Pemba and Vilanculo, but these are inadequately serviced by support infrastructure and air access (Spenceley and Batey, 2011). The value of tourism investment is difficult to ascertain, with estimates from DINATUR of proposals worth USD 871 million in 2013, and of USD 97 million from the CPI (Ministerio do Turismo, 2014).

Tourism statistics in Mozambique have been subject to various technical support programs from the World Bank and UNWTO over the past decade, but there remain inconsistencies in reporting and analysis of the data. This makes decision-making difficult without a solid foundation from which to undertake tourism planning (USAID, 2010b).

5.1.1 Macro-level conditions and constraints for tourism in CAs

Recent instances of political disturbance across the country (November 2013-January 2014) mainly affected domestic travel, and self-drive leisure travellers. Other factors aside from renewed conflict are considered more important to some tour operators (in Vilanculos). Despite this, the conflict is estimated to have led to a reduction in overall value chain expenditure of USD 3.25 million, and a loss of an estimated USD 1.7 million in VAT to the government.

Mozambique has a relatively strong policy and planning basis for tourism and sport hunting, but this is undermined by weak implementation and enforcement (Spenceley and Batey, 2011; Booth, 2012). Certain challenges remain including the rates for tourism user fees; sharing of CA revenues with management authorities and local communities, and regulations on visas. Management plans exist for most of the CAs prioritised for tourism development under MOZBio, and some also have specific tourism development

plans (e.g. Quirimbas, LNP). The SPTDM is in the process of revision, and will address tourism development and promotion in protected areas (MITUR, undated).

Broad stakeholder consultation and awareness raising is required for policies and regulations to be effectively implemented, such as the ZIT regulations, EIAs and licenses in buffer zones (Spenceley, 2012).

5.1.2 Factors impacting on the development of tourism in Mozambique

Constraints to tourism development in the country explored in the study included air travel, infrastructure, institutional arrangements, the ease and speed of development, human resources, tourism promotion and safari hunting. Of these, the most important appear to be air travel, infrastructure, and the ease and speed of development.

For air travel, the main constraints are the high prices due to limited competition between airlines, and dominance of the national airline LAM, the reliability of flights, and the blacklisting of all Mozambique's airlines in Europe (Enriquez, 2013; Batey, 2011; IFC, 2013).

The availability of support infrastructure in CAs undermines their attractiveness to investors. This includes the weak road network, and sometimes poor surfacing; a lack of power and water provision; and weak cell phone coverage (IFC, 2013; Pers. Com Spenceley, 2014). Basic infrastructure needs to be provided in order to leverage serious tourism investment in tourism.

International investors appear to be interested in tourism development opportunities in Mozambique, but are constrained by access to land, bureaucratic and lengthy licensing processes, corruption and the weak application of spatial plans (Spenceley and Batey, 2011). Coupled with this, the negative experiences of tourists in poor service, harassment and low value for money have led to a 'Mozambique fatigue', where operators are reluctant to book tourists into destinations (Batey, 2014). However, advances have been made by the IFC through the Anchor Investment Program to professionalise and promote large international investments (IFC, 2012).

From an institutional perspective, there are constraints to coordination, communication, high levels of bureaucracy and sometimes weak relationships between government departments (Spenceley, 2012). Other constraints include the lack of a dedicated tourism concession unit, unclear roles and responsibilities of various institutions, weak organisation of the private sector, and fragmented support for local community participation in tourism in protected areas.

Human resources underpin the tourism industry, and skills in government (at all levels), is weak, and there is a lack of language and vocational tourism training facilities for the private sector too. There were an estimated 7228 workers in tourism in 2013 (Ministerio do Turismo, 2014) and 1088 in the hunting sector in

2012 (Booth, 2013). The shortage of skilled labour is a critical constraint to tourism growth in the country (Jones, 2010).

There is a lack of capacity in government to promote tourism destinations and investment opportunities, and there is little partnership between the private sector and government in this regard. The weak private sector associations and lack of destination management organisations compound this constraint (Spenceley, 2012). As yet, the value of social media to tourism promotion has not been realised, and has generally only been used by visitors to share experiences of difficult travel conditions (Batey, 2014).

For safari hunting in particular, the sector faces challenges of an un-comprehensive legal framework; multiple institutions responsible for hunting areas, weak capacity and monitoring within the CITES administration (Fusari, 2014) (which threatens the continuation of the trophy hunting industry as a whole). Fees charged by the state for hunting and values realised are under their potential, and a potential 420% increase is realistic (Booth, 2012).

In addition, there are a series of constraints identified to the success and competitiveness of tourism in Africa, and options to overcome them, which are relevant to Mozambique. These include issues relating to the enabling environment, economic, social and cultural issues. An overview of the constraints, and options to overcome them, are described in the table below.

Table 16: Overcoming constraints in sustainable tourism development

Issue	Constraints to competitive tourism	Options to overcome constraints
Enabling environment	Limited implementation of effective policies; corruption; bureaucratic processes and high costs of doing business; the need for adequate supporting infrastructure (e.g. transport, education, communication, public health, electricity). Some tourism opportunities, such as joint-ventures and conservancies, are complex and take time to negotiate.	<ul style="list-style-type: none"> • Development of enabling policies, that are based on sound research and participatory development processes. • Development of appropriate instruments and programs to implement and regulate those policies consistently (e.g. focussing on yield, rather than numbers of tourists) • Simplifying and supporting the development and operation of business through suitable licensing and regulatory instruments. • Vigorously tackling corruption & poor governance by providing transparent, equitable solutions. • Providing trust, space and time for innovation by the private sector. • Monitoring and evaluation of the impact of policy, with mechanisms for feedback & adaptation. • Targeted capital infrastructure development to

		support tourism, related to demand, and enhancing the destination for residents simultaneously.
Economic	High costs of taxes, levies and government fees; sufficient economies of scale to develop viable market linkages; ‘many’ jobs may not necessarily mean ‘many good quality and well-paid jobs’, with decent working conditions.	<ul style="list-style-type: none"> • Creating incentive and taxation instruments that support, rather than punish commercial success. • Provide mechanisms to ensure living, or minimum wages, across the sector, in participation with the private sector. • Promote value for money in tourism products and destinations, coupled with quality service and experiences. • Invest in marketing and promotion. • Establish strong market linkages between the destination and source markets. • Promote strong local value chains, so that local businesses can overcome barriers to engaging in tourism markets, and sell their goods and services to the tourism sector. • Monitor and evaluate the economic and financial returns to society and local people.
Environmental	Adequate planning, coupled with conservation management and environmental management systems (e.g. waste, energy, resource use) difficult to achieve. Fragile ecosystems (e.g. mountains, coastal zones) and endangered species require attention.	<ul style="list-style-type: none"> • Ensure adequate planning, design and location for tourism development, which is cognisant of the impacts on the local environment and resource use. • Avoid negative environmental impacts where possible, and mitigate damage when it occurs. • Provide access to information and technical assistance to support conservation, wise use of resources (e.g. energy and water), and reduce the negative impacts of waste. • Vigorously protect fragile ecosystems and endangered species.
Social and cultural	The presence of rich culture alone is not enough to guarantee a sustainable tourism industry. It is challenging to avoid and mitigate negative social and cultural impacts of tourism. Vocational training in hospitality and other supportive skills are vital and	<ul style="list-style-type: none"> • Provide access to vocational training for local people in hospitality and tourism (including guiding and craft development) • Protect the rights of workers to safe and healthy working conditions. • Use tourism to conserve, rehabilitate and re-invigorate cultural heritage and traditions. • Adopt participatory processes for planning and decision making with local people.

	<p>are challenging to provide in emerging destinations with limited human resources and infrastructure. Defending and protecting informal workers rights is not easy.</p>	<ul style="list-style-type: none"> • Tackle and resolve conflicts as they arise, and try to find win-wins. • Recognise that the people living in tourism destinations are an integral part of the asset. • Ensure that enhancements in destinations improve the well-being of residents, as well as tourists (e.g. healthcare, education, sanitation, infrastructure).
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Source: Spenceley, 2010

5.1.3 Macro level opportunities and actions needed to meet international and regional demand

The bulk of international arrivals to Mozambique originate in South Africa (44%), followed by Malawi (12%) and Zimbabwe (9%). A fifth of arrivals the 2 million international arrivals in 2013 were from Europe, with the bulk coming from Portugal (4%) (Ministerio do Turismo, 2014). With an average of 400 clients per year, the number of safari hunting tourist is very small compared with other southern African countries. Most hunters originate in the USA (44% in 2010), followed by South Africa (13%) and France (10%) (Booth, 2012).

Actions needed to capitalise on the international and regional demand include:

- **Make travel into Mozambique easier for visitors:** Make points of entry, including airports, ports and border posts, pleasant environment for visitors to experience. This includes making processes faster, friendlier, and less bureaucratic.
- **Make travel easier within Mozambique:** This includes by increasing the domestic flight network, improving the routes, and reducing prices, and also improving the maintenance of the road network and alleviating harassment of travellers by road by the police.
- **Make the tourism product more attractive and competitive:** Make the conditions for tourism investment faster and easier and therefore more attractive when compared with competing destinations in southern Africa. Establish new and attractive tourism products including accommodation facilities of consistent quality, and attractions in destinations, so that visitors want to travel more, spend more, and stay longer.
- **Improve destination and product promotion:** Use the traditional forms of promotion (e.g. guide books, maps, trade fairs, FAM trips etc) but also capitalise on new channels provided by social networking.

5.1.4 Synergistic effects of improved or reduced performance of specific CAs

Results from scenarios above were aggregated and compared as a contribution gross domestic product (GDP) growth in Mozambique. The analysis identified key investment sites for continued, based purely on

the financial returns. The synergistic effects⁸ of improved or reduced performance of specific CAs are largely subjective as based on qualitative interviews.⁹

Limpopo NP: If the road network between bush and beach areas are improved as well as the facilities for tourists and wildlife in the NP more people will want to stay. A result may be increased travel of tourists from Kruger NP (in South Africa) through Limpopo NP and potentially via Banhine or Zinave to the coast of Vilanculos, Bazaruto and Pomene. This was the initial concept: the bush-beach link for the Greater Limpopo TFCA. However, this requires good roads, good wildlife and safety for tourists. It currently it takes too long to travel on this route in addition to the harassment of tourists by Mozambique Police and Army, making it not an attractive option.

Bazaruto NP: Improved linkages between Bazaruto and the coast are required. Co-marketing of destinations would be possible to encourage tourists to stay longer on Bazaruto before then travelling to Pomene, Inhassoro or Vilanculos. However, this would require some level of product differentiation to offer the tourists something different at each location.

Maputo Special Reserve and Ponta do Ouro: Bush-beach linkages could be developed through day trips from Maputo or Ponta do Ouro to Maputo Special Reserve, providing a good circuit. However, this would require good access roads interlinking them as well as within the reserve. Improved visitor facilities would also lead to an increased tourist demand.

Quirimbas NP: The development of the mining industry in the area and the increased number of expatriates in Pemba town make linkages between the mainland and Quirimbas viable. However, reducing the price of flights to the area as well as providing more affordable accommodation and cheaper flights between Pemba and Quirimbas would be important.

⁸ It should be noted that the original TOR requested the development of macro, regional and micro parameters to test the robustness of individual variables (Task 6) as well as the application of standard sensitivity analyses (Task 8). However, given the time constraints it was agreed between representatives of the World Bank and MITUR (TFCA Unit) that these tasks could be deleted in replacement of the alternative scenario forecasting explained above. It was agreed that the above process would add greater value to ANAC's future operations.

⁹ Per Comms: Dr Anna Spenceley (23rd June 2014)

6 Recommendations

The final section provides recommendations specifically for the development of the MOZBio project, focusing on how the above analysis can improve the impact of its implementation.

6.1 Recommendations for supporting the conditions for tourism in Mozambique

The capacity of ANAC to implement the higher number of requirements to improve the environmental conditions for investment and tourists visiting Mozambique is extremely limited. MOZBio should consider using a proportion of its resources to support ANAC to implement specific recommendations that would benefit tourism in general but also the tourism development in CAs.

6.2 Recommendations for tourism development in selected CAs and TFCA

For the destinations prioritised for tourism development under MOZBio, it is recommended that interventions support the implementation of protected area management plans, district development plans, and tourism plans where they exist. MSR and LNP both have tourism concession programs designed, while other protected area management plans need updating (e.g. Bazaruto), and other tourism plans are in development (e.g. Ponto do Ouro, PPMR).

The anticipated changes in Ponta do Ouro should be further investigated. Supporting the development of tourism planning, concessions and fee structures once the road is complete is not ideal. The construction period provides a window of opportunity for the MOZBio.

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