



Global Environment Facility

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September 22, 2005

Dear Council Member:

I am writing to notify you that World Bank, the Implementing Agency for the project entitled, *Mozambique: Transfrontier Conservation Areas and Sustainable Tourism Development Project*, has submitted the proposed project document for CEO endorsement prior to final approval of the project in accordance with World Bank procedures.

Over the next four weeks, the Secretariat will be reviewing the project document to ascertain that it is consistent with the proposal included in the work program approved by the Council in September 2004, and with GEF policies and procedures. The Secretariat will also ascertain whether the proposed level of GEF financing is appropriate in light of the project's objectives.

If by October 20, 2005, I have not received requests from at least four Council Members to have the proposed project reviewed at a Council meeting because in the Member's view the project is not consistent with the Instrument or GEF policies and procedures, I will complete the Secretariat's assessment with a view to endorsing the proposed project document.

We have today posted the proposed project document on the GEF website at www.theGEF.org. If you do not have access to the Web, you may request the local field office of UNDP or the World Bank to download the document for you. Alternatively, you may request a copy of the document from the Secretariat. If you make such a request, please confirm for us your current mailing address.

Sincerely,

cc: Alternates, Implementing Agencies, STAP

OFFICE MEMORANDUM

DATE: September 15, 2005

TO: Mr. Leonard Good, CEO/Chairman, GEF

FROM: Steve Gorman, GEF Executive Coordinator 

EXTENSION: 35865

SUBJECT: **MOZAMBIQUE: Transfrontier Conservation Area and Tourism
Development Project**

Submission for Final CEO Endorsement

1. Please find attached the electronic file of the GEF Project Document for the above-mentioned project for your and Secretariat staff's review, prior to circulation to Council and your final endorsement. The scheduled Board date for this project is December 1, 2005. We would appreciate receiving your response, so that we may finalize the Bank Board submission, by October 17, 2005.

2. The GEF Project Document is fully consistent with the objectives, scope, and overall cost of the proposal (GEF Project Brief) approved at the July 2004 Intersessional meeting. Minor adjustments have been made during final preparation as described in paragraphs 8 to 12, below. STAP comments were addressed at work program entry. GEFSEC and Council comments have been addressed.

Modifications to the GEF Project Document and how comments have been addressed are detailed below.

Response to Comments from the GEF Council:

3. Germany

3.1. Lack of logframe – “without a log-frame planning matrix, ..., it is impossible to understand how the project intends to achieve its outcome and goal”.

Response: A log-frame has been prepared (See GEF Project Document Annex 3 pages 35-37). It has been widely discussed to the donor and NGO community in Mozambique and validated by the Bank through a Quality Enhancement Review exercise. It is supplemented by a Monitoring Framework (See GEF Project Document Annex 3 pages 39-42) as well as by a Monitoring and Evaluation Manual prepared and owned by the TFCA Unit.

3.2. Potential overlap with German and French financed Limpopo National Park

Response: Following discussion with GOM, KfW and AFD, we have agreed to provide limited financing for the Limpopo through two components (see GEF Project Document Annex 2 page 32). Under Component 3 communities, in and around the park will have access to the Community Enterprise Facility (CEF) which provides grants for subproject in the realm of conservation planning, alternative activities, training for tourism employment and capital for community-private sector joint venture. Already a flagship site has been identified for a community-private sector owned lodge within the park. Under Component 4 (Protected area development) the project will fund the construction of two small bridges and the monitoring of wildlife disease. These activities have been developed in full coordination with, and at the request of, GOM but also KfW and AFD.

3.3. Need for coordination with the USAID-funded activities in Great Limpopo

Response: The USAID Regional Center for South Africa (RSCA) has completed its operation in the Great Limpopo TFCA (see GEF Project Document Annex 2 page 32). There is therefore no overlap or need to coordinate. Nonetheless, the TFCATDP benefits from, and draws upon, the USAID project outputs, i.e. draft management plans for the Banhine and Zinave National Parks.

3.4. Need for better documentation and use of lesson learned

Response: We have added an annex on lesson learned as a specific annex (see GEF Project Document: Annex 19 and also section B.4, pages 8-9) and reviewed the entire design to ensure it does account for lessons learned in phase 1. In particular, the project now takes better into account the need to focus on more realistic and less ambitious conservation and tourism outcome and accounts for the low in-country capacity (also recommended by the reviewer from Switzerland). The project now covers three TFCAs instead of five (also as recommended by the reviewers from Germany and Switzerland), it uses the Integrated Development Planning (IDP) approach only as a pilot in two districts and it draws upon the technical expertise of various organizations, such as AWF, PPF, ORAM, WCS to assist in the implementation. Finally, instead of supporting administrative management of national parks, it assists the GOM in establishing autonomous Public-Private Partnerships (PPP) for the management of parks, starting with Banhine National Park and Maputo Special Reserve.

3.5. How does the project intend to address the poorly developed infrastructures in the TFCAs

Response: Two TFCAs, Lubombo and Great Limpopo falls in the South-Africa led Spatial Investment Initiative (SDI). This initiative calls for major infrastructure investment along the two commercial corridors. This is supplemented by the South Africa/Mozambique commitment to have infrastructure in place for the 2010 Soccer World Cup and by the recent branding of the two TFCA's tourism routes as "The Great Africa Route". Already, KfW has financed the construction of the international gate between Kruger and Limpopo NPs. The project will supplement these initiatives,

punctually, by funding infrastructures in protected areas (\$5.5 million) and in two tourism towns (\$3.8 million).

3.6. Technical process of involving communities should be reflected in more details

Response: The technical process of involving communities has been developed in a document called a Process Framework (see GEF Project Document Annex 4 pages 56 and 60 and Annex 10). The development of that document was co-financed by GEF and KfW. Initially designed to ensure that communities in TFCAs would be protected against a non participatory process when defining rules for access to land resources, it has grown into a fully-fledge community participation guide. To implement this framework, NGOs will be recruited in all TFCA to carry out a step by step approach involving community governance, land demarcation and zoning, diagnostic of resource availability, constraint and use, etc. When necessary, and if it emerges through the participatory process, the project has allocated funds to implement compensation schemes. In addition, communities will have access to the Community Enterprise facility (CEF). To facilitate their access to the CEF, the project has identified two NGOs, AWF and PPF, which will act as brokers between the communities and the project and private investors. A CEF Manual has been developed.

4. **Switzerland** – Switzerland concerns were often found similar to Germany's. Only supplemental concerns are addressed below.

4.1. Unspecific and loose implementation mechanism must be strengthened

Response: The work program entry Project Brief did not include a detailed description of the project. The negotiated GEF Document's Annex 4 provides such a detailed description. It was prepared after detailed costing using Costab. Annex 6 describe the project implementation arrangement and annex 8 the disbursement and procurement arrangements. In addition, as indicated in 3.1., the project now possesses a crisp logframe and monitoring frameworks which will be used by the implementers are a road-map to outputs and outcomes. The TFCA Unit has developed several manuals to guide implementation. A Project Implementation Plan (PIP), a Financial Management Manual, a Procurement Manual, a Monitoring and Evaluation (M&E) Manual, a CEF Manual and a Process Framework. At negotiation we have verified the Work Plan for year 1, including procurement plan, financial management report format and M&E matrices.

4.2. The proposal fails to address DNAC's current effort to decentralize protected area management and change of governance

Response: The Project supports the reform agenda in two components. Component 1 (Support to institutional and legal reforms – pages 44 to 46) finances the drafting of a conservation strategy and policy (which is expected to endorse the above agenda), a new protected area and wildlife law and regulation (which is expected to enable the above agenda) and the creation of either a new institution or several public-private

partnership (PPP) depending on the policy adopted. This would include institution building including human resource recruitment and adaptive training. As indicated in 3.4., Component 4 (Protected area management – pages 57 to 54) supports the piloting of the PPP approach in two protected areas: Banhine National Park and Maputo Special Reserve. These are modeled after, and supplement, the KfW-supported PPP in Limpopo National Park.

4.3. The project should be extended to 10 years

Response: Unfortunately, the Bank project framework does not allow for a 10 year project. The current duration, 7 years, is the longest allowed. Nonetheless, it is the Bank understanding that this project is phase 2 of a longer program (see GEF Project Document page 2-3 and Annex 1 page 29-31). Should this project be successful and should conservation and tourism development remains a priority in the Mozambique PRSP, then the Bank would support phase 3 of the program.

4.4. How does the IDA loan interphase with the GEF project regarding IDP?

Response: As indicated in 3.4., the IDP Component has been downscaled to a pilot. It is 100% financed by IDA and a PHRD grant. GEF funds are not targeting this component.

4.5. What is the origin of fund for the “tourism grant facility”?

Response: The tourism grant facility has been replaced by a “Community Enterprise facility CEF”. Under this facility the GEF would fund grants for subproject in the realms of (a) development and implementation of land resource management plans, (b) livelihood activities that arise as a linkage to tourism and conservation, (c) provision of capital equity for community to enter in joint venture with conservation or tourism investors, and (d) matching grant for private sector-led training of employees from the communities. A PHRD grant will finance (a) NGO assistance as community broker as well as firms in charge of (b) subproject screening, and (c) audit of beneficiaries.

4.6. The proposal does not provide details on the PA involved and is not based on a proper assessment regarding infrastructure needed in the targeted protected areas

Response: Annex 18 provides information on the PA involved and Annex 20 a map. Schedule 4 page 57-61 details Component 4 on protected area management. This chapter is derived from a much more detailed Implementation Plan prepared specifically for the protected area component which includes a very detailed budget. That implementation plan was itself built from an infrastructure need assessment prepared during project design and the drafts management plans and various other document prepared by the USAID-funded RSCA.

4.7. What will the IDA credit be used for?

Response: As indicated in Annex 2 (pages 44, 47, 50, 57 and 62 and Annex 8 page 76), in all five components, IDA will finance all civil work (except when under the CEF), equipment and operating costs. It will also finance all training in Component 2 and 5 and consultant services in Component 5.

4.8. Why develop another Resettlement Policy and Process Framework?

Response: The documents prepared under the previous project were incomplete and did not prove as useful as required in protecting the community interest. In agreement with the GOM and KfW, and in accordance with Bank safeguard policies OP4.12, the team developed a better and more consensual Process Framework as well as a new Resettlement Policy Framework. Both documents have been prepared, endorsed by GOM, KfW and the Bank and disclosed to the public. They are available on the World Bank info shop.

5. U.S.A.

5.1. Strengthen the section on cost effectiveness

Response: An economic analysis has been carried out (see GEF Project Document pages 18-19 and Annex 9) which shows the rationale for the \$35 million investment in that sector. In terms of efficiency of project financing allocation, an overall detailed costing of the project has been prepared. The GEF Project Document provides summary of costs in Annex 5 page 64 and Annex 8 page 76.

Response to GEF Secretariat comments:

6. The M&E system must include indicators, baselines, benchmarks, means of measurements, etc.

Response: As indicated in 3.1., the GEF Project Document's Annex 3 now includes a logframe, a monitoring framework and a short description of the M&E system. M&E has been built in each component and benefit from a M&E Manual. Each outcome and output indicator has been quantified, is realistic and pertinent for the project. Each is quantified over the project period so as to ensure they establish a road map through which implementation is benchmarked.

7. Firm commitment of cofinancing must be provided

Response: The World Bank has mobilized a \$20 million IDA credit and a 3.72 million PHRD grant. Two NGOs, PPF and AWF, have committed \$2.2. millions through cofinancing agreement whose signature is a condition of effectiveness. The Government contribution is \$0.78 million over seven years. A Cofinancing letter is attached to this memo.

Modifications to Document since Work Program Entry:

8. As recommended by the project reviewers, the number of TFCA, which was five at the work program entry, was reduced to three. The focus TFCAs are Chimanimani, Great Limpopo and Lubombo. This is unlikely to impact the biodiversity outcome of the whole TFCA program since the excluded TFCAs will receive financing from other donors.

9. As recommended by the project Quality Enhancement Review (QER), Component on IDP was downsized to a pilot in two districts. Some of the activities under that component, such as Strategic Environment Assessment have been maintained but moved to Component 3 on tourism development. They will contribute to the design of tourism master plans. The work program entry allocation to Component 2 was IDA \$3.2 million. The negotiated allocation is IDA \$ 290,000 and PHRD \$190,000.

10. At work program entry community activities were distributed across two components. It was decided at pre appraisal that community involvement in conservation and tourism was so intertwined that we could not maintain such separation. Community conservation and community tourism were blended in component 3. One consequence is a shift of GEF financing from Component 4 to Component 3. The work program entry allocation was IDA \$7.9 million and GEF \$ 1.3 million. The negotiated allocation is IDA \$5.5 million, PHRD \$ 3.3 million and GEF 4.1 millions.

11. As recommended by the reviewers, and as described in 3.5 the new design includes a significant increase on infrastructure both in PA and in two beach tourism districts.

12. GEF funds are not allocated to project management anymore but to Component 1 on national institution and legal reforms (\$0.65 million instead of \$1.0 million), Component 3, on community conservation and tourism development (\$4.1 million instead of \$1.3 million) and, Component 4, on protected area management (\$5.3 million instead of \$ 6.3 million).

Please let me know if you require any additional information to complete your review of the project document prior to circulation to Council. We look forward to hearing from the Secretariat as soon as possible, whether this document can now be circulated to Council for their review and receiving your endorsement of the project for Bank Board approval.

Many thanks.

Attachments:

GEF project Document

Minutes of Negotiations

Letter of Co-financing Commitment

cc: Messrs./Mmes. GEF PROGRAM COORDINATION (GEFSEC); Michael Baxter (Country Director), John McIntire (Sector Director ESSD), Richard Scobey (Sector Manager, AFTS1), Cecile Ramsay (AFTQK), Christophe Crepin; Gayatri Kanungo (AFTS4), Jeeva Perumalpillai-Essex, Jean-Michel Pavy (AFTS1), Khanna, Wedderburn, Aryal (ENV); Claudia Sobrevilia (ENVTS); ENVGC ISC, Regional Files

Document of
The World Bank

Report No: 32148-MZ

GEF PROJECT DOCUMENT

ON A

PROPOSED GRANT FROM THE
GLOBAL ENVIRONMENT FACILITY TRUST FUND

IN THE AMOUNT OF USD 10 MILLIONS

TO THE

REPUBLIC OF MOZAMBIQUE

FOR A

TRANSFRONTIER CONSERVATION AREAS AND TOURISM DEVELOPMENT
PROJECT

September 6, 2005

CURRENCY EQUIVALENTS

(Exchange Rate Effective July, 31, 2005)

Currency Unit = SDR
1 SDR = US\$ 1.4453
1 US\$ = SDR 0.89662

FISCAL YEAR

January 1, 2006 – June 30, 2013

Vice President:	Gobind Nankani
Country Manager/Director:	Michael Baxter
Sector Manager:	Richard Scobey
Task Team Leader:	Jean-Michel G. Pavy

ABBREVIATIONS AND ACRONYMS

APDF	African Project Development Facility (IFC)
APL	Adaptable Program Lending
CAS	Country Assistance Strategy
CBNRM	Community-Based Natural Resource Management
CDS	<i>Centro para o Desenvolvimento Sustentável</i> (Center for Sustainable Development)
CDS-ZC	Center for Sustainable Development - Coastal Zone
CITES	Convention on the International Trade in Endangered Species
CMBMP	Coastal and Marine Biodiversity Management Project
CPI	<i>Centro de Promoção de Investimentos</i> (Center for the Investment Promotion)
CTF	Community Tourism Facility
GDP	Growth Domestic Product
DFID	Department for International Development
DINAGECA	<i>Direcção Nacional de Geografia e Cadastro</i> (National Directorate for Geography and Cadaster)
DINATUR	<i>Direcção Nacional do Turismo</i> (National Directorate for Tourism)
DINAPOT	National Directorate of Territorial Planning
DNAC	<i>Direcção Nacional das Áreas de Conservação</i> - National Directorate for Conservation Areas
DNAIA	National Directorate of Environmental Assessment
DNFFB	<i>Direcção Nacional de Florestas e Fauna Bravia</i> - National Directorate for Forest and Wildlife
DNGA	National Directorate for Environmental Management
ECDA	Elephant Coast Development Agency

FMS	Monthly Financial Report
GDP	Gross Domestic Product
GEF	Global Environment Facility
GEO	Global Environmental Objective
GIS	Geographical Information System
GLTFCA	Great Limpopo Transfrontier Conservation Area
GLTP	Great Limpopo Transfrontier Park
GOM	Government of Mozambique
ICR	Implementation Completion Report
IDA	International Development Association
IDDP	Integrated District Development Planning
IDDPs	Integrated Development Plans
IFC	International Finance Corporation
INDER	Institute of Rural Development
INPF	National Institute of Physical Planning
IR	Intermediate Result
IUCN	World Conservation Union
KFW	<i>Kreditanstalt für Wiederaufbau</i> (development agency of German Ministry for Cooperation)
LNP	Limpopo National Park
M&E	Monitoring and Evaluation
MADER	Ministry of Agriculture and Rural Development
MICOA	Ministry of Environmental Coordination
MITUR	Ministry of Tourism
MP	Management Plan
NBSAP	National Biodiversity Strategy and Action Plan
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organization
NP	National Park
NR	National Reserve
OP	Operational Policy
ORAM:	Rural Association for Mutual Assistance
Ouzit	Okavango Upper-Zambezi International Tourism initiative
PA	Protected Area
PARPA	<i>Plano de Acção para a Redução da Pobreza Absoluta – Mozambique</i>
	Poverty Reduction Strategy Paper (PRSP)
PATI	Priority Area for Tourism Investments
PDF B	(GEF) Project Development Facility grant
PDO	Project Development Objective
PROTUSC	<i>Programa para o Turismo Sustentável e para a Conservação – sector</i>
	Wide Program for Sustainable Tourism and Conservation.
PRSP	Poverty Reduction Strategy Paper
RCSA	Regional Center for Southern Africa
SADC	Southern African Development Community
SDI	Spatial Development Initiative
SEA	Strategic Environmental Assessment

SEATIP	South Eastern Africa Tourism Investment Program (IFC)
SME	Small and Medium Sized Enterprise
SPDTM	Strategic Plan for Development of Tourism in Mozambique
STD	Sexually Transmitted Disease
TFCA	Transfrontier Conservation Area
TFCAPISP	Transfrontier Conservation Areas Pilot and Institutional Strengthening Project
TFCATDP	Transfrontier Conservation Area Tourism Development Project
UNDP	United Nation Development Program
USAID	United States Agency for International Development
WB	World Bank
WTO	World Tourism Organization
ZADP	Zambezia Agricultural Development Project
ZIMOZA	Zimbabwe/Mozambique/Zambia (TFCA)

MOZAMBIQUE
Transfrontier Conservation Areas and Tourism Development Project

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A. STRATEGIC CONTEXT AND RATIONALE

1.1. Country and sector issues

Poverty - At the end of the conflict in 1992, Mozambique was listed as the poorest country in the world. Since then it has experienced a relatively high rate of growth (averaged 8.5 percent, and GDP per capita increased by 6 percent per year between 1995-2002). However, the benefits of this growth have been concentrated in Maputo and other urban areas. Rural areas, where 71 percent of Mozambicans live, continue to be affected by extreme poverty. The challenge for Mozambique is to continue to achieve high rates of economic growth while widening the distribution of the benefits.

Biodiversity - Mozambique falls within the biodiversity-rich Zambebian biogeographic region, and contains a wide diversity of habitats including mountainous, woodland, wetland and coastal/marine ecosystems. Its 2,700 km of coastline is unique in the East African Marine Region in terms of the quality, diversity and species richness. Many of the most important areas are on, or very close, to international frontiers and well-established conservation areas and tourism routes in neighboring countries. These large areas are important both for their biodiversity richness and because they contain topographic and ecological gradients and transition zones, and historical corridors for large scale animal movements (terrestrial and marine). Among the most significant are the Chimanimani massif and the Maputaland area and Lebombo mountain range (notable for their high levels of endemism), the Gaza area adjacent to South Africa's Kruger National Park. These national parks, in addition to conserving biodiversity, represent valuable tourism assets.

Tourism in Mozambique - In Mozambique, tourism is starting from a low base, but arrivals increased by 10-15 % annually between 1995-2001, reaching 400,000 in 2001. Tourism is also now the third largest investment sector in the country. The GOM has taken actions to promote this economic sector, including creating a separate Ministry of Tourism (MITUR) in 2001, adopting a *Tourism Policy and Implementation Strategy* (TPIS 2003); preparing a *Strategic Plan for Tourism Development in Mozambique* (SPTD 2004-2008) and releasing a new tourism law that provides a framework for building regulatory capacity. The policy and strategic plan recognize that Mozambique's comparative advantage lies in its varied and relatively pristine environment, together with its rich cultural heritage, as well as the potential to link with South Africa. It identifies tourism as a means to provide new sources of income in some of the poorest areas of the country, where agricultural potential is low, and to attract investment to these areas. These factors among others have led the GOM to identify the *Transfrontier Conservation Areas* (TFCAs) as *Priority Areas for Tourism Development* (PATIs).

Transfrontier Conservation Areas - TFCAs, as described in the country biodiversity and tourism strategies, are large, defined areas which include both core Protected Areas (PAs) and multiple-use ("interstitial"¹) areas where the primary management objective is to promote environmentally sustainable development compatible with the TFCA's conservation goals. The TFCA concept reflects the GOM's *National*

¹ i.e., the non-protected areas within which the PAs are embedded

Biodiversity Strategy and Action Plan (NBSAP), including the participation of local communities and other stakeholders and sustainable use of the natural resources by communities, particularly through sustainable tourism. Chimanimani, Lubombo, Greater Limpopo were Mozambique's first three Transfrontier Conservation Areas (TFCAs). Two more TFCAs are planned: the Niassa-Cabo Delgado TFCA (linking terrestrial and marine conservation areas with others in Tanzania and possibly Malawi), and the Zimoza TFCA (linking a community natural resource management area in northwest Mozambique with conservation areas in Zimbabwe and Zambia). These large natural areas represent important global biodiversity resources, as well as a valuable resource base for a sustainable tourism industry. Annex 17 provides further details.

Tourism and conservation planning - The GOM strategy recognizes that a cross-sectoral approach is needed to develop economically, environmentally and socially sound tourism. This includes integrating tourism needs into the local and national economic and physical planning processes and priorities. In this way options for sustainable tourism development are not foreclosed by incompatible development that may generate short-term returns for a small number of people, at the cost of longer term sustainability and wider economic impacts. The strategic plan therefore indicates that *Integrated District Development Planning* (IDDP) should be carried out in all the PATIs, to provide a guiding framework for development of the areas. The IDDP process begins with and is a logical extension of *Strategic Environmental Assessment* (SEA), which has been identified by the Ministry of Environmental Coordination (MICOA) as the key to mainstreaming environmental sustainability in development, particularly at the Provincial, District and local level, as called for in the *National Environmental Management Plan*.

1.2. The TFCA Program

Under the first TFCA Project, the GEF/World Bank resources and influence have been instrumental in sparking the TFCA process in Mozambique and in the region. The World Bank and the GEF remain well placed to continue to bring value added to the program.

The program - The *Transfrontier Conservation Area and Tourism Development Project* (TFCATDP) represents the second phase of a 15-year program (the TFCA Program). The long-term objectives of the TFCA Program are to conserve the biodiversity and natural ecosystems within the TFCAs, and to promote economic growth and development based on sustainable use of their natural resources by local communities, with a particular emphasis on ecotourism. The TFCA program supports the establishment and management of multiple-use conservation areas (including core PAs) on the Mozambique side of three areas with significant transfrontier biodiversity linkages. Environmentally sustainable tourism development links the conservation and development objectives of the TFCAs by providing an economic alternative to unsustainable, destructive use of natural resources, as well as a direct economic incentive to maintain the natural ecosystems and their biodiversity. While the TFCAs span national boundaries, this is a national program supporting the GOM's participation in international agreements and committees aimed at coordinating activities across the national borders, and on-the-ground activities in the portions of

the TFCAs within Mozambique. It is complemented by a TFCA program in South Africa and several smaller scale initiatives in Swaziland, Zambia and Zimbabwe.

Phase 1 (completed) - The first phase of the program, supported by the GEF-financed Transfrontier Conservation Areas Pilot and Institutional Strengthening project (1998-2003) (TFCAPISP), was developed in the context of a growing interest in large scale (including transfrontier) spatial development initiatives (SDI) within the southern African region. The TFCAPISP launched the TFCA concept. Its achievements include the establishment of three TFCAs (Limpopo, Chimanimani and Lubombo), policy and institutional development, and modest investments to strengthen the management of the PAs within those three TFCAs. While these achievements provided an enabling context, the TFCAs remain somewhat intangible on the ground, lacking boundaries, legal designation, and institutional structures and procedures for land use planning and management of natural resources².

Phase 2 (this project) - The TFCATDP will support the second phase of the program, to implement the TFCA concept on the ground in the original 3 TFCAs: Limpopo, Lubombo and Chimanimani. The newer Niassa-Cabo Delgado and Zimoza TFCAs will be developed through funding from separate donor and NGO projects. The main strategic choices for phase 2 of the TFCA program are: (1) legal designation of TFCAs, including establishment of regulations, criteria, procedures and institutional structures for planning, management and development); (2) the preparation and implementation of a IDDPs in each TFCA, to provide an environmentally sustainable framework for land use planning, natural resource management and development investment within the TFCAs; (3) the development of environmentally sound and socially inclusive nature tourism (emphasizing community/private sector partnership), and directly related economic activities, in areas with high tourism potential as identified in the IDDPs; and (4) improving the effectiveness of the PA networks within the TFCAs by: (a) improving the management capacity of the National Directorate for Conservation Areas (DNAC), (b) expanding or creating new formal PAs, and rehabilitating/constructing key protected area infrastructure, and (c) supporting the establishment of community reserves and conservation areas (“informal PAs”) in key areas outside the formal PAs (e.g. corridors, dispersal areas, cultural sites, etc.)

Phase 3 - The third phase of the TFCA program is expected to support the replication and scaling up of models tested during the first two phases, and integration with other regional tourism initiatives. By the end of the program, it is expected that environmentally sustainable, socially beneficial tourism will be well established as an economic activity and integrating force within the region, with Mozambique playing an important role and realizing substantial benefits.

2. Rationale for Bank involvement

Aligned with poverty reduction program - Mozambique’s strategy for poverty reduction (PARPA³) for 2001-2005 highlights the need for promoting sustainable and environmentally sound economic development, and distributing benefits of growth to

² Only the formal PAs within the TFCAs are legally designated, under the jurisdiction of the Department of Nature Conservation (DNAC)

³ *Plano de ação para a redução da pobreza*

the poor and economically marginalized people and areas. The PARPA recognizes tourism as having the potential to provide employment to alleviate poverty in rural areas, by expanding demand for local goods and services. However, worldwide experience shows that not all tourism development is pro-poor. The TFCATD project incorporates numerous measures to ensure that local communities participate in and benefit from tourism development, rather than being disenfranchised by it. The project also supports the Government's commitment to improve the business environment in order to stimulate private sector investments and economic growth.

Aligned with CAS - The 2003 Country Assistance Strategy (CAS) for Mozambique stresses the need to prevent degradation of natural resources and promote sustainable development. Decentralization and local empowerment, improved governance, and improved capacity of the public sector to deliver services and support the private sector are cited as means to this outcome. Tourism is specifically cited as a sector with potential to create economic opportunities and reduce poverty. The CAS proposes World Bank assistance for the GOM to implement its recently approved national framework for sustainable tourism and environmental management, including support for tourism development and biodiversity conservation in transfrontier areas, a sector-wide tourism support program (PROTUSC⁴), and a program to promote private sector tourism investment in southern Africa (SEATIP). It identifies specific areas for WBG support, including institutional strengthening (national and decentralized levels), strengthening and improving the regulatory framework to improve the business climate, and land demarcation and capacity building to increase community participation in tourism development and benefits.

Aligned with Bank and GEF global commitment - As a GEF implementing agency, the Bank brings incremental grant resources from the GEF to continue to assist Mozambique and the region in advancing the TFCA initiatives, and addressing issues of global environmental concern. These issues include ecosystem protection and management, species protection, and the enhanced management and protection of important transfrontier water catchments.

Complements other initiatives - The first phase TFCA project was one of the earliest large projects for biodiversity conservation in the post-conflict era in Mozambique, and established the Bank as an important source of financial and technical assistance to the GOM. Several other donors and international non-governmental organizations (NGOs) are now supporting related activities (e.g. KFW and the NGO Peace Parks Foundation supporting establishment of the Greater Limpopo Transfrontier Park; The US Agency for International Development's (USAID's) recently completed Transfrontier Natural Resource Management initiative and has just launched a new tourism development project in the northern provinces; the African Wildlife Foundation's support for community land demarcation and capacity building in and around Zinave and Banhine National Parks. The project complements inland, and in southern areas, the joint DANIDA/GEF initiative on coastal zone management. The proposed project provides the broad coverage, horizontal and vertical integration, policy level engagement and long-term commitment that are required to implement the TFCA approach effectively. The project complements private sector development and district planning respectively supported by the PODE and DSFP. The Bank's

⁴ Programa para o turismo sustentavel e para a conservação

continued involvement also provides a link to IFC-supported activities such as the Small and Medium Grants program and the Southeast Africa Tourism Investment Program (SEATIP), which will be essential for facilitating the private sector investment and developing the regional tourism market necessary for community-based tourism to succeed.

3. Higher level objectives to which the project contributes

The project falls under the Biodiversity Conservation focal area of GEF. Because of the variety of habitats within the TFCAs, the relevant GEF operational programs include: Semi-Arid Zone Ecosystems (OP#1); Coastal, Marine and Freshwater Ecosystems (OP#2), Forest Ecosystems (OP#3) and Mountain Ecosystems (OP#4). In accordance with these OPs, it supports conservation and in-situ protection by establishing and strengthening a system of conservation areas (including both the multiple-use TFCAs and their exclusive core PAs), and combines biodiversity and socio-economic goals through sustainable use of biodiversity resources. The project is also aligned with GEF Strategic Priority #1: Catalyzing Sustainability of Protected Areas. It will reduce existing pressure on the PAs and their biodiversity resources by increasing their economic value, creating incentives for local communities and decentralized authorities to help maintain them. It will also improve management of the PAs over the long term, both by building capacity within the public sector and by bringing in the private sector, both as partners in management and as investors for financial sustainability. Mozambique signed the Convention on Biological Diversity in 1992, and ratified it in 1995.

B. PROJECT DESCRIPTION

1. Lending Instrument

Full-sized GEF grant (\$10 million) fully blended with an IDA Credit (\$20 million) and a PHRD grant (\$3.7 million).

2. Project development and global environment objectives and key indicators

The Development Objective of this project (PDO) is to Increase community-revenues from growth in environmentally sustainable natural resource based enterprises in three TFCAs. The project's Global Environment Objective (GEO) is to Increase the area, connectivity, & effectiveness of biodiversity conservation in three TFCAs.

Key end of project indicators included for the PDO:

- 3,500 local residents formally and informally employed in conservation and tourism in target districts;
- 100,000 visitors and bed-nights in tourism facilities in the target districts;
- 80% of tourism ventures in target districts that have adopted a conforming District Tourism Master Plans (DTMP);
- \$2 million of new capital in investment in private tourism and/or conservation-related joint-ventures with communities in target districts;
- \$0.85 million of total annual revenues is generated by targeted formal PAs

Key end of project indicators for the GEO:

- 3,400 km² of new priority areas formally designated & managed for biodiversity conservation;
- 10% increase in bioindicator species (2 species/area) in formal PAs;
- Less than 10% of area with agriculture, habitation or incompatible land use in all areas zoned for biodiversity conservation

3. Project components

Component 1: Strengthening Policy, Legal and Institutional Framework for TFCAs (\$1.15 M) - IDA: \$0.50 M; GEF: \$0.65 M

Building on the achievements of the first phase, Component 1 will strengthen the enabling environment for TFCAs. It will help create the policy, legal and institutional framework for the GOM to implement its strategic choices: i.e. improve regional collaboration for management of transfrontier resources; promote interagency collaboration and vertical linkages between central and local governments; build the capacity of public sector institutions at all levels and communities to manage biodiversity and natural resources; and to form productive partnerships with the private sector. Community land and natural resource ownership and use rights will also be addressed.

The TFCATDP will finance consultation, workshops, and study tours, as well as the cost of producing, publishing and disseminating information materials available to all on the project: (1) a national conservation strategy and policy; (2) legal framework for TFCA, protected area and wildlife; (3) guidelines for tendering conservation concessions; (4) the protected area and wildlife institutional reform; (5) the regulation of the new tourism law; (6) guideline for tendering tourism concessions, and (7) four transfrontier agreements.

Component 2: Integrated District Development Planning (\$0.48 M) - IDA: \$0.29 M; PHRD \$0.19 M

The establishment and management of TFCAs is centered around participatory land use and economic planning that allow for a balance between tourism, the conservation of biodiversity and the sustainable use of natural resource assets in a defined spatial development context. The success of the TFCAs may depend on the degree to which: (1) these plans are mainstreamed into the GOM's economic development plans; and (2) the commitment and capacity of GOM and its partners at the local and central level to implement these plans. The TFCATDP will pilot in two districts under a proactive approach to integrated planning. The process identified is called *Integrated District Development Planning (IDDP)* and focuses on defining and implementing a series of practical steps to ensure that biodiversity and natural resource based assets are mainstreamed in *District Development Plans (DDP)*.

Component 2 is divided into two Subcomponents: (2.1.) National capacity building and stock-taking, and (2.2.) IDDP per se. Subcomponent 2.2. will follow these steps: (1) Capacity building and initial consultation at provincial, district and local levels; (2) District diagnostic, including basic data gathering and consolidation with tourism and conservation overlays produced by other component; and (3) Production, adoption and diffusion of the DDPs.

*Component 3: Community and Private Sector-Led Tourism Development (\$12.96 M)
- IDA: \$5.47 M; GEF: \$4.08 M; PHRD \$3.30 M*

Component 3 is designed to both develop the capacity of the tourism sector (government, communities and the private sector) to participate in the preparation and implementation of tourism master plans for key tourism districts. This component will support MITUR to establish a comprehensive and clearly defined set of procedures to implement an A-Z process for land concessioning, from land identification to on the ground investment. It will also support MITUR to implement legislation allowing them to 'recuperate' land allocated for tourism investment where the investment period has expired so that this land can be marketed to appropriate investors.

Component 3 is divided in two subcomponents: (1) Unlocking opportunities for sustainable tourism investment and growth; (2) Community-led conservation and tourism development. **Subcomponent 3.1.** will support building capacity through MITUR in DINATUR, DPC, FUTUR, ECDA and targeted private sector and community associations to develop and implement; (1) tourism plans in the target TFCAs, (2) business development and financing, (3) the collection of tourism statistics and data, (4) strengthened capacity for licensing, inspection and grading, (5) the implementation of the DTMPs. **Subcomponent 3.2.** will support to communities through (1) Land demarcation; (2) a Community Enterprise Fund for organized communities to either proceed with the creation and management of community reserves in interstitial areas or enter into joint venture partnerships with private investors for tourism or conservation related investments such as creation of game ranches, lodges, etc.; (3) the participatory and compensation process to improved natural resource management and land acquisition.

Component 4: Protected Areas management (\$16.64 M); IDA: \$8.46 M; GEF: \$5.27 M; PPF and AWF: \$2.20 M

This component will support the identification, monitoring and protection of the most significant and vulnerable biodiversity assets within the three TFCAs, through the establishment/rehabilitation and management of a network of National Parks and Reserves under the direct management of DNAC. This will begin a long-term process of major improvement of the Maputo Special Reserve, including gazetting the Futi corridor and a new marine reserve; support to Banhine National Park and the Chimanimani Special Reserve. Modest support will be provided to Limpopo National Park, to supplement current Peace Park Foundation (PPF), KfW & AFD efforts, and to Zinave National Park.

Component 4 is divided in two subcomponents: (4.1) Capacity building and applied research; and (4.2) Biodiversity conservation in formal protected areas. Under Subcomponent 4.1., (a) DNAC's capacity will be reinforced; and (2) survey, inventories, conservation priority setting and applied research will be carried out. For targeted parks or reserves, Subcomponent 4.2. includes: (a) improvement of park design and planning; (b) increasing the area under protection; (c) building or rehabilitating essential infrastructure; (d) procurement of essential equipment required for management; (e) deployment and capacity building of staff; (f)

improvement of communication and information, (g) launching effective law enforcement; (h) carrying out research, monitoring and evaluation, and (i) increasing the PAs' revenue generation capacity.

Component 5: Project Management, Communications, and Monitoring and Evaluation (\$4.90 M) - IDA: \$4.68 M; PHRD \$0.22 M

This component will finance the project management costs including project procurement, accounting and monitoring as describe by their respective manuals. It will strengthen the capacity of the TFCA Unit to coordinate TFCA program, and will support its related operating costs. This includes recruiting a few additional long-term staff for the Unit, including TFCA Coordinators based in the field in order to support the shifting of planning and implementation to the Provincial and local level.

The component includes the implementation of an M&E system to track and assess project implementation and impacts, and a system for adaptive management based on this information; and the development and implementation of an information system and a communications strategy to ensure timely flow of accurate information among the implementing agencies, and to increase awareness and understanding about ecosystem management and TFCAs nationally, regionally and worldwide.

4. Lessons learned and reflected in the project design

The project design has drawn upon experience and lessons learned during the first phase project (TFCA Pilot and Institutional Strengthening), as identified by the Implementation Completion Report (ICR) prepared in March 2004, and from many existing efforts in southern Africa and worldwide to achieve synergy between biodiversity conservation and economic development through community-oriented, nature-based tourism and other types of sustainable use of biodiversity. For a detailed analysis of lessons learned during phase 1, including a summary of the ICR's lessons, see Annex 19.

These lessons have been incorporated into the TFCATDP design. The economic benefits of tourism development, and its linkage with conservation, are placed at the forefront, with support from all stakeholders. The IDDPs which will be prepared to address the issues of proper planning for tourism development, and will be carried out under the leadership of Provincial and District governments. Institutional and implementation capacity developed under the first phase project will be utilized, and built upon with a considerable investment in technical assistance, training and institutional reform.

The project now focuses on a manageable set of priority sites, based on the core objective of stimulating sustainable tourism development. Institutional analyses carried out during project preparation clarify the institutional structure for implementation and the strengths and weaknesses of the different actors. Realistic targets and specific capacity building requirements were identified. The project includes early interventions to alleviate the regulatory and capacity constraints and perverse incentives that are presently limiting private sector investment, while at the same time taking immediate measures to ensure that communities are recognized as valued partners in tourism development instead of being displaced by it. The project

time frame has been extended for capacity building to precede activities such as the IDDPs and community initiatives. Specific additions to existing technical and implementation capacity include long term advisors to facilitate private sector partnerships (including development of transparent and effective concessioning procedures at both national and decentralized levels), on-the-ground coordinators to support decentralized government bodies and NGOs, and an M&E coordinator.

The first phase project tried but failed to support a broad community-based natural resource management (CBNRM) program, due in part to a lack of implementation capacity and in part to poorly focused objectives and unrealistic expectations. The TFCATDP adopted a more focused approach targeting only activities that directly support conservation and tourism objectives. It will also offer alternative types of incentives for communities to support conservation in areas which have high biodiversity value but low eco-tourism potential. Activities in the first 1-2 years of the project will emphasize policy and legal reform and institutional and individual capacity building, such as training IDDP coordinators and preparing stakeholders to participate in the IDDP process; mobilizing and organizing communities to be able to enter into business partnerships; strengthening basic tourism literacy and business skills at the community level; and restructuring DNAC to be more efficient and work more effectively with community, private sector and other partners.

The issue of people in parks is being addressed up front through a Process Framework and a Policy Framework as well as through policy development in Component 1 (see Section on Critical Risks and Possible Controversial Issues, below). Assurances have been sought from the Government who has registered the core principle of the Process Frameworks into a Letter of Sectoral Policy (see Annex 16).

5. Alternatives considered and reasons for rejection

The main alternatives considered were: (1) having no follow-up to the first phase TFCA project; (2) project limited to policy and capacity building, (3) a simple sectoral approach, such as a traditional conservation project, a conventional CBNRM program for the non-protected areas of the TFCAs, or a tourism sector support program; and (4) a multisectoral project covering five TFCAs.

No project option - The option of having no follow-up to the first phase project was rejected because the TFCA concept remains valid and important for national, regional and global objectives, the groundwork that has been laid justifies continuation, and phase 1 results were not yet sustainable. The Bank acknowledged from the beginning that achieving these objectives would require a long-term commitment, given the capacity limitations and other conditions in Mozambique and the inherent complexities of the TFCA model. GOM commitment, judged to be weak at the beginning of the program, has grown, and many elements of an enabling environment for TFCAs have been put in place. This commitment needs to be supported and nurtured, and it would have the opposite effect if the WB and GEF discontinued support.

Policy and capacity building option – This is a valid option, however, it is hard to justify involvement in the conservation and tourism sector without justifying both biodiversity and tourism outcome. In addition, the various entities have already

started to build capacity and the policy framework is already improving. In conservation, it is always better to accompany policy changes and capacity building with field work both to deliver results and build experience.

Traditional sector project - The option of a simpler, sectoral approach would not be consistent with the core principles and objectives of the TFCA model. The project has therefore been designed as a multi-sectoral operation. The inherent risk of the more complex approach is reduced by focusing on a limited set of objectives and activities, and by the fact that the lead agency (the TFCA Unit) has gained implementation experience through the first project and has a clear mandate and established mechanisms for coordinating the sectoral players within the TFCAs.

Multisector project with comprehensive coverage - The alternative of a larger project, covering five instead of three TFCAs, was rejected because project resources would have been spread too thinly, and because capacity of the TFCA Unit and other actors is considered not ready to take on additional areas at this stage. This includes shifting responsibility and support for planning and implementation to the Provincial and District levels, supporting communities to establish joint ventures with private sector partners, and coordinating biodiversity conservation inside and outside PAs. Hence, the project is becoming increasingly complex involving several different institutional sectors, multiple disciplines and different levels with corresponding increase in the number of players. The opportunity to undertake TBCA projects in ZIMOZA and Niassa is important, however, and should be seized before other developments close this window. Other donors are encouraged to pick up on the planning done for these areas during preparation.

C. IMPLEMENTATION

1. Partnership arrangements

Partnership among different levels of government, communities and the private sector is at the heart of the TFCATDP. Each of these partners will have specific responsibilities and contributions to make in the implementation and adaptive management of the project, and each will receive support to be able to fulfill these responsibilities effectively.

The project will be co-financed by IDA, Japan (PHRD Grant) and GEF, with parallel financing by other partners. A number of other donors and partners are supporting programs and activities that complement the project (see Annex 2). This includes not only multilateral and bilateral donors and international NGOs, but also private companies investing in the interstitial areas. The TFCA program serves as a conceptual umbrella for these activities. The project will collaborate closely with complementary initiatives such as IFC's SEATIP and the Small- and Medium-sized Enterprise (SME) project which will provide a source of financing for companies interested in investing in tourism.

The project also complements a number of Bank-financed and other initiatives which support TFCA objectives either directly or indirectly (see Annex 2). For example, Component 2, on IDDP, will both draw upon and continue capacity building in

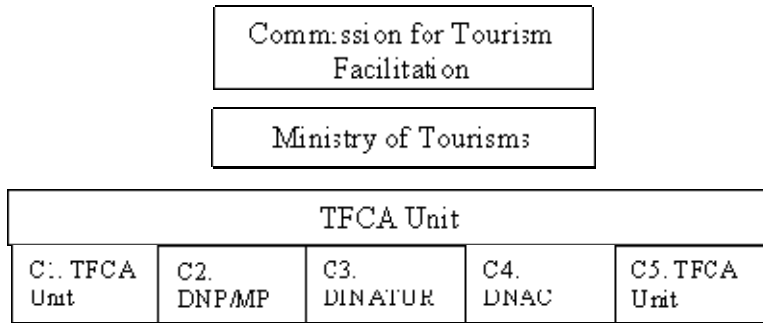
MICOA, in Ministry of Planning and Development (MPD), which have been supported by WB and DANIDA over the past several years. Component 3 will supplement WB support to tourism statistics under PODE and other by modernizing and building the capacity of the MITUR. The project will also coordinate with several existing or proposed GEF-financed projects are supporting biodiversity conservation objectives at the regional level in southern Africa (e.g. the Regional Southern Africa Biodiversity Support Program (2000), the Africa Community outreach program for conservation and sustainable use of biological resources (1999); and a regional program for integrated management of dryland biodiversity through land rehabilitation in Mozambique/Zambia/Zimbabwe.

2. Institutional and implementation arrangements

Project Location - The TFCA processes are well underway in the Greater Limpopo and Chimanimani TFCAs, whereas in the Lubombo TFCA international protocols have been signed, but the degree of complex and multifarious interventions in this area have delayed focused and concerted action. These three TFCAs will continue to be supported under the Project. In these TFCAs, the project will be implemented in 7 to 9 districts of 4 Provinces: Ihambane (Vilankulo District), Maputo (Matutuine District), Manica (Sussudenga District), and Gaza (priority 1: Chicualacuala, Massingir, Mabote, Massangena; priority 2: Chigubo, Mabacane). In the 3 TFCAs, the protected areas targeted are Chimanimani Special Reserve, Maputo Special Reserve, Limpopo NP, Banhine NP, and Zinave NP. In addition, the beach tourism towns of Vilankulo and Ponto do Oro will see their infrastructure environment improved.

During the *first phase* TFCA project, the Government established the TFCA Unit within MITUR to coordinate the management and administration of TFCAs, for both conservation and sustainable development. This institutional level commitment the GOM's recognition that multi-sectoral coordination in TFCAs is an integral and ongoing requirement. In this role, the TFCA Unit will continue serve as the lead implementing agency for the TFCATDP.

The TFCATDP *phase 2* oversight is with the Commission for Tourism Facilitation (CTF), acting as Steering Committee. MITUR, which chairs the CTF, is responsible for the project. Coordination of the overall project is vested to the TFCA Unit. Implementation of each component is in turn vested in each of their "lead agencies" as per the diagram below. Each lead agency will work with a set of main partners according to their functions and role in the GOM. For example, even though the Directorate for National Planning & Budget (Portuguese acronym DNPO) is the lead agency for the IDDP, SEA will fall under MICOA and tourism planning under DINATUR. The TFCA Unit and the lead agencies together form the Project Management Team. Each component will prepare its annual work plans and budget, its annual report and handle collection and analysis of M&E data required by/for their component. The TFCA Unit will act as a service agency by managing all funds and centralizing procurement. It will also centralize M&E information and produce the consolidated annual report.



The Project's financial management is strengthened by the following features:

- The first phase project was implemented by the TFCA Unit within the Ministry of Tourism, which is subject to this assessment. However, the project was operating in weak financial management environment.
- Recently, an accounting package was installed at TFCA Unit.

The project financial management is weakened by the following salient features:

At the Project level

- Projects take a “ring-fenced” approach to ensure funds are used as per the objectives agreed on for Project implementation;

At the country-wide Level

- Delays and insufficient allocation of counterpart funds;
- Financial management in Mozambique is weak. There are pieces of the puzzle missing, such as a comprehensive and up-to-date set of Procedures Manuals for government budgeting and accounting that includes Project financial management procedures; uniform application throughout the government of systems for financial management and budgetary execution; and information systems sophisticated enough to produce timely and accurate information for reporting and control purposes; and
- Weak internal and external audit system.

The weaknesses identified are addressed in the financial management action plan.

Internal audit

Internal auditing across the entire Government (including projects) is the responsibility of the Inspectorate General of Finance (*Inspecção Geral das Finanças-IGF*), but it has limited capacity to oversee project implementation. Taking into account that the internal audit functions are weak, there needs to be strong supervision and quality assurance in the project. The day-to-day supervision of accounting functions will be assured by the organization structure of TFCA Unit.

External audit

Relevantly qualified, experienced and independent auditors will be appointed on approved terms of reference. The external audit will cover all World Bank, GEF, and Counterpart funds in the project. The Legal Agreements will require the submission

of audited financial statements to the Bank within six months after the year-end. The formats to be adopted will be documented in the Financial Procedures Manual.

A single opinion on the Audited Project Financial Statements in compliance with International Standards on Auditing (IASs), will be required including the accuracy and the propriety of expenditures made under the SOE procedures and the extent to which these can be relied upon as basis for credit disbursements. In addition to the audit report, the auditor will be required to prepare a separate Management Letter.

Disbursement Arrangements

Disbursements from IDA, GEF, and PHRD would be initially be made on the basis of incurred eligible expenditures (transaction based disbursements). The TFCA Unit will open three Special Accounts for the deposit of funds transferred from the IDA credit Account, GEF Grants, and the PHRD Grant. The TFCA Unit will make payments of eligible project expenditures from the Special Accounts to suppliers. And, direct payments can also used by the TFCA Unit for project expenditures above 20% of the respective Special Accounts allocations.

Special Accounts - With respect banking arrangement, for IDA, GEF, PHRD and Government funding, the TFCA Unit will maintain four bank accounts: (a) three Special Accounts in US Dollars at a commercial bank acceptable to IDA for deposit of funds transferred from IDA, GEF, and PHRD, and (b) Project Account in Meticaís at a commercial bank acceptable to IDA for deposit of Government funds. The authorized allocation will be for IDA US\$ 1 million for GEF US\$ 0.5 million and for the PHRD grant US\$ 200,000 representing about four months of eligible expenditures.

Statement of expenditures (SOEs) - Disbursements will be made on the basis of SOEs for contracts with an individual valued less than those requiring IDA's prior review. Thus, all applications to withdraw proceeds from the credit account will be fully documented, except for expenditures for contracts with an estimated value of less than US\$ 200.000 each for works, and goods; (a) expenditures for consultant's services with an estimated value of less than US\$ 100.000 each for firms and US\$30.000 for individuals; (b) training, studies and operating costs.

Details on implementation arrangements are provided in Annex 6 and 7.

3. Monitoring and evaluation of outcomes/results

An M&E Manual has been developed. Sufficient resources have been allocated in the project budget to implement it. The M&E plan will address both project implementation and impacts, and will identify key indicators, targets and responsibilities for data collection (see Annex 3, including the addendum on arrangements for results monitoring, for further details). To ensure that M&E is carried out effectively and provides useful ongoing input for project implementation, a full-time M&E specialist will be placed within the TFCA Unit to coordinate the implementation of the M&E plan. Collection and analysis of data on biodiversity impacts will be the primary responsibility of lead agencies, and will be carried out in

collaboration with local Universities, NGOs and others engaged in conservation activities in the TFCA areas, including local communities. In accordance with the recommendations of the ICR for the first phase project, an approved M&E manual is a condition of effectiveness. Implementation of the plan will be assessed after the first year and during the Midterm Review, to enable corrective measures to be taken.

4. Sustainability and replicability

Sustainability - Environmental and economic sustainability are the cornerstones of the project's objectives and design. Environmental sustainability will derive from the IDDP process which is at the heart of the project, and which begins with a SEA. In addition, the project will support both regulations and incentives (and the capacity to implement them), aimed at ensuring that tourism development within the TFCAs is environmentally and socially sound. The IDDP also contributes to sustainability of the biodiversity conservation aspects of the project, because it stresses a multiple-use, landscape management approach with appropriate zoning that seeks to balance conservation and development objectives. The emphasis is on sustainable use of natural resources, rather than protection and exclusion (except within the core PAs), which is regarded as politically and practically unsustainable, given Mozambique's urgent need for economic development and poverty reduction.

Financial sustainability is based on the strong prospects for continued growth of the tourism sector in Mozambique, which has experienced a 10-15 percent annual increase between 1995-2001 (400,000 tourist arrivals in 2001), and in southern Africa overall (annual arrivals projected to increase at 7.8 percent annually over the next few years, reaching 30.5 million by 2020). Tourism is now the third largest sector for investments in the country. The TFCAs and the two targeted beach districts have particularly high prospects because nature-based and sustainable coastal tourism are expected to be the largest growth area in the coming decades: 60 percent of South Africa's 6 million tourists now visit protected areas each year, producing revenues of US\$ 2.5 billion. This is reflected in GOM's tourism policy and strategic development (SPTDM), which emphasize development of sustainable tourism in natural areas. It specifically highlights the potential of the TFCAs as priority areas for tourism product and market development. The linkage between conservation and tourism-based development in these areas is further emphasized by the fact that the TFCA Unit and DNAC have been placed within the Ministry of Tourism. GOM is committed to tourism as a key sector for economic growth, and has designed the TFCATDP to be a core instrument for implementing the SPTDM. This provides a basis for institutional sustainability of the project. (See Annex 1 for further details on the tourism sector in Mozambique).

The private sector-led approach focusing on the business environment under the project will also help to ensure economic and financial sustainability of tourism investments, as only viable enterprises will be attractive to private investors. Subsidies will only be provided to help meet the incremental costs of carrying out activities for biodiversity conservation, social empowerment and participation, and will be provided to the community partners rather than the investors. Investments within the PAs are also aimed at enhancing long-term financial sustainability, by improving management efficiency and promoting revenue-earning through tourism. The project will promote institutional sustainability and local ownership and

empowerment, through capacity building and decentralized implementation. At the national level the project will support revision of the regulatory framework necessary for carrying out the TFCA program and the reorganization and strengthening of concerned institutions.

Replicability - The TFCAs represent pilots for other *Priority Areas for Tourism Investment* (PATIs). Lessons learned and experience gained through the project will be applied to tourism development in the other areas, including the environmentally-based IDDPs and mechanisms to encourage and facilitate private sector investment, private-community joint ventures and public-private. The IDDPs, in particular, are expected to become the core instrument for land use and development planning, even to the extent of becoming legal instruments required as a prerequisite for public and private sector investment. It is expected that the Community Equity Grant Facility (CEF) will attract additional funding from other sources, which will make it possible to expand its coverage beyond the project area. The policy, regulatory and institutional reforms achieved and the capacity built within the Ministry of Tourism and other sectoral agencies both nationally and at the Provincial and District levels, and within decentralized administrations, will create a better environment for environmentally and socially sustainable tourism on a national level, beyond the end of the project. Similarly, the new approaches to PA management introduced under the project (particularly the involvement of communities, NGOs and private partners) are expected to be adopted in other PAs in the country as a result of the project's demonstration effect, institutional restructuring and capacity building. Many elements of the project are expected to be replicable elsewhere in southern Africa. This includes administrative and technical mechanisms for biodiversity conservation through ecosystem management and transfrontier natural resource management; the IDDP as an instrument for decision making and planning at the local level and for integrating local and broader objectives and interests; and the promotion of market-driven, environmentally sustainable tourism through community/ private sector partnerships.

Valuable lessons (on transfrontier conservation, IDDP and ecosystem management, community/private sector partnership) that emerge from the project and from the overall TFCA program overall, will also be disseminated regionally and world wide through the communications strategy (Component 5), which will include a website and other outreach activities.

4. Critical risks and possible controversial aspects

Risks	Risk Mitigation Measures	Risk Rating with Mitigation
To project development objective		
Tourism development might displace local people rather than involving and benefiting them	The project includes measures to prevent displacement and impoverishment of local people, including: (i) triggering of the Bank's OP/BP 4.12 related to Involuntary Displacement; (ii) the use of IDDP to identify and support local priorities; (iii) the demarcation and registration of community land as a prerequisite to bringing in external	M

	investment; and (iv) support and incentives for equitable community/private sector partnerships. Resettlement costs are budgeted for 300 families if they choose to move out of protected areas.	
Tourism development, if not well planned and regulated can cause environmental damage	The IDDP is based on strategic environmental assessments; also, the project will strengthen planning and regulatory capacity at national and decentralized levels. Investors will have to prepare investment and management plans in which environmental protection measures are identified and spelt out.	M
Improvements achieved under the project in formal protected areas are not sustained due to financial and other constraints	Basic restructuring of DNAC to support institutional and policy reforms; direct support and incentives to encourage partnerships; measures to increase revenue generation within and around PAs.	M
To component results		
Insufficient Government ownership or political support for reform agenda.	The project supports tourism development, which GOM has identified as a primary sector for economic growth; project has been explicitly designed to support GOM's own tourism policy, strategy and action plan; also support decentralization policy which has strong political commitment	N
Tourism sites in TFCA may not be attractive or developed enough to attract investors	Major tourism development is expected only in three sites where bush-beach linkages are identified: Matutuine District in Lubombo TFCA, Limpopo National Park in Great Limpopo TFCA and Vilankulo District linked to Limpopo TFCA. These are branded as the "Great Africa Routes" and, in addition to this project's support will receive support through IFC-supported SEATIP.	M
Insufficient capacity to carry out IDDP and other innovative activities.	Project will draw upon pilots already underway (WB coastal zone and district planning projects), and will provide substantial up-front training and capacity building prior to launching IDDP process on the ground, as well as short and long term TA.	S
Tourism concessions are awarded without transparency and for purpose others than that of the tourism plans.	In the Letter of Sector Policy, the Government commits to increased transparency in dealing with tourism concessions and regularly publishes the list of concessions and new concessions. The Bank will monitor these publications.	S
Private sector response to policy reforms and incentives provided through the project is less than expected, resulting in low levels of investment and/or lack of private sector/community partnerships	Close consultation with the private sector during project preparation and implementation, to identify the main obstacles from their perspective (e.g. basic infrastructure, lack of transparency in concessioning, capacity constraints to partnership with communities, etc.); Community Enterprise Fund will enhance communities' attractiveness as investment partners.	M
Complexity of multi-sectoral approach may cause delays in implementation	The existing TFCA unit has project implementation experience and established mechanisms for inter-sectoral coordination; emphasis on implementation at decentralized/local levels where there is typically better cross-sectoral coordination; Disbursement schedule set to realistic rate.	M
Complexity of projects, with four components trusted to separate lead agencies slows	The project will strengthen the capacity of the various implementing agencies and partners to perform within their existing mandates and spheres	S

down implementation.	of responsibility: DNPO for the IDDP; MITUR for facilitating tourism investment and development, DNAC for PA management; and DNFFB for natural resource management outside PAs.	
Weakness in public sector accounting profession	A qualified Accountant with experience in public sector financial management will be appointed for this project	S
Weakness in the budgetary process	This project will be inscribed in the government's budget and its execution will follow government procedures. It is also financed 100% TTC and therefore requires no counterpart funding.	S

Controversial issues - The controversial issue of the status and rights of people currently residing inside vulnerable core PAs are addressed in a Process Framework and a Resettlement Policy Framework that were prepared as part of project preparation, and in a Letter of Sector Policy from the GOM (see attached in Annex 16). GMO has demonstrated its interest in finding positive approaches to the problem.

5. Credit conditions and covenants

An action plan has been agreed with the TFCA Unit.

Negotiations

- FMRs formats and components agreed;
- Terms of reference for external project auditors submitted and cleared by the World Bank FMS;
- Qualified and experienced Financial Manager acceptable to the World Bank recruited;
- Procurement Plan submitted and cleared by the World Bank Regional Procurement officer.

Effectiveness

There are no anticipated, non-standard conditions for Board presentation or effectiveness. Standard conditions are:

- The Cofinancing Agreements with AWF and PPF;
- the TFCAU's financial management software functions in form and substance satisfactory to the Bank;
- the TFCAU has retained: (i) one procurement clerk and one short term procurement consultant for the TFCA Unit, (ii) three project accountants, (iii) a assistant accountant for the TFCA Unit, (iv) an accountant for the regional office of Xai-Xai, and (v) an accountant for the regional office of Chimoio;
- the TFCAU has compiled a short list of external auditors, with qualifications and under terms of reference satisfactory to the Bank;
- the Borrower has adopted in form and substance satisfactory to the Association, (i) the Project Implementation Plan, (ii) Financial Procedure Manual, (iii) the Procurement Manual, (iv) the Monitoring and Evaluation Manual, (v) the CEF

Manual, and (vi) the Annual Work Plan for the first year of Project implementation

Legal Covenants

Financial covenants are the standard ones as stated in **Article IV** (including single opinion) of the Development Credit Agreement and Project Agreement.

D. APPRAISAL SUMMARY

1. Economic and financial analyses

The macroeconomic situation in tourism in 2015 is estimated as below.

Scenario 2015	Gross Forex US\$ m	Contribution To GDP %	Direct Employment No	Local Incomes US\$ m	Total Employment No	Annual Capital Investment
1 Low	180	1.5	45,000	145	120,000	30 US\$m
2 Middle	290	2.4	60,000	230	195,000	55 US\$ m
3 High	440	3.4	75,000	330	275,000	85 US\$ m

Under the low scenario (continuing as we are now), there is growth in the industry, contributing 1.5% to GDP compared to 1.2% now, but there is 50+ % under-performance. It could contribute 3.4%. The above figures apply to the impact of the inbound tourism expenditure. It does not include for domestic tourism.

The TFCATDP would provide an additional capital investment in the order of US\$34 million. This investment is being put into improving the conservation of the environment and ecology associated with the planning for tourism. As indicated previously, the returns from such investment will accrue not only through future charges that can be secured from both tourists (say, bednight taxes) and from the tourism industry (say, through concession fees for sites), but also through the higher prices that can be charged by the tourism operators, thus making them more profitable. The future scale of the tourism industry in Mozambique, where in ten years time it is possible to be talking about inbound tourist expenditure approaching US\$ 300 million per year (in a middle scenario) to US\$ 450 million per year (in a high scenario), would suggest that a supplemental investment of US\$ 36 million in a key initiative that will underpin chargeable tariffs and Government revenues is not 'out of kilter' with the potential.

2. Technical

No activity with significantly high technical input is planned under TFCATDP. The IDDP is an innovative process that can require new technology such as satellite images analysis, computer modeling of conservation hotspots. Ecological monitoring can also call upon new technology such as GPS for animal tracking and statistical analysis. Veterinary monitoring also requires up to date technology. All of these will be contracted out to universities or specialized institutes. Finally, none of the infrastructure built require new technology. It is anticipated that engineering and architecture studies will be carried out by experts found in Mozambique.

3. Fiduciary

Financial management

The TFCA Unit subject to this assessment was responsible for handling fiduciary aspects (Financial Management and Procurement) of closed Transfrontier Conservation Areas Pilot and Institutional Strengthening funded by a GEF Grant. It

should be noted that this assessment is carried out in the context of this project being a *phase 2* project as follow-on to the previous project which is referred to in this document as *phase 1*. The TFCA Unit is currently, handling the fiduciary aspects of the PPF and Trust Fund, which are supporting activities related to preparation of proposed TFCATDP. The auditors raised major matters of deficiencies in the system of internal control/ other accountability issues in the Auditor's report/management letter during the implementation of previous *phase 1* project. During the supervision missions, the Bank concluded that significant shortcomings in the financial management were jeopardizing the capacity to provide timely and reliable information required to manage and monitor the project. The following shortcomings indicated that project's FM arrangements were not at a satisfactory level: several significant deficiencies in the system of internal control and accountability have been reported in recent audit reports; inadequate budget system; delays and insufficient allocation of counterpart funds; and periodic reports were not produced on regular and timely basis.

Also the overall conclusion of the Country Financial Accountability Assessment (CFAA) dated December, 2001 is that *“public sector financial management systems in Mozambique are very weak, as evidenced by the Report of the Tribunal Administrativo of the Government General Accounts Report for 1998 and 1999, and will require substantial strengthening over several years. In the interim, risk of waste, diversion and misuse of funds are assessed as high. The public sector financial environment in Mozambique denotes a situation of high fiduciary risk: material receipts and payments are excluded from the budget and from Government accounting and reporting system; accounting systems and standards are outmoded; internal and external auditing require substantial support; and parliamentary oversight requires strengthening . . . Efforts have been made in recent years to reduce the fiduciary risk through (among other measures) the strengthening of the internal audit capacity of the IAD, and the creation of external audit capacity within the AT. Both of these efforts (as well as others) need to be intensified, because there is still a lot of work to be done in this area.”*

The Public Financial Management Assessment conducted by Scanteam⁵ in September 2004 concludes that *“Overall PFM Risk in Mozambique remains High. Management of the economy has been quite satisfactory, but comprehensiveness and transparency of the budget is poor, the medium-term planning and budgeting is weak, while budget execution and accounting and reporting present quite serious weaknesses. The area of greatest concern, however, is external audit and accountability. At the same time, PFM reforms are moving ahead in a very structured and comprehensive manner. The trend in PFM is therefore seen as quite positive, where successful implementation of the new financial management information system SISTAFE is intended to address many of the current weaknesses”*.

⁵ Fourteen donors and funding institutions (commonly referred to as the “G14”), giving direct budget support to Mozambique requested a Public Financial Management assessment (PFM). The principal objective of this PFM Assessment is thus to provide the Government of Mozambique and donors with an updated assessment of the situation and trends with respect to Fiduciary Risk in Mozambique. The PFM assessment was undertaken as joint exercise between the Ministry of Planning and Finance, and a team of consultants (Scanteam).

A short-term Financial Management Consultant was contracted with PPF funds to develop the Financial Procedures Manual. The Financial Procedures Manual will document the FM arrangements, covering financial policies and procedures, accounting and internal control system, financial reporting, flow of funds and auditing arrangements. The first draft of the Manual was presented to the TFCA Unit and it was reviewed by Bank Financial Management staff. The comments for the improvement of it were shared with the TFCA Unit team and the consultant. The Financial Procedures Manual will be finalized before credit effectiveness.

The contract of the accountant, which handled the Financial Management issues during the *first phase* of the project, was terminated in March 2005. The TFCA Unit will appoint a new Financial Controller and Assistant Accountant. The recruitment of a Financial Controller is in process.

The overall conclusion of the financial management assessment is that the TFCA Unit operates in a weak environment in terms of financial management arrangements. In order to establish an acceptable control environment and to mitigate financial management risks, the measures indicated in the financial management action plan (in paragraph 16) should be taken before credit effectiveness.

By credit effectiveness, the project will not be ready for report-based disbursements. Thus, at the initial stage, transaction-based disbursement procedures, as described in the World Bank Disbursement Handbook, will be followed i.e. direct payments, reimbursement, and special commitments. However, subsequent to project implementation, as soon as the borrower has acquired sufficient capacity, they may request conversion to report-based disbursements. The Bank will then review the TFCA U capacity before authorizing the conversion.

Procurement

The TFCA Unit has a procurement specialist who has produced the 18-month action plan according to the Bank's standard format. The Unit's capacity will need strengthening, through procurement training, at least for the first two years of implementation. One additional procurement officer will be recruited. When needed, the TFCA Unit will seek short-term assistance to develop bidding proposals. Moreover, additional record keeping equipment and adequate premises will be provided to enable the procurement unit to operate properly.

4. Social

The project was prepared and will be implemented under a participatory framework where all stakeholders, in particular the local communities, play a central role. From the beginning, the participatory process identifies local priorities through local stakeholder workshops and consultation meetings to produce SEAs and spatial zoning plans. The IDDP formulation process will result in comprehensive development strategies for each TFCA. IDDP implementation will involve the establishment and management of multi-use conservation areas (including formal and informal core PAs, appropriate buffer and support areas); and the initiation of economic alternatives (environmentally sustainable tourism development, co-management, private sector

partnerships in community based tourism etc.) to unsustainable, destructive use of natural resources by local communities.

Further, a community strategy will be a key tool for creating awareness, for consensus building, for generating participation in processes of change and development, for making informed decisions and for resolving conflicts. At the community level, the communication strategy will focus on the needs to ensure access to information for all local stakeholder groups; and to strengthen the ability of all stakeholders to articulate and disseminate information, and make their own informed decisions. It is expected that the communities will feel empowered and will effectively and gradually develop an ownership in the TFCA development programs.

The project includes a significant nature tourism component focusing on gradually involving local communities in co-management of PAs as well as promotion of business partnerships to obtain direct concrete benefits from tourism initiatives in the PAs and buffer zones. The project will also support the improvement of the communities' livelihood and the resilience of the vulnerable groups. This will involve programs with focus on capacity building (in particular acquisition of income generating skills, leadership and community planning skills), reproductive health awareness raising, institutional development, and, to the extent feasible, development of priority community services and infrastructure.

5. Environment

The project will not trigger major land use changes or habitat transformation, but rather mitigate ongoing habitat transformation and coastal land unplanned development. Without the project, the coming years will see infrastructure and private sector development in certain areas which could lead to the expansion of tourism nodes, population increase, and in-migration. These trends are already being observed in certain coastal areas. The challenge will be to ensure that the project induces positive change, and encourages sustainable pro-poor and environmentally-friendly tourism. The project is given a Category B rating because of the potentially negative local impact of some of the infrastructures the project will finance. The project is designed to provide a framework for an environmentally sound planning process called the IDDP. Extensive public consultation processes considered essential to underpin participatory planning for ecosystem management will be triggered through the IDDP. This process is described in detail in the Environmental and Social Management Framework (ESMF) which will be disclosed, prior to project appraisal. According to the ESMF, all investments financed by the project will be subject to individual environmental assessments.

6. Safeguard policies

Safeguard Policies Triggered by the Project	Yes	No
<u>Environmental Assessment (OP/BP/GP 4.01)</u>	[X]	[]
Natural Habitats (OP/BP 4.04)	[X]	[]
Pest Management (OP 4.09)	[]	[X]
Cultural Property (OPN 11.03, being revised as OP 4.11)	[]	[X]
Involuntary Resettlement (OP/BP 4.12)	[X]	[]
Indigenous Peoples (OD 4.20, being revised as OP 4.10)	[]	[X]

Forests (OP/BP 4.36)	[X]	[]
Safety of Dams (OP/BP 4.37)	[]	[X]
Projects in Disputed Areas (OP/BP/GP 7.60)*	[]	[X]
Projects on International Waterways (OP/BP/GP 7.50)	[]	[X]

The TFCATDP focuses on conservation and sustainable use of Mozambique's immense natural habitat estate. It seeks institutionalizing ecosystem management, and mainstreaming it into development planning processes. As such it is expected to have significant environmental and social benefits relative to a no-project situation. The project also has the objective of promoting environmentally sustainable tourism and other sustainable land uses such as game farming. The project will operate in the context of a highly dynamic socio-economic and political landscape. GOM is keen to promote private sector investment and is also responsible for a sizable public sector investment program, so the project will require adaptable experiential learning processes rather than blueprints.

OP4.01 is triggered because of the potential impact of some local infrastructure--such as tracks, fencing, housing, offices, lodges in formal PAs, outside PAs and on the coastline--on the environment. OP4.40 on Natural Habitat and OP4.36 on Forest are triggered even though the project is expected to have significant positive impact on the country natural habitat and forest. Still, with the economic development triggered by the project and, some of the infrastructure built, there may be negative impact locally. Infrastructure which will be identified as part of the IDDP, will be built in Ponto do Oro and Vilankulo to increase these towns' basic facilities and make them attractive to tourism investors. The impact of such construction will need to be monitored. Still, the project is not expected to induce major or irreversible negative impacts. The development of Mozambique's coastline and interior is expected, whether or not the project is implemented.

The project is intended to mitigate that environmental and social impact by providing a framework for promoting sustainable development, through an ecosystem management approach: the IDDP. The ESMF proposes the IDDP has process to identify and avoid, or mitigate, negative impact of individual project investments.

OP/BP 4.12 related to Involuntary Resettlement and Land Acquisition: Two major factors have led to the triggering of OP/BP 4.12.

The first factor is the restrictions and the incompatibility of local communities' livelihoods activities with the objectives of the TFCAs and PAs. TFCATDP in protecting the natural environment and supporting biodiversity conservation and natural resource management in the TFCAs include the establishment of boundaries, the potential for establishing new PAs, and the development of regulations, criteria, procedures and institutional structures for planning, management and development. These imply the restriction of access to natural resources by the local communities inside the PAs and in buffer zones. Communities living in TFCA interstitial areas are also potentially affected insofar as these multi-resource use areas will be included in zoning and development plans for sustainable resource use that may include

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

community-based informal PA creation. To avoid such a negative effect on the population and avoid unnecessary conflicts, a Process Framework has been commissioned and completed. The purpose of the framework is to describe the process by which potentially affected communities will participate in resource planning and management. Once developed, an Action Plan should become part of the natural resources management plan.

The second factor that contributed to the triggering of OP/BP 4.12 is the objective to promote and link conservation and nature tourism activities to community participation and access to direct and indirect benefits, as well as to encourage communities' land delimitation to strengthen their rights bases. The growth of nature tourism activities may require land acquisition to build infrastructure, and buildings. The project may also cause displacement of people from their homes and areas as a result of the threat of wildlife. Because presently, the location, nature and scope of possible land acquisition and displacement are not yet known, a Policy Framework (PF), as a mitigation measure, has been completed. The PF establishes the policy principles to be used for the development of specific RAPs. During project implementation, when the details of land acquisition and involuntary resettlement are fully known, Resettlement Action Plan(s) (RAPs) will be defined, prepared, and implemented. Burial and sacred sites will be protected and documented and recorded in the management plans and the RAPs.

7. Policy Exceptions and Readiness

Policy exceptions - There is no policy exception under this project. The Government policies, not adopted yet but declared as a matter of principle by the Government, in anticipation to policies to be adopted during the project time, are listed in the Letter of Sectoral Policy (see annex 17)

Readiness for implementation - The Bank appraised the draft PIPs, Financial manual, M&E manuals and draft procurement plan. Some revisions were requested. Final approval by the Bank is a condition of effectiveness. The ESMF, RPF and PF have been approved and have been disclosed. The project disbursement schedule has been designed with a significant capacity building phase in mind. Slow disbursement is expected in year 1 and 2 with gradual increase in year 3 to 7 as capacity is built and the impact or earlier reforms (e.g. the protected area management reform) are felt.

Annex 1: Country and Sector or Program Background
MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

Economic Development in Mozambique

At the end of the conflict in 1992, Mozambique was listed as the poorest country in the world. The country then experienced a relatively high rate of economic growth, averaging 8.5% annually (annual GDP per capita growth averaging 6%) between 1995 and 2002. The benefits of this growth have been mainly concentrated in and around Maputo and some other urban areas. Rural areas, where most Mozambicans live (71%), continue to be affected by extreme poverty. The key challenge that Mozambique faces is to maintain high levels of growth while distributing the benefits more evenly to the economically marginalized people and areas of the country.

Mozambique's strategy for poverty reduction (PARPA⁶) for 2001-2005 identifies the need for promoting sustainable and environmentally sound economic development. The PARPA recognizes tourism as having the potential to provide employment to help alleviate poverty in rural areas. Tourism creates a high level of employment per dollar of investment and expands the demand for other local goods and services, creating opportunities for new sources of income for rural communities.

The 2003 Country Assistance Strategy (CAS) for Mozambique also recognizes the importance of tourism development for Mozambique, with significant potential to bring economic opportunities and reduce poverty. The CAS therefore includes support by the World Bank Group (WBG) to assist the government to implement its national framework for sustainable tourism and environmental management. An important element of this framework is tourism development and biodiversity conservation in transfrontier areas, which is supported by the Transfrontier Conservation Areas (TFCA) program. The TFCA approach will be complemented by a program to promote private sector investment in tourism (IFC's SEATIP⁷). The CAS stresses the need to prevent degradation of natural resources and promote sustainable development. Key elements in achieving these goals include decentralization and local empowerment, improved governance, increased public sector capacity to deliver services, and support for the private sector. Therefore, the WBG will support institutional development and capacity building at both national and decentralized levels, strengthening of policy and regulatory frameworks, and capacity building and other mechanisms to ensure that communities participate in and benefit from natural resource management. Specific reference is made to territorial zoning, spatial planning, and land-titling and facilitating land demarcation for communities prior to awarding of development concessions to private sector for tourism or other activities. Finally, the CAS identifies the need to improve the business climate and create an enabling environment for private sector investments in tourism and other enterprises, by increasing transparency and addressing regulatory and other barriers.

⁶ *Plano de ação para a redução da pobreza*

⁷ South East Africa Tourism Investment Program

Biodiversity Conservation in Mozambique, and the Importance of Transfrontier Conservation Areas

Mozambique signed the Convention on Biological Diversity in 1992, and ratified it in 1995. Mozambique lies within the Zambebian biogeographic region, a zone recognized for its remarkably high biodiversity, including 22 distinct habitats. Mozambique itself is characterized by a wide diversity of ecosystems including mountainous, woodland, wetland and coastal/marine. The country's extensive coastline (2,700 km) is considered unique in the East African marine region in terms of the quality, diversity and species richness of its habitats. These natural assets are globally important from a biodiversity perspective and are valuable resources through which Mozambique can develop a sustainable tourism industry.

Some biodiversity rich areas in Mozambique are currently under threat resulting from poorly managed and unsustainable use of their natural resources (timber logging, charcoal making, poaching, over fishing, overgrazing, subsistence and commercial hunting, etc.), and from environmentally unsustainable development (including agriculture expansion, industrial development, mining, plantation forestry, human settlements, and poorly planned tourism development etc.). While local populations in rural areas (particularly where agricultural productivity is low) are very dependent on biodiversity and natural resources to fulfill their daily survival needs and to provide income, acute threats often arise as a result of unplanned or unsuitable commercial exploitation or development. There is a lack of appropriate institutional structures, capacity and incentives for planning and management of land and natural resource use, including biodiversity conservation. Lack of transparency and a largely *ad hoc* approach to the granting of large-scale agriculture, tourism, hunting and other natural resource-related concessions threaten the sustainability of development in these areas. The benefits of investments associated with these concessions are largely being captured by narrow interests, and local communities are often excluded from decision-making and gaining little benefits. However, the GOM fully recognizes these problems and is seeking ways of addressing them through better planning, establishing community rights through land demarcation, and the development of environmentally sound economic alternatives.

Much of the richest and best preserved biodiversity and natural habitat in Mozambique (and southern Africa in general) is located in areas adjacent to national borders, in many cases contiguous with terrestrial and/or marine protected areas and well established nature tourism sites in the neighboring countries. Preservation of habitats and ecological linkages, such as migration corridors and watercourses, on both sides of the borders provides a unique opportunity to protect large, intact ecosystems that span a wide range of altitudes and climatic zones. Ecosystem services such as water catchments are also crucial, as demand for water increases in the region, and the frequency of extreme weather events also increases. This is recognized as essential for effective long-term biodiversity conservation, particularly in view of anticipated impacts of climate change in the future.

As a result, the establishment of Transfrontier Conservation Areas (TFCAs) has become a top priority in national and international strategies for sustainable biodiversity conservation in southern Africa, including that of Mozambique. In addition to the opportunity to preserve large scale ecosystems and ecological linkages,

the TFCAs often contain specific biodiversity “hot spots.” For example, the Chimanimani massif (within the Chimanimani TFCA) and the Maputland area of plant diversity (within the Lubombo TFCA) have been identified by the GOM and globally as priority biodiversity areas because of their high levels of species endemism. The Lubombo TFCA also includes coastal areas important for the conservation of coral reefs and threatened turtle nesting grounds. The existing Limpopo TFCA and Lubombo TFCAs are important for maintaining transfrontier movements of wildlife, while the coastal and near-shore portion of the proposed Lubombo TFCA is equally significant for transfrontier breeding and movements of fish stocks.

The Mozambique National Biodiversity Strategy and Action Plan (NBSAP) highlights the biodiversity importance of these TFCAs and the need for Mozambique to participate in coordinated regional initiatives and bilateral agreements for conserving them. It also endorses many aspects of the specific model for TFCA management that has been developed under the first phase of the WB/GEF-supported TFCA program. These include:

- the involvement of local communities and other stakeholders in the management of Protected Areas (PAs);
- protection of natural habitats both inside and adjacent to PAs;
- integrated management planning, and the integration of conservation and sustainable use of biodiversity into sectoral and cross-sectoral plans, programs and policies;
- inter-sectoral planning, management and monitoring for conservation and sustainable use of coastal and marine biodiversity;
- community-based sustainable use of biodiversity and recognize, document and promote the use of traditional knowledge systems of importance to the conservation of biodiversity; and
- promotion of tourism development that contributes to conservation and sustainable use of biodiversity, particularly through equitable partnerships between the private sector and local communities (including, explicitly review and updating of legislation relating to the rights of local communities to acquire rights over their land and resources).

Tourism in Southern Africa and Mozambique

Tourism is one of the fastest growing economic sectors worldwide. Global tourism arrivals reached 692 million in 2001, with a 5.5% annual increase forecast for the next decade. Southern Africa accounted for approximate 1.6% of the total in 2001 (10.7 million arrivals), with a projected annual increase of 7.8% over the next few years, reaching some 30.5 million by 2020⁸. Within the international tourism industry, all trends point to exclusive, nature-based and sustainable coastal tourism as being an important growth area in the coming decades. Sixty percent of South Africa’s 6 million tourists (representing \$2.5 billion in annual tourist revenues) already visit protected areas. Nature-based and coastal tourism are also areas in which many African countries, including Mozambique, have the greatest comparative advantage, due to their natural endowments and to the relatively low extent of environmentally

⁸ Figures from World Tourism Organization

destructive mass tourism to date. Despite these advantages, Africa's overall share of the global tourism market remains low (increased by only 1 percent over the past 15 years) due to constraints that hinder private sector investment, such as inadequate infrastructure, poorly defined and non-transparent regulation, and a lack of planning. The tourism industry has become increasingly competitive as more and more countries recognize its potential and take measures to attract and encourage development. Without a comprehensive approach to address these constraints, African countries will be hard pressed to benefit from the estimated \$2 trillion global tourist receipts expected in 2020.

The tourism industry is also experiencing rapid growth in Mozambique (10-15 % annual increase in arrivals between 1995 and 2001; 400,000 tourist arrivals in 2001). Tourism is now the third largest sector for investment in the country. Recognizing the growing importance of the sector for the national economy and poverty alleviation, the GOM created a separate Ministry for tourism in 2001. In addition to the overall economic promise of tourism development, many of the areas with greatest tourism potential are located in some of the poorest provinces of the country, where agricultural potential is lowest, where opportunities for other types of income generation are limited and where conservation-based tourism is one of the few potential sources of growth. The GOM therefore promotes the development of pro-poor tourism in these areas as a unique opportunity to improve the livelihoods of the local communities.

The GOM recognizes that Mozambique's comparative advantages lies in its relatively untouched/intact environment, and is strategically focusing on sustainable tourism that contributes to the conservation of natural areas. Mozambique can also benefit from its prime geographical location, particularly its proximity to the rapidly expanding local and international tourism market in South Africa, and the potential for highly marketable "bush and beach" circuits linking inland wildlife areas with the coast. The three TFCA's are strategically located from this perspective⁹. The GOM understands the urgent need to protect and capture the advantages of these natural assets, preventing the onset of irreversible change through inappropriate and unsustainable tourism development or other uses. Its marine parks, including Bazaruto, the Quirimbas, are also a major tourism asset.

Existing constraints to tourism development in Mozambique include poor infrastructure and access to many high potential areas, the lack of institutional capacity to plan and manage tourism development and integrate it with other development plans and priorities, a poor business climate and the absence of marketing and a creative approach to product development. Inasmuch as people have greater access to information than ever before (including websites that focus on Mozambique), the industry must be agile in recognizing travel trends and responding with products that differentiate them from other countries' offerings and, crucially, add value. It is increasingly recognized that tourism generates backward and forward linkages that must be approached broadly in the context of a national framework and that the tourism sector alone cannot achieve these. The GOM therefore envisions a cross-sectoral approach in which sustainable tourism is integrated into the

⁹ Lubombo TFCA, Great Limpopo TFCA, Chimanimani TFCA, Zimoza TFCA, and Niassa-Cabo Delgado TFCA.

country's overall policies and economic and physical planning processes. In short, tourism is to some degree everyone's business.

The guiding framework for tourism development in Mozambique has been established in the GOM's Tourism Policy and Implementation Strategy (2003) and its Strategic Plan for Tourism Development in Mozambique (2004-2008) (SPDTM). As stated in these core documents, the objectives of the tourism policy are: to develop and position the country as a world-class tourism destination; to contribute to employment creation, economic growth and poverty alleviation; and to develop a sustainable tourism which will contribute to biodiversity and cultural conservation. A new tourism law has been adopted and provides the framework for building a solid regulatory framework. The SPDTM defines priority products and target markets, and identifies priority areas for tourism investment (PATIs) and routes and circuits linking them. The three TFCAs to be supported under the TFCATDP are identified as PATIs in which conservation-based tourism is regarded as the lead development opportunity. The SPDTM emphasizes private sector involvement as the key driving force for tourism development, with community participation as a high priority, and with the Government having the role of creating the enabling institutional, legal and business environment to attract suitable investors. It also calls for a strategic and integrated development planning process (IDDP) to be undertaken within each PATI as the basis for sustainable tourism and other development.

The TFCA Support Program

The proposed TFCATDP represents the second phase of a support program (the TFCA Program) for Mozambique, which is expected to last approximately 15 years. The long-term objectives of the TFCA Program are: (i) the conservation of biodiversity and natural ecosystems within a number of large Transfrontier Conservation Areas (TFCAs); and (ii) economic development within these areas based on sustainable use of their natural resources by local communities. The term "Transfrontier" underscores the essential element of international collaboration to manage and develop shared resources. "Conservation Areas" denotes multiple use areas that encompass a range of land uses, including traditional national parks and other fully protected areas, various types of informal and formal reserves where some types of economic utilization are restricted, community based natural resource management areas, and private concessions for tourism and hunting. The TFCA thus represents a departure from the previous concept of a Transfrontier Park, and reflects the GOM's policy that biodiversity and natural resources must be both conserved and sustainably used for the benefit of local communities and national economic development.

While the TFCAs span national boundaries, the Mozambique TFCA program is a national program supporting the GOM's participation in international agreements and committees aimed at coordinating activities across the national borders, and on-the-ground activities in the portions of the TFCAs within Mozambique. This is complemented by an active TFCA program in South Africa, which is strongly supported by the Government and NGOs, and several smaller scale initiatives in Swaziland, Zambia and Zimbabwe. Regular international meetings and committees at both political and technical levels provide the mechanisms for developing and

implementing specific agreements and protocols to promote transfrontier conservation, natural resource management and tourism.

The first phase of the program was supported by the fully GEF-financed (\$5 million) Transfrontier Conservation Areas Pilot and Institutional Strengthening project (1998-2003) (TFCAPISP). It was developed in the context of a growing interest in large scale (including transfrontier) spatial development initiatives (SDI) within the southern African region, which aim to stimulate private sector investment in underdeveloped areas by creating development nodes linked by transport corridors. The TFCA approach shared the SDI principles of transfrontier linkages and cross-sectoral planning, but placed a stronger emphasis on environmental sustainability, ecosystem management and biodiversity conservation. The TFCAPISP was meant to launch the TFCA concept, and designed to provide a learning experience for Government agencies, NGOs, rural communities and the private sector on both sides of international boundaries, and set the stage for much more significant investments in the future. Some of the principal achievements of the project include: international agreements creating three TFCAs (Limpopo, Chimanimani and Lubombo), and one of the world's largest PAs (the Greater Limpopo Transfrontier Park); the creation of important institutional structures including the TFCA Unit within the Ministry of Tourism, and the Elephant Coast Development Authority (in the Matutuine District, within the Lubombo TFCA); updating and strengthening of the national policy, strategy and development plan for tourism, as well as policies and institutions relating to wildlife and other natural resource management; and improved management of core protected areas within the three TFCAs.

As the TFCA Program is not a formal Adaptable Program Loan (APL), no specific targets were established to trigger the move from the first phase project to the second phase. However, sufficient progress was made and lessons learned from the pilot activities to justify moving into an implementation phase.

While these achievements provided an enabling context, the TFCAs remain somewhat intangible on the ground, lacking boundaries, legal designation, and institutional structures and procedures for land use planning and management of natural resources¹⁰. Outside the core PAs, their ecological integrity and biodiversity value are threatened by unsustainable use of their natural resources (timber logging and fuelwood/charcoal collection, poaching, fishing, overgrazing, subsistence and commercial hunting), and by land use and development (e.g., agricultural expansion, mining, plantation forestry, human settlements, industrial development and tourism development) which is in many cases ecologically inappropriate, economically inefficient, and/or carried out in environmentally unsustainable or socially inequitable ways. The granting of concessions and licenses for tourism, hunting or large scale agricultural or industrial development is largely *ad hoc* and often non-transparent, with little the benefit from these investments rarely reaching local communities.

The TFCATDP, which will be financed by both GEF and IDA, will support the second phase of the program, which involves implementing the TFCA concept on the

¹⁰ Only the formal PAs within the TFCAs are legally designated, under the jurisdiction of the Department of Nature Conservation (DNAC)

ground. The project aims to further strengthen biodiversity conservation and natural resource management in the TFCAs, while demonstrating that sustainable tourism development can provide both economic alternatives to unsustainable use and an incentive for protecting and managing biodiversity resources. The main mechanism for achieving these objectives will be the preparation and implementation of Integrated Development Plans (IDDPs), which will provide the framework for planning and investment in sustainable development within the TFCAs (see next section). This includes both private sector investment in tourism and related enterprises, and public sector investment (e.g. priority infrastructure) needed to create a favorable environment for this tourism development. The second phase of the project will continue to support implementation of the same three TFCAs. In keeping with the Government's decentralization policies and widely accepted principles for natural resource management, the focus for planning and implementation (and associated institutional development and capacity building), will now shift mainly to the provincial district and local levels. At the same time, national and regional stakeholders and priorities must continue to be included, in order to ensure that the larger scale ecological systems and linkages that underlie the TFCA concept are maintained.

The third phase of the TFCA program is expected to support the replication and scaling up of approaches and models developed and tested during the first two phases. It will also emphasize integration with other national and regional tourism development initiatives such as the proposed sector-wide program for the tourism sector in Mozambique (PROTUSC¹¹) the IFC SEATIP, and the NEPAD-based OUZIT¹² initiative, which are presently at early stages of development but are expected to represent an important mechanism for partnership and expansion in the future. By the end of the program, it is expected that environmentally sustainable, socially beneficial tourism will be well established as a major economic activity and integrating force within the region, with Mozambique playing an important role and realizing substantial benefits.

¹¹ *Programa para Turismo Sustentavel e Conservacao*

¹² Okavango Upper-Zambezi International Tourism

Annex 2: Major Related Projects Financed by the Bank and/or Other Agencies

MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

The first phase Transfrontier Conservation Areas Pilot and Institutional Strengthening project (TFCAPIS), 1997-2003, pioneered the TFCA concept in Mozambique. With Ford Foundation support, it pioneered community tourism in the Chimanimani TFCA. Within the next few years, a number of complementary initiatives were developed.

This included a large program for transfrontier natural resource management under the USAID Regional Center for Southern Africa (RCSA)'s Initiative for Southern Africa (2000- 2004). Two of the four focus areas of the USAID program included areas within Mozambique: the Greater Limpopo TFCA (formerly "Gaza-Kruger-Gonarezhou" TFCA) and the proposed ZIMOZA TFCA¹³ area in the mid-Zambezi basin, which includes Zumbo and Magoe Districts in Mozambique. The USAID program, implemented through a number of NGOs and contractors (African Wildlife Foundation, IUCN, Impacto, Development Alternatives Inc, etc.) aimed to promote cooperation in the conservation and management of transfrontier biodiversity and natural resources. Among the activities supported were the development of a CBNRM program (Tchuma Tchato) on the Mozambique side of the ZIMOZA area, and community land demarcation and land use planning in several areas within the Limpopo TFCA as well as preparation of management plans for Zinave and Banhine National Parks. The RCSA is not active anymore in Mozambique, but there will be a new \$4 million tourism-development USAID tourism project as well as other tourism-related investment through a \$150 million US government's Millennium Challenge Account funding. Both are exclusively targeting northern Mozambique including the Cabo Delgado-Niassa TFCA.

Other conservation and tourism related activities in the TFCAs in Mozambique include a project of the KfW¹⁴ and AFD supporting management of the Limpopo National Park (LNP) and surrounding areas with technical assistance from the Peace Parks Foundation (PPF). The KfW/AFD/PPF program provides technical and financial assistance to DNAC for park management, including the creation of a fenced wildlife sanctuary within the LNP as a first step to restocking wildlife in this area on the border with Kruger National Park. The TFCATDP will complement AFD and KfW support by enabling communities in and around the park to access the CEF and by providing \$500,000 for investment in the park.

The Niassa Special Reserve is managed by a private company (*Sociedade de Gestao e Desenvolvimento da Reserva da Niassa*), in partnership with the NGO Fauna and Flora International, with additional contributions from USAID (Regional Center for Southern Africa), the U.S. State Department and the World Wildlife Fund/Norway. Among other activities, the Niassa program has supported biological and community surveys and scout training and is in the process of developing a management plan and establishing a small tourist camp.

¹³ the name derives from ZIMbabwe/MOzambique/ZAmbia

¹⁴ German Cooperation : KfW Kreditanstalt fur Wiederaufbau, AFD French Agency for Development

The GOM has entered into agreement with the Greg Carr Foundation for establishing a specific autonomous private-public partnership institution for the management of the Gorongosa National Park. This arrangement is currently piloted for a one-year trial test.

The ZIMOZA TFCA is being developed with assistance from AWF who has leveraged funding from Holland and USAID. AWF has also approached the FFEM (French GEF).

In addition to these activities specifically focused within TFCAs, there are a number of other projects that support biodiversity conservation and/or nature-based tourism development in Mozambique, including regional projects that encompass Mozambique. These include several GEF-funded projects that are recently completed, ongoing or under preparation.

The Southern Africa Biodiversity Support Program (UNDP) is implemented by SADC (Forestry Sector Coordination Unit) with technical assistance from IUCN. It aims to promote the conservation and sustainable use of biological diversity in Southern Africa by strengthening regional biodiversity planning and information exchange. This is an important element of cooperation for management of TFCAs. The project will draw upon it for baseline data, monitoring methods, and as a means of disseminating results to the nine other member countries of the SABSP.

The integrated district development planning process will incorporate strategic tourism planning in the interstitial areas of the TFCA's and into the decentralized planning frameworks as provided by the two distinct planning processes that have been taking place in Mozambique. These are the Spatial Development Plans (SDP) process being implemented through the GEF/IDA supported Coastal and Marine Biodiversity Management Project (CMBMP) and the District Development Plans (DDP) being implemented under the IDA supported Decentralized Planning and Finance Project (DPFP) which forms part of the GOM's Decentralization Program.

The TFCATDP will draw upon and further strengthen the capacity that is being built for IDDP under the Coastal and Marine Biodiversity Management Project (WB). The two projects operate in different areas, but share objectives of supporting biodiversity conservation linked with tourism investment.

A relevant project in the GEF pipeline is the regional project for Reduction of Environmental Impact from Coastal Tourism through Introduction of Policy Changes and Strengthening Public-Private Partnerships (UNEP – International Waters window). The regional project aims to reduce the negative impacts of tourism on coastal and marine environments, through promoting appropriate policies and strategies, capacity building and supporting pilot projects in several African countries. Like the TFCATDP, it would emphasize private sector involvement and public/private partnerships.

Other important tourism related initiatives include the IFC's Southeastern Africa Tourism Investment Program (SEATIP) and the Okavango and Upper Zambezi Tourism initiative (OUZIT) (a program proposed under the auspices of the Southern African Development Community and the New Partnership for African Development,

in which the Development Bank of southern Africa has coordinated activities) which aim to develop the integrated regional tourism routes and markets that will be key to successful tourism development in Mozambique.

Demarcation and registration of community lands is an essential element of the strategy to ensure that tourism development benefits and involves local communities. DFID has been active in supporting implementation of this aspect of the land law, in collaboration with provincial government services responsible for land rights registration and a local NGO (ORAM), through the land tenure component of its Zambézia Agricultural Development Project (ZADP). The ZADP closed in 2003, but DFID is in the process of preparing a follow-up operation which is likely to establish a funding mechanism to support community land demarcation. DFID has also supported implementation of the land law through a land component within the sector investment program (PROAGRI) of the Ministry of Agriculture and Rural Development (MADER).

In the realm of tourism development, the project supplements the WB Enterprise Development Project (PODE). The PODE already supports the MITUR up to mid-2006. This includes the design of a statistical system, the drafting of most regulations of the Tourism Law and the reclassification of hotels and lodges as well as some office equipment. PODE phase 2, whose preparation will begin in late 2005, intends to continue in its second phase.

In addition, the TFCAs must be seen within the context of a broader trend towards large scale spatial development planning (SDI), many of them involving transfrontier elements, being promoted in southern Africa by regional institutions (Southern Africa Development Community; Development Bank for Southern Africa) and national governments. For example, South Africa has made a substantial commitment to SDIs, including some involving Mozambique (e.g., Maputo Corridor SDI; Lubombo SDI; Mtwara Corridor). There is considerable geographical overlap between the TFCAs and some of these SDIs. The objective behind SDIs is to focus political and financial support on areas where socio-economic conditions require concentrated assistance, and where there is under-utilized potential. The basic model involves identification of target sites for mainly public and private sector investment (development nodes), and linking them through transport corridors. While not inherently aimed at tourism or conservation, many of the SDIs have in fact focused on nature-based tourism as an appropriate area for investment and development in areas, such as some of the TFCAs, which have limited agricultural or industrial development potential. In these cases, where the TFCAs and SDIs have common objectives, there is considerable scope for synergy, particularly as the SDIs usually enjoy strong high-level political support. However, where development envisioned and promoted through SDIs may be incompatible with the objectives of TFCAs, this needs to be recognized and addressed through the IDDP process.

Annex 3: Results and Monitoring Framework
MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

PDO/Global Environmental Objective	Outcome Indicators	Use of Results Information
<p>PDO: Growth in community-private sector led environmentally and socially sustainable tourism in TFCAs</p> <p>GEO: Increase the area, connectivity, & effectiveness of biodiversity conservation in TFCAs.</p>	<ol style="list-style-type: none"> 1. Numbers of local residents employed, formally and informally, in conservation & tourism in target districts = 3500; 2. Number of visitors and bed-nights in tourism facilities in the target districts = 100,000; 3. % tourism ventures (in area where a District Tourism Master Plans (DTMP) is adopted) in conformity with such DTMP = 80. 4. Amount of new private tourism or conservation-related investment leveraged as joint-venture with communities in target districts = \$2 millions 5. Amount of total annual revenues generated by targeted formal PAs = \$850 000 (MSR 180, BNP 40, LNP 500, ZNP 10, CSR 20, Z 100) 6. Km² of new priority areas formally designated & managed for biodiversity conservation = 3400 (Lubombo 1400, Limpopo 2000); 7. % increase in bioindicator species (2 species/area) in formal PAs = 10 (MSR, BNP, CNR); 20 (LNP) 8. % of area with agriculture, habitation or incompatible land use in all areas zoned for biodiversity conservation < 10. 	<ul style="list-style-type: none"> • If tourism development and employment numbers do not increase, it could indicate the project has not created sufficient or appropriate incentives, or not effectively identified or addressed the main obstacles to investment. • If by the end of the project there are a significant number of tourism operations within the TFCA that do not meet the environmental and social criteria, it could signal a lack of commitment to the IDDP process and principles, or an ineffective regulatory framework. • If areas managed for biodiversity conservation within TFCAs do not increase, it could indicate that short-medium term incentives for community/private conservation are insufficient to compete successfully against other land uses.
Intermediate Outputs One per Component	Results Indicators for each Component	Use of Outcome Monitoring
<p>Component 1: Strengthening Policy, Legal & Institutional Framework for TFCAs</p> <p>Output 1: An enabling environment for effective/sustainable management of biodiversity is established</p>	<p>Component 1:</p> <ol style="list-style-type: none"> 9. # of national framework instrument developed & approved (national policy/strategy/updated law/Conservation & wildlife regulations/Tourism regulations) = 5; 10. Degree of establishment of the new conservation management institution or PPP as defined in the policy & law as measured by point system¹⁵ = 25 out of 35 possible; 11. # international agreements/treaties & additional technical protocols for TFCA management signed = 4 	<p>Component 1:</p> <ul style="list-style-type: none"> • If the necessary international agreements are not signed in a timely fashion, or if supporting conservation policy and legislation are not put in place, it would indicate either continuing institutional problems or a lack of political commitment to TFCA objectives • If national conservation policy is not approved and/or legislation is not updated, it may reflect a lack of Government capacity or commitment • If DNAC does not meet the identified targets for institutional development

¹⁵ Decree creates the institution or possibility of PPPs (5pts), institutions' board adopts bylaws and procedures (5pts), institutions possess a suitable fiduciary management system (5pts), key management staff are recruited (5pts), PPP are established (1 pt per PA/ Total possible 10 pts), staff have all received job adaptation training (5pts): Total 35 pts.

		during life of the project.
<p>Component 2: Integrated district development planning (IDDP)</p> <p>Output 2: IDP legally established & in use as the basis for development in 5 TFCAs.</p>	<p>Component 2:</p> <p>12. # of DDP prepared with IDDP process that are endorsed at district and province levels = 2;</p> <p>13. In Matutuine district, % of new development activities (other than tourism-related), which, as per national environmental legislation require an EIA, comply with such legislation & with the DDP = 80.</p>	<p>Component 2:</p> <ul style="list-style-type: none"> • If at least 2 IDDPs are not approved by year 3, it could indicate that institutional capacity constraints and other obstacles were underestimated • If local administrations do not follow the macro-zoning plans, it will indicate that the IDDP process was poorly designed or implemented in that it failed to achieve consensus and ownership by key stakeholders • If development occurs that is not consistent with approved IDDPs, it could indicate that: (i) IDDP is not an effective/appropriate instrument in this context; (ii) more education and outreach to stakeholders on IDDP objectives and management principles is needed; or (iii) capacity to implement IDDPs is lacking.
<p>Component 3: Community & Private Sector-led Conservation & Tourism Development</p> <p>Output 3: The investment climate for environmentally & socially appropriate tourism in TFCAs has improved</p>	<p>Component 3:</p> <p>14. # of DTMP prepared in conformity with regional tourism and conservation overlays = 4</p> <p>15. % of new tourism concessions in targeted districts that conform with new guidelines for tending concession = 80;</p> <p>16. aggregate # bed of new tourism operations in targeted districts that are in conformity with TMPs = 1480;</p> <p>17. # of community organization in targeted districts that are engaged in conservation or tourism activity in conformity with TMPs = 20;</p> <p>18. % increase in investor satisfaction in targeted districts = 50.</p>	<p>Component 3:</p> <ul style="list-style-type: none"> • If community land in priority tourism areas is not demarcated and registered for the communities, it could indicate either inadequate capacity (DINAGECA and NGOs), or interference by vested interests • If there is little increase in tourism development indicators, it could indicate that incentives were inadequate and/or constraints to the business environment were not effectively addressed; • If tourism development occurs but with little community participation, it could mean that communities aren't being supported sufficiently (legally, financially, technically). • If few CC/CBNRM activities are initiated it could indicate that DNAC/NGO capacity to support them is inadequate, or that incentives need to be strengthened.
<p>Component 4: Biodiversity conservation & protected area management</p> <p>Output 4: The management of existing & new areas zoned in TFCAs for biodiversity conservation has significantly improved.</p>	<p>Component 4:</p> <p>19. Change of Management Effectiveness¹⁶ score for parks & reserves: Maputo SR (33, 78), Banhine (31, 69), Zinave (24, 49), Chimanimani (36, 71), Maputo Marine (1, 36), Limpopo (43, 72).</p> <p>20. # of existing protected areas that have developed, adopted and are applying a performance-based management system and prepared a business plan = 3 out of 5 possible;</p> <p>21. % planned and budgeted infrastructure completed in targeted formal PAs = 80.</p>	<p>Component 4:</p> <ul style="list-style-type: none"> • If MPs are not being implemented satisfactorily, it could indicate that measures to strengthen capacity of DNAC at field level are inadequate. • If CC/CBNRM initiatives do not meet the criteria indicated, it could reflect ineffective implementation and/or monitoring of this component, particularly in relation to micro-project design • If population of (depleted) target species does not increase at the proposed rate, it could indicate

¹⁶ Management Effectiveness score as per WWF/WB Tracking tool

		ineffective PA management and protection, and/or or a failure in community extension activities.
<p>Component 5: Project Management, Monitoring, & Communications</p> <p>Output 5: Project implementation is efficient & well coordinated, with good internal & external information flow.</p>	<p>Component 5:</p> <p>22. % of activities in annual work plans completed each year = 80;</p> <p>23. % of project outcomes/outputs indicators updated accordingly to schedule + incorporated in management decision = 100;</p> <p>24. # of hits on website >10,000 at year 2 & increasing by 25% every year after.</p>	<p>Component 5:</p> <ul style="list-style-type: none"> • Consistent underachievement of work plan targets could indicate the project is too ambitious in relation to institutional/implementation capacity • If annual work plans do not incorporate information from M&E system, it could indicate indicators are impractical or M&E system is poorly implemented; • If there is little coverage of TFCAs in local or international media, or information provided is inaccurate, it would indicate communications/outreach activities need to be improved

Addendum to Annex 3: Arrangements for Results Monitoring

An M&E Manual has been developed. Sufficient resources have been allocated in the project budget to implement it. The M&E Manual addresses both project implementation and impacts, and identifies key indicators, targets and responsibilities for data collection. For biodiversity conservation impacts, the M&E Manual focuses on the increase of total priority areas brought under conservation management, and specific features of global biodiversity significance in each target TFCA. Complex processes such as the IDDPs are broken down into steps. Baseline data, such as the number of tourist beds presently occupied, total areas protected for biodiversity conservation, identification and assessments of indicator species, and effectiveness of current PA management have been collected during project preparation, with data gaps to be filled, and targets to be refined during the first year of the project. Final targets reflect realistic assessments of the potential for growth and improvement. Targets for increases in populations and distribution of indicator species is conservatively based on experiences with growing population far from carrying capacity and still subjected to harvests.

To ensure that M&E is carried out effectively and provides useful ongoing input for project implementation, a full-time M&E specialist will be placed within the TFCA Unit to coordinate the implementation of the M&E plan. Collection and analysis of data on biodiversity impacts will be the primary responsibility of lead agencies, and will be carried out in collaboration with local Universities, NGOs and others engaged in conservation activities in the TFCA areas, including local communities. The Head of the TFCA Unit will be responsible for ensuring that the results of the ongoing M&E are discussed with the implementing agencies and other stakeholders, are incorporated in the annual work plans and progress reports, and are used to support adaptive management and ongoing improvement of project implementation.

In accordance with the recommendations of the ICR for the first phase project, an approved M&E Manual is a condition of effectiveness. Implementation of the plan will be assessed by a specialist after the first year and during the Midterm Review, to enable corrective measures to be taken if needed.

The following pages present the M&E framework for the project. Baselines, targets and monitoring arrangements to be completed at Project Appraisal as some of the data are currently being collected

	Outcome Indicators	Baseline	Target Values							Data Collection and Reporting			
			YR1	YR2	YR3	YR4	YR5	YR6	YR7	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection	
PDO													
1	Numbers of local residents employed, formally and informally, in conservation & tourism in target districts	75	100	300	1,000	1,500	2,000	2,800	3,500	Yearly	Operators records	DINATUR	
2	Number of visitors and bed-nights in tourism facilities in the target districts	15.000	15.000	20.000	30.000	45.000	60.000	80.000	100.000				
3	% tourism ventures (in target districts that have adopted a District Tourism Master Plan-DTMP) that are in conformity with DTMP	-	-	-	-	-	50	70	80				
4	Amount, in \$ millions, of new private tourism or conservation-related investment leveraged as joint-venture with communities in target districts	-	-	-	0.1	0.3	0.8	1.2	2.0	Yearly	Project specific data collection		
5	Amount, in thousand \$, of total annual revenues generated by targeted formal PAs (MSR 180, BNP 40, LNP 500, ZNP 10, CSR 20, Z 100)	75	130	155	240	380	500	650	850	Yearly	Protected area manager report	DNAC	
GEO													
6	Km ² of new priority areas formally designated & managed for biodiversity conservation	Futi Corridor	0	0	800	800	800	800	800	Yearly	Protected area manager report	DNAC	
		Maputo Marine	0	0	0	0	0	0	610				610
		Other area Limpopo TFCA	0	0	0	30	90	120	150				200

7	% increase in bioindicator species (2 species/area) in formal Pas ¹⁷	Great Limpopo	0	0	-	-	10	-	-	20	Every three years	Protected area manager report from wildlife and other population survey	
		Banhine	0	0	-	-	5	-	-	10			
		Maputo w/ Futi Cr.	0	0	-	-	5	-	-	10			
		Chimanimani	0	0	-	-	5	-	-	10			
8	% of area with agriculture habitation of incompatible land use in areas zoned for biodiversity conservation	-	-	30	-	20	-	-	<10		Satellite images		
Intermediate results / per component													
R 1													
9	# of framework instrument developed and approved (1. national policy, 2. strategy, 3. updated law for Conservation & Wildlife, 4. new regulation for conservation & wildlife, 5. new tourism regulations)	0	0	1	1	3	3	5	5	Yearly	Project M&E	TFCAU	
10	Degree of establishment of the new conservation management institution or PPPs as defined in the policy & law as measured by point system	0	0	0	0	0	5	15	25		Status & Project M&E		
11	# international agreements/treaties & additional technical protocols for TFCA management signed	0	0	1	2	3	4	4	4		Signed agreements/ Protocols		
R2													
12	# of DDP prepared with IDDP process that are endorsed at district and province levels	0	0	1	2	2	2	2	2	Yearly until completion	Plans	DNPO	
13	In Matutuine district, % of new development activities (other than tourism-related), which, as per national environmental legislation require an EIA, comply with such legislation & with the TMP	0	0	-	20	-	50	-	80	Every other year	Official register		

¹⁷ Percentage to be replaced by actual population of the two indicator species as soon as baseline data is compiled (LNP, BNP) or collected/compiled (MSR, CSR)

R3													
14	# of DTMP prepared in conformity regional tourism and conservation overlays	0	0	0	1	1	2	3	4		DTP & DDP	DINATUR	
15	% of new tourism concessions in targeted districts that conform with new guidelines for tending concession	-	-	-	50	60	80	80	80	Yearly	Concession register, FUTUR & Operators records & Project M&E		
17	aggregate # bed of new tourism operations in targeted districts that are in conformity with DTMPs	-	-	-	450	700	950	1200	1480				
18	# of new community organization in targeted districts that are engaged in conservation or tourism activity in conformity with DTMPs	-	-	-	5	10	15	20	20				Project M&E
19	% increase in investor satisfaction	-	tbn ¹⁸	-	30	-	-	50	-	Year 1, 3, 6	Perception survey		
R 4													
20	Change in score management effectiveness of Pas	Great Limpopo	43	45	50	55	60	65	69	72	Yearly	Protected area manager report	DNAC
		Zinave	24	26	28	32	36	40	45	49			
		Banhine	31	33	50	55	60	62	65	69			
		Maputo SR	33	35	40	60	65	70	75	78			
		Futi Corridor	7	9	14	20	25	30	40	53			
		Maputo Marine	1	1	3	12	20	27	30	36			
		Chimanimani	36	38	43	55	60	65	69	71			
23	# of existing protected areas that have developed, adopted and are applying a performance-based management system and prepared a business plan	0	0	0	0	1	2	3	3				
24	% planned and budgeted infrastructure completed in targeted formal Protected Areas	-	0	0	5	50	60	70	80				

¹⁸ tbn to be measured

R5												
25	% of activities in annual work plans completed each year	na	80	80	80	80	80	80	80	Yearly	Project M&E	TFCAU
26	% of project outcomes/outputs indicators updated accordingly to schedule + incorporated in management decision	na	100	100	100	100	100	100	100			
27	# of hits on website	na	na	10,000	12,500	16,000	20,000	26,000	35,000			

[1] Env and social standards = location/type according to SDPs, formal community and private sector partnership, meeting international ecotourism society standards.

Annex 4: Detailed project description

MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

The proposed project represents the second phase of a support program (the TFCA Program) for Mozambique, which is expected to last approximately 15 years. The long-term objectives of the TFCA Program are: (1) the conservation of biodiversity and natural ecosystems within a number of large Transfrontier Conservation Areas (TFCAs), and (2) economic development within these areas based on sustainable use of their natural resources by local communities and private sector.

The three TFCAs that collectively encompass the target area for this project¹⁹ are also believed to contain sites with good potential for nature-based tourism development. They have been identified as Priority Areas for Tourism Development (PATI's) in the Mozambique Strategic Plan for Tourism Development. There is already considerable investor activity and interest in some of the prime sites. The tourism development and conservation objectives are intended to be synergistic. However, in order for the development to be environmentally sustainable and to contribute to local livelihoods and economic development, it must be planned and monitored, and the incentive and regulatory frameworks must support and favor responsible tourism and discourage exploitative tourism.

The TFCATDP strategic choices are: (1) legal designation of TFCAs, including establishment of regulations, criteria, procedures and institutional structures for planning, management and development); (2) the preparation and implementation of a locally-led Integrated District Development Plan (IDDPs) in each TFCA, to provide an environmentally sustainable framework for land use planning, natural resource management and development investment within the TFCAs; (3) the development of environmentally sound and socially progressive nature tourism (emphasizing community/private sector partnership), and directly related economic activities, in areas with high tourism potential as identified in the IDDPs; and (4) improving the effectiveness of the PA networks within the TFCAs by: (a) improving the management capacity of the National Directorate for Conservation Areas (DNAC), (b) expanding or creating new formal PAs, and rehabilitating/constructing key protected area infrastructure, and (c) supporting the establishment of community reserves and conservation areas (“informal PAs”) in key areas outside the formal PAs (e.g. corridors, dispersal areas, cultural sites, etc.).

The TFCATDP is implemented in 5 components:

- Component 1 : Strengthening the Policy, Legal and Institutional Framework for TFCAs
- Component 2 : Integrated District Development Planning
- Component 3 : Community and Private Sector-led Tourism Development

¹⁹ Greater Limpopo TFCA; Lebombo TFCA, and Chimanimani TFCA are already declared through formal agreements; Zimoza TFCA will be declared shortly; Niassa-Cabo Delgado TFCA is at an early stage of identification

- Component 4 : Protected Areas management
- Component 5 : Project Management, Communications, and Monitoring and Evaluation

As a general rule in all components, IDA will finance activities with potential national benefits and economic return while GEF will fund activities with potential global benefits, in particular on biodiversity. The PHRD grant will finance technical assistance, studies, workshop and training for to component 2 and 3.

PROJECT COMPONENTS

Component 1: Strengthening Policy, Legal and Institutional Framework for TFCAs (\$1.15 M) - IDA: \$0.50 M; GEF: \$0.65 M

Financing rule: Training and operating costs financed by IDA . All consultant services financed by GEF.

Building on the achievements of the first phase project, this component will further strengthen the enabling environment for implementation of TFCAs. It will enable the GOM to continue and improve regional collaboration for protection and management of unique transfrontier resources, promote interagency collaboration and vertical linkages between central and decentralized government levels, and build the capacity of public sector institutions (particularly at Provincial and District level) and communities to manage biodiversity and natural resources, and to form productive partnerships with the private sector. Community land and natural resource ownership and use rights will also be addressed. This component focuses on policy, legal framework and institutional structures, while Components 3 and 4 address other aspects of institutional capacity building, such as capital investment, training and operational support.

The TFCATDP will finance consultation, workshops, and study tours, as well as the cost of producing, publishing and disseminating information materials available to all on the project (1) a national conservation policy, (2) legal framework for TFCA, protected area and wildlife, (3) guidelines for tendering conservation concessions, (4) the protected area and wildlife institutional reform, (5) the regulation of the new tourism law, (6) guideline for tendering tourism concessions, (7) four transfrontier agreements.

Specific activities supported by the project include.

Activity 1 - Development of a national conservation strategy and policy

Mozambique currently has no national conservation policy, and the legislation for PA and wildlife management needs to be updated. The law recognizes only four categories of PAs: National Parks, National Reserves, zones of historical and cultures use, and Hunting Blocks (*coutadas*). This does not cover the diversity of categories called for in modern conservation approaches. Human residence inside NPs and NRs is prohibited, making the legal status of the thousands of people presently living inside these areas

unclear. The Government has made a commitment to address this issue in a positive, consultative manner, but has not yet articulated a clear policy and approach. There is also no policy or legal framework defining or regulating the management of TFCAs, beyond general statements of their conservation and sustainable development objectives in international agreements. For example, existing TFCAs do not have clear boundaries, and the institutional responsibilities for managing their land and resources is often unclear. This lack of clarity has negative implications both for biodiversity conservation and for attracting responsible tourism investment. For example, the procedures and criteria for awarding concessions to private investors for development of tourism or other activities are unclear and often non-transparent (in TFCAs, as elsewhere in the country). Other important issues that need to be addressed involve policies and regulatory safeguards for restocking of wildlife inside and outside PAs, and empowering communities to establish their own legally recognized conservation areas, with clear objectives and regulations and the ability to restrict access by other users.

The project will support development of a national conservation policy, and review and of relevant legislation, to provide the framework needed to support the development and management of TFCAs in particular, and conservation areas and initiatives in general. This includes the review and update of other policies and legislation that bears on TFCA objectives and management, such as those relating to community land and resource ownership and use rights.

Activity 2 – Drafting new law and regulation for wildlife, protected areas and TFCAs

The project will finance the drafting of a new legislation that covers above identified shortcomings and meet the new policy expectations. This includes putting in place legal mechanisms for establishing community reserves and conservation areas.

Activity 3 – Drafting Guidelines for Tendering Process of Concessions in Protected Areas (as technical annex to new wildlife and protected area law)

The process of drafting the guidelines and regulations for concessioning in formal protected areas completes the drafting of legislation for conservation and wildlife discussed above. These will be drafted just after the legal categories of protected areas had been discussed and agreed. The description that will be given to the categories of TFCA will guide the principles and tendering process that will apply on the concessioning in the TFCA's including. During the preparation phase there was a study done on the Principles and Guidelines for Land Use and Concessions in the Areas between the Conserved Areas within the Greater Limpopo TFCA. This document provides draft guidelines that could be used to elaborate the definitive guidelines for all TFCA's.

Activity 4 – Drafting regulations for the Tourism Law.

GOM has recently approved a new policy and strategy for tourism development as well as a new law. To become effective the new law requires that its regulation be drafted, approved, published and disseminated. This includes regulation on hotel classification,

licensing and tourism statistics. The TFCATD will support MITUR to fully develop these regulations.

Activity 5 – Drafting Guidelines for public tourism-land demarcation, titling, marketing and tendering as tourism concessions (as technical annex to new tourism law)

The process of drafting the guidelines for tendering tourism concessions completes the drafting of tourism law regulations. This component will support MITUR to establish a comprehensive and clearly defined set of procedures to implement an A-Z process for land concessioning, from land identification to on the ground investment.

Activity 6 – Establishing a new protected area management institution or several long term Public Private Partnerships (PPPs)

DNAC has responsibility for protection and management of all PAs in Mozambique, including those falling within TFCAs. It is currently under-resourced and not well structured or equipped to fulfill its mandate or to adopt modern approaches and practices, such as ecosystem-based management based on monitoring and targeted research, integrating land and wildlife management inside and outside PAs, businesslike operation, cross-sectoral coordination and collaboration, and partnership with local communities and the tourism industry. Even so, DNAC as an institution has demonstrated a willingness to experiment with new ideas and approaches, such as contracting management of certain PAs to NGOs or the private sector, or entering into co-management agreements (e.g. Limpopo National Park).

The GOM has indicated an interest in transforming DNAC into a semi-autonomous parastatal as a means of increasing its effectiveness and efficiency and making it more self-sufficient financially. Another option is to establish various PPPs, in the form of various park boards, whereby each park is jointly managed by private/public entities. However, experience elsewhere shows that this type of transformation is not an easily implemented “magic bullet,” but needs to be undertaken with careful planning, and technical and financial support during the transition period.

Support to this process will include technical assistance for institutional development activities such as creating an appropriate institutional structure, preparing job descriptions and performance criteria, provision of short and/or long term advisors in specific technical areas, staff recruitment and preparation and implementation of a training needs analysis and training strategy and plan. Support under this component complements assistance to DNAC to improve its capacity and performance on the ground, described under Component 4.

Activity 7 – Establishing international treaties and protocols

The project will support continued international collaboration, at national and local levels and at political and technical levels, for management of transfrontier biodiversity and natural resources, and facilitation of tourism development across borders. It will support

negotiation of additional international agreements for the Niassa and Zimoza TFCAs and technical protocols for TFCAs for the Limpopo and Lubombo TFCAs. Specific activities include supporting Mozambique's participation in TFCAs diplomatic/political and technical meetings and committees, legal services and general awareness raising.

Component 2: Integrated District Development Planning (\$0.48 M) - IDA: \$0.29 M; PHRD \$0.19 M

Financing rules: All equipment, training and operating costs financed by IDA. All consultant services financed by PHRD grant.

Two distinct planning processes that have been taking place in Mozambique. These are the Spatial Development Plans (SDP) process being implemented through the GEF/IDA supported Coastal and Marine Biodiversity Management Project (CMBMP) and the District Development Plans (DDP) being implemented under the IDA supported Decentralized Planning and Finance Project (DPFP) and other donors' projects. The latter forms part of the GOM's Decentralization Program.

These two processes will be combined into one process: Integrated District Development Planning (IDDP).

The "coastal" districts of Vilankulo and Matutuine are registered as PATI in the *Strategic Plan for Development of Tourism in Mozambique* (SPDTM). These districts are 'tourism districts' because it is likely that tourism will form the main basis for economic growth. It is therefore important that the district planning process reflects a strong tourism overlay and that the District Development Plan (DDP) forms the basis for a Tourism Master Plan (TMP).

Under the IDDP approach, the guidelines for community participation developed under the DDPs will be used, as well as the capacity building process for supporting local administrations.

In Vilankulo district, with DANIDA support, the CDS is undertaking the Spatial Development Planning and the GTZ is supporting the District Development Planning (DDP). These processes will be harmonized before effectiveness to ensure that they conform to the IDDP and are informed by a tourism and conservation overlays.

Component 2 will finance the steps required for the completion, publication and distribution of the above two District Development Plans (DDP) in the two focal TFCAs. Component 2 is divided into two Subcomponents: (2.1.) National capacity building and stock taking; and (2.2.) IDDP per se, which will follow these steps:

- Capacity building and initial consultation at provincial, district and local levels;
- District diagnostic, including (1) basic data gathering and consolidation, (2) tourism planning, (3) conservation priority setting;
- Spatial Development Planning;
- Production, adoption and diffusion of the DDPs.

Subcomponent 2.1. – National capacity building and stock taking

Specific activities supported by subcomponent 2.1. include.

Activity 1 – Capacity building of MDP for implementation of Component 2

The Project will finance one IDDP advisor who will be posted in Maputo in the existing PPFDC Coordination Unit at MDP as well as modest equipment, training and operating cost. The advisor will coordinate the entire component for MDP as well as closely coordinate the IDDP processes in two districts: Vilankulo (where Danida and GtZ are already financing the IDDP) and Matutuine.

Activity 2 – Stock taking and refinement of DDP & IDDP Processes

MDP departments--working with an IDDP working committee made up of the main participants of MICOA's SDP process and the lead agency of MDP, DINAPOT (and partners)--will register the IDDP methodology in a manual. The manual will be used during TFCATDP and regularly adapted as needed.

Subcomponent 2.2. – IDDP Process

Specific activities supported by the subcomponent 2.2. include.

Activity 3 – Capacity building for district planning at provincial and district levels

In each targeted districts, the project will finance the creation and training of: (1) Provincial Steering Committees; (2) Provincial District Planning Support Teams whose role is to train, advise and help technical teams as well as bridge the technical teams and the provincial government; (3) Technical Teams for District Planning (called after "technical teams"), whose role is to collect information for the district diagnostic, to consult with all consultative councils, to provide technical and sectoral input at all stage, to contribute to drafting of the SDP and then the DDP. The technical team is composed of people with expertise in planning and community participation such as civil servants representing their sectors (e.g. agriculture, health, education, tourism, transport, etc.) as well as members of the civil society. They are assisted on a daily basis by their IDDP advisor

Activity 4 – Capacity building in support of the consultation process at district, 'posto' and 'localidal' levels

In each targeted districts, the project will finance the creation and training of consultative councils at district, locality and village level. The role of consultative council is to dialog with the government in the process of IDDP and implementation to ensure that the needs of people are well addressed. The consultative councils will play a role in liaising with the technical teams. These councils will have representatives of various stakeholders,

namely representatives of economic activities, traditional authority, women and political parties will not make part of it. The District Consultative Council will be called upon to provide input at each stage of the IDDP process.

Activity 5 – District Diagnostic

District basic data collection and analysis – The project will the operating cost for the district technical team to collect as much information as possible on various issues concerning the district including maps (vegetation, coastal, settlements, rainfall, etc.), household surveys, socioeconomic surveys, land use, agriculture, livestock, mining, etc. They will also gather national or provincial plans (school map, health unit map, roads, etc.) that matter at the district level. They will be provided by DINATUR, DNAC and TFCA with additional information related to conservation and tourism planning as prepared under Component 3 (draft District Tourism Master Plans) and Component 4 (Conservation priority setting). They will compile the information, cross reference with sectoral authorities at district and provincial level and initiate rough macro planning for each sector. The technical team will be able to leverage assistance from other partners such as the Centers for Sustainable Development (CDS).

Compilation of District Diagnostics – With all the above information available, the “technical team” assisted by their IDDP advisor will compile all above information in a single document: the District Diagnostic. If necessary, the project may finance the assistance of consultants.

Stakeholder consultation – The project will finance the meeting of the District Consultative Councils to present them and discuss the District Diagnostic. The diagnostic will also be presented to the Provincial District Planning Support Teams and the Provincial Steering Committees.

Activity 7 - District Development Plan (DDP)

Drafting the DDP – With all the above information available, the technical team assisted by the IDDP advisor will draft the DDP, if necessary, the project may finance the assistance of consultants.

Stakeholder consultation – The project will finance the meeting of the District Consultative Councils to present them and discuss the DDP. The DDP will also be presented to the Provincial District Planning Support Teams and the Provincial Steering Committees.

Validation Workshop, publication and diffusion of DDP – The project will finance the organization of validation workshops with all stakeholders at the locality and district levels. The DDP will be then finalize and submitted to the Provincial Government for final endorsement. The DDP will be published, multiplied and diffused in all spheres of the province and district.

Component 3: Community and Private Sector-Led Tourism Development (\$12.96 M) - IDA: \$5.47 M; GEF: \$4.08 M; PHRD \$3.30 M.

Financing rules: All civil work, equipment, training and operating costs financed by IDA. Consultant services for all activities except 6 and 8 which are financed by IDA financed by IDA. All Community Equity Facility (CEF) subproject grants financed by GEF.

Component 3 is designed to enhance the capacity of the tourism sector (government, communities and the private sector) to fully participate in the preparation and implementation of District Tourism Master Plans (DTMPs). These plans are regarded by the GOM as necessary instruments to promote and guide tourism investments that can unlock the economic potential of the TFCA to contribute to both biodiversity conservation and the development objectives of Mozambique. It is expected that DTMPs will inform the IDDP process where applicable, but that the DTMPs will also stand alone and serve to identify priority actions, including infrastructure gaps, for tourism development in the districts concerned; (1) Vilankulo district; (2) Matutuine district; (3) Sussudenga district; (4) a combined plan for the 6 districts of the Limpopo TFCA in the Gaza province.

In terms of national capacity, focused support will be provided to MITUR in the areas of information systems and statistics collection, and, licensing and regulation, to strengthen and inform the DTMP process at the local level. Building on ongoing WB PODE-financed needs assessment and training in these departments in MITUR²⁰, this component will target the collection of quality tourism statistics and data (such as expanding on the existing inventory of businesses to include employment and revenue profiles) in defined tourism-centric districts such as Vilankulo and Matutuine.

In the concerned districts, the project and PODE will harmonize support to private sector and community associations involved with tourism to strengthen their constituencies to improve skills, advocate for sector reform, expose new opportunities and access markets. This will be carried out in close collaboration with IFC's SEATIP as well as NGO's and bilateral donors, particularly USAID support program to CTA.

In Matutuine District, the government has mandated the Elephant Coast Development Agency (ECDA) to facilitate integrated and sustainable tourism development. The project will work with ECDA and tourism stakeholders at the national and district level to coordinate and support the DTMP process.

In line with MITUR's Strategic Plan for Tourism Development, this integrated approach focuses on improving the quality of tourism investments in the TFCAs by strengthening the policy, regulation and operational linkages between the public and private sector (at the national and district level). A key issue blocking quality investment is that much of existing tourism investment in the TFCAs is low quality, speculative and under-

²⁰ DPC and DINATUR's Licensing and Regulation Dept.

capitalized. A significant proportion of these investments (particularly along the coastline) operate in the informal sector and ‘lock up’ prime tourism land. In addition, lack of secure tenure, appropriate procedures for transparent concessioning, registration and licensing of “legal” tourism enterprises are disincentives to responsible investors. MITUR’s Strategic Plan and a number of recent consultant reports identify the resolution of these issues as a critical area of strategic focus for DINATUR. In response, a new Tourism Law was enacted allowing MITUR to ‘reserve’ land for tourism, so that this can be tendered to responsible investors. DINATUR and FUTUR (jointly through SEATIP), in partnership with other key actors, will be supported to enable MITUR to direct the process of land identification and leasing or concessioning. DINATUR intends to use the macro zoning developed by the CDS-ZC²¹ to identify and demarcate land to be reserved for tourism. A strong operational link with SEATIP (including joint supervision missions) will closely follow the process of identifying land for tourism development.

Component 3 is divided in two subcomponents: (1) Unlocking opportunities for sustainable tourism investment and growth; (2) Community-led conservation and tourism development.

- **Subcomponent 3.1.** will support building capacity through MITUR in DINATUR, DPC, FUTUR, ECDA and targeted private sector and community associations to develop and implement; (1) tourism plans in the target TFCAs, (2) business development and financing, (3) the collection of tourism statistics and data, (4) strengthened capacity for licensing, inspection and grading, (5) the implementation of the DTMPs.
- **Subcomponent 3.2.** will support to communities through (1) Land demarcation; (2) a Community Enterprise Fund (CEF) for organized communities to either proceed with the creation and management of community reserves in interstitial areas or enter into joint venture partnerships with private investors for tourism or conservation related investments such as creation of game ranches, lodges, etc.; (3) the participatory and compensation process to improved natural resource management and land acquisition.

Subcomponent 3.1. Capacity Building

Activity 1– Capacity building in MITUR (for component implementation, tourism planning, statistics and data collection, licensing, regulation and policy)

The project will finance a technical advisor at DINATUR with adequate equipment, training and operating costs to improve its capacity to implement the component as well as the integrated development of tourism in TFCAs and PATIs. The component will support DINATUR participation in tourism forums and committees of the TFCAs, nationally and internationally. Under this component DINATUR will be strengthened to participate in the IDDP process through reinforcing its role in tourism planning and in its regulatory and coordinating functions related to the identification and formalization of land leases and concessions.

²¹ Centro para o Desenvolvimento Sustentavel – Zona Costeira (Center for Sustainable Development – Coastal Zone). This center provides technical capacity for supporting Integrated Coastal Management.

Activity 2 – Capacity building of DPC (for tourism statistics and data collection)

The project will finance the implementation of an appropriate and sustainable tourism statistics and data collection framework for Mozambique. Financed by PODE, and with input to TOR definition during appraisal, MITUR's Directorate for Planning and Cooperation (DPC) will obtain consultancy services to design and test an appropriate tourism statistics and data collection program. The project will finance elements of systematic data collection (including annual exit surveys and training a small unit in DPC) linked to the tourism hubs of the TFCA areas. The project will collaborate with RSA's Department of Environment and Tourism (DEAT) and World Tourism Organization (WTO)—that have already established provincial and national tourism satellite accounts (TSA)²² in Africa—to finance the establishment of an appropriate (workable in Mozambique) tourism satellite account framework. The project will finance capacity building for organization of data collection, data analysis and annual statistical reports.

Activity 3 – Capacity building in DINATUR's Licensing and Grading Directorate (to strengthen appropriate regulation and standards in accommodation within the TFCA)

The project will support the Directorate to establish an appropriate and sustainable licensing, inspection and grading system for tourism hubs in the TFCAs. PODE is financing a consultancy to establish a classification system for Mozambique to which input to the TORs was provided during appraisal. The project will finance training and the implementation of recommendations from the PODE study in the TFCA districts. It hoped that these will serve as pilots for DINATUR to assess the impact of improved licensing and grading on the performance of tourism in those districts. The project will collaborate with RSA's Department of Environment and Tourism (DEAT) to establish a standard classification system applicable in the region²³.

Activity 4 – Capacity building in ECDA (to facilitate the Matutuine DTMP process and output)

Building on support in the first TFCA project, this project will continue support to this institution and facilitate it to fulfill its mandate. In particular the project will support ECDA activities linked to the DTMP process in Matutuine.

Activity 5 – District Tourism Master Plans (DTMP)

²² TSA are becoming important tools linking tourism activities to more precise socio economic indicators that can both provide a mechanism for results-based monitoring in the project as well as allowing governments to assess the value of tourism in the economy

²³ Mozambique's tourism strategy as well as IFC's SEATIP is linked closely to being able to market tourism product in the region. This will require some consistency in the classification of accommodation.

Phase 1 – Establishing Baselines - The project will finance a specialized consulting firm²⁴ which would apply a Strategic Environmental Assessment (SEA) approach to develop a broad Spatial Development Plan (SDP) to overlay the 3 targeted TFCAs and Vilankulo District. The SEA overlay will contribute to a district zoning process that informs the DTMP and the IDDP. The SEA processes will also provide a set of useful environmental indicators and identify mitigation activities for tourism development and unregulated access to natural resources.

The project will also finance two related baseline surveys. The first will gather data (employment, revenue, costs) by typology (e.g. hotels, transporters, craft seller etc.) on all tourism-related enterprises in the DTMP area. The second will look into socioeconomic data (through a sampling of households) for employees/participants in each category of enterprise including an assessment of formal versus informal employment.

Stakeholder consultation – The project will finance the meeting of the District Consultative Councils to present and discuss the SDP. The SDP will also be presented to the Provincial District Planning Support Teams and the Provincial Steering Committees. The socio economic surveys will be carried out with the full collaboration of the district public and private sectors including DINATUR’s Provincial Departments.

Phase 2 – Developing Draft DTMPs - Under the leadership of DINATUR’s Provincial Departments, 4 Tourism Master Plans will be prepared; (1) Vilankulo district; (2) Matutine district; (3) Sussudenga district; (4) a combined plan for the 6 districts of the Limpopo TFCA in the Gaza province. For each plan, the project will finance consulting firms (with appropriate expertise) through a consultative process to deliver drafts and a final product.

The plans will emphasize the development of the regional and national tourism circuits that will support the TFCAs through bush-beach and cultural linkages. Draft DTMPs would incorporate the already gathered baseline data and roughly include: (1) an inventory of attractions; (2) infrastructure analysis, including human resource capacity; (3) market demand analysis; (4) supply and competitiveness analysis; (5) carrying capacity assessment; (6) an assessment of the tourism footprint; (7) a cost-benefit analysis. Based on above and independent information (such as feedback and revisions from the district planning process on the SEA/SDP) about land availability, the drafts will propose scenarios and locations for tourism development opportunities and public and private investment.

Stakeholder consultation – The project will finance the meeting of key stakeholders to present them and discuss the drafts. “Critical path” methodology will be used to define the best scenarios for tourism development in the each district. The final DTMP will

²⁴ Peace Park Foundation (PPF) has already much information in digital format and will able to produce the map at low costs. PPF will receive a sole source contract on the basis that they will use free information already available in their database. They will exploit all diagnostic information in a digitalize manner to produce district maps with macrozoning.

incorporate refinements and detail an implementation strategy, action plan and specify monitoring indicators.

Phase 3 – Final DTMP Production and Dissemination – The project will finance the publication of the final plan. The project also will finance a public relations and marketing firm (working with the WB Communications Officer) to develop a communications strategy and disseminate the DTMP.

Activity 6 – Transformation of FUTUR (for releasing the business potential of the sector and implementing the DTMPs)

The project will finance key priority activities and infrastructure gaps identified in the DTMPs. It will build capacity and develop FUTUR, and in particular the “Great Africa Route” that includes the TFCAs. It will finance a Business Plan for FUTUR²⁵ to examine its role as in micro-finance of the tourism sector, financier of tourism initiative, trustee of tourism land for concessioning, and possible agent for implementation of infrastructure development.

Activity 7 - Provision of tourism infrastructure

In some cases, infrastructure development may be required to provide additional incentives to the private sector to invest in these areas. These may be necessary to service new tourism concessions or to generally improve the “viability” or aesthetic of these two small towns. Infrastructure may include street access or lighting, water towers, drainage, landfill, airstrip rehabilitation, boat jetty, etc.

Subcomponent 3.2. Community-based conservation and tourism development

Communities within TFCAs’ interstitial areas will be encouraged and assisted to conserve habitats and protect biodiversity in areas identified as conservation priorities in the TFCA, which are not formal PAs (such as community conservation areas and private reserves which are not used for tourism development) or PA buffer zones.. Under the project, the area dedicated primarily to protection of biodiversity is expected to expand by at least 1,900 km² in two new protected areas. It is expected that this subcomponent will lead to an additional 10,000 to 30,000 km² under improved management for conservation, tourism development and local livelihoods.

Subcomponent 3.2 also includes a participatory and community compensation planning process for potential loss of access to resources previously used. This concerns interstitial areas where project investments may take place, (1) the participatory process as per the Process Framework, (2) the compensation of people in and around protected areas whose use of resources may be limited as a result of the project (including loss of

²⁵ FUTUR is mandated to manage Government-owned tourism assets and concession contracts, an SME development fund, tourism promotion and the creation of infrastructure where required. All revenues captured through tourism concessions are directed to FUTUR, which can in turn use these revenues to invest in critical infrastructure, support SMEs and community micro projects and destination promotion.

land to be acquired for infrastructure and other constructions required for the development of tourism activities).

Activity 8 – Community land delimitation

The project would support community land demarcation in areas important as conservation corridor or park buffer or where the Process Framework has identified either a major risk or opportunity to the local communities in terms of economic development (i.e. prime areas for game ranching, planned tourism routes, major new roads, coastal resort development). Guided by the Land Law (Lei de Terra) of 1997, a step-wise approach is used in facilitating the titling of community land. This involves identification and delimitation of community land. The methodology for delineating community land considers the community itself as the major player in the identification of its rights and the delimitation of its corresponding territory. The project will finance the service of ORAM, a specialized NGO, to facilitate the process of self-determination by providing the community with a participatory methodology that translated indigenous knowledge into a form that can be registered in a modern registry system, the National Cadastre through DINAGECA. The approach is participatory, allowing communities to delineate and reach consensus on the boundary of what they perceive to be their land. This land coincides with the lineage territory over which the local land users have jurisdiction over land and other natural resources, such as forests, water and pasture.

Activity 9 – Screening of Community Enterprise Development Fund applications and audits of beneficiaries

TFCATDP will finance, on retainer, the services of a consulting firm to screen CEF applications. This entails the verification of business proposal before recommendation to the TFCA U for a community sub-project. The criteria for project approval are many and vary with the nature of the community project; they are registered in the CEF Manual. They include conformity with the target area and tourism master plan, conformity with country laws, adequacy of governance arrangement for the enterprise or the joint ventures, verification of the private investors credential, verification of the business plan, of the community title, of the community's own contribution, etc. All of the criteria and process for selection are contained in the fund manual. Funds will not be deposited with the fund manager. The firm will only act as clearing house for proposal. Disbursement will be made directly from the project to the beneficiary.

TFCATDP will also finance, on retainer, the service of an audit firm which will be charged to carry out quarterly or annual audits of CEF beneficiaries.

Activity 10 – Assistance to communities (facilitation and brokerage) for CEF

In each TFCA, the project will finance the service of a Community Broker (CB). Because of their presence in the TFCAs and their experience with community, this service will be provided by a joint venture PPF/XXX in the Lubombo and by a joint venture AWF/ORAM in the Limpopo and Chimanmani TFCA. The CB will help

community organize itself all along the process of land demarcation, land allocation for conservation and/or tourism businesses, register communities organization or enterprise as well as help them develop their proposal, identify investors, identify the possible business arrangements, build, submit and monitor the proposal to the FM, monitor all contracts that may be required under the grant and accompany communities in implementation of the grant.

Activity 11 - Community sub-projects

All CEF assistance will be provided in exchange for specific, concrete and lasting conservation actions and outcomes which are clearly identified and formalized in the proposal and in written agreements. These agreements will define the responsibilities of all parties and provide for joint monitoring and enforcement of actions and impacts. Only registered community organization will be eligible. Community organizations will be responsible for ensuring the compliance of community members. Activities eligible for CEF grants will be implemented by communities with the assistance of the CB. Grants from the CEF would be available for eligible activities, or combination of eligible activities, which are:

- Developing and implementing land and resource management plans. This basically supports the creation and management of community reserves which will act as corridor between protected areas or as buffer. Implementation of management plans may include legal support for gazetment of area, short term technical assistance, training, small infrastructure (e.g. tracks, firebreaks, fencing, small water structures), restricting outsiders' access, ecological monitoring, etc.
- Livelihood activities that arise as linkages to tourism and conservation development. This would include vegetable farming, handicraft production, sustainable agriculture, support for developing and marketing products based on sustainable use of abundant and resilient species etc.
- Providing equity in the form of capital. This would enable organized communities to enter in joint venture with private investors for conservation or tourism venture such as creating game farms, setting up a lodge in or outside one of the targeted parks, etc. Other activities such as training, legal support which support this partnership will also be funded when built into the requested subproject. Grants would be used by the community to cofinance investments such as lodge construction, fences, wells, advisory services, etc..
- Matching grant for tourism or conservation training – This would enable private investors to complement their own resources for training of employees recruited within the community.

Activity 12 – Implementation of the Process Framework and Policy Framework

For each area where conservation or tourism investment is identified for either private sector concessioning or potentially communities' projects, TFCATDP will finance implementation of the Process Framework. The participatory process will be contracted

out to national NGOs or consulting firms. In the case of community projects, the CB may implement the process framework.

Biodiversity conservation and natural resource management may imply the restriction of access to natural resources to past users by the local communities. Multi-resource use areas will be included in zoning and development plans for sustainable resource use that may include community-based informal PA creation.

If necessary, the Process Framework includes community compensation, as defined and negotiated with communities, if and when community compensation are identified. Following implementation of the Process framework, some families, living on land to be acquired for tourism concession or community projects, may request to be displaced. If this case presents itself, the project will finance NGOs or consulting firms to prepare Resettlement Action Plans (RAP), assist them in the implementation of the RAP as well as all compensation measures identified in the RAP.

Process Framework - To avoid the above negative effect on the population and avoid unnecessary conflicts, a Process Framework describe the process by which potentially affected communities will participate in resource planning and management. The process Framework shows how an Action Plans will be formulated and adapted with the local population during the design and implementation phases of the project. Action plans are instruments that emphasize actions to give communities a voice and that provide them with means to negotiate their position with project and government authorities. Once developed, an Action Plan should become part of the natural resources management plan (for community reserves in interstitial areas).

Policy Framework - The development of nature tourism activities may require land acquisition to build and develop infrastructure, and buildings. Because presently, the location, nature and scope of possible land acquisition and displacement are not yet know, a Policy Framework (PF), as a mitigation measure, has been commissioned and completed. The PF, which is a binding public document, establishes the policy principles to be used for the development of specific Resettlement Action Plan (RAP). During project implementation, when the details of land acquisition and involuntary resettlement are fully known, RAPs will be defined, prepared, and implemented.

Component 4: Protected Areas management (\$16.64 M); IDA: \$8.46 M; GEF: \$5.27 M; PPF and AWF: \$2.20 M

<p><i>Financing rules:</i> All civil work, equipment and operating costs financed by IDA. All consultant services and training financed by GEF grant. AWF and PPF finance their own TA.</p>

This component will support the identification, monitoring and protection of the most significant and vulnerable biodiversity assets within the TFCAs. This will include TFCA-wide activities such as biodiversity inventories and monitoring, and the establishment and management of a network of core protected areas (PAs).

Component 4 is divided in two subcomponents: (4.1) Capacity building and applied research, (4.2) Biodiversity conservation in formal protected areas. Under subcomponent 4.1. (1) DNAC capacity will be reinforced, and (2) survey, inventories and applied research will be carried out. For each park or reserve, Subcomponent 4.2. includes (1) a community participation and “in kind” compensation process will be implemented, (2) improvement of park design and planning, (3) increasing the area under protection, (4) build or rehabilitate essential infrastructure, (5) procurement of essential equipment required for management (6) deployment and capacity building of staff, (7) improvement of communication and information, (8) launching effective law enforcement, (9) carrying out research and monitoring and evaluation, (10) increase the revenue generation capacity.

Subcomponent 4.1. Capacity building and applied research

Activity 1 – Capacity building DNAC

The Project will finance a technical advisor at DNAC as well as minimal equipment, training and operating cost. Institutional strengthening of DNAC will include creation and strengthening of appropriate park or reserve management units to support activities such as surveys and monitoring, applied research, community-based conservation, managing concessions and other contracts with the private sector, and developing and maintaining tourism-related infrastructure.

Activity 2 – Identification of conservation priorities for each TFCA

A new conservation-planning tool was developed by the Durrell Institute for Conservation and Ecology (DICE) at the University of Kent, and applied to the South Africa area belonging to the Lubombo TFCA. The tool has the potential to identify land areas where biodiversity conservation is both important and technically possible (e.g. area with low human pressure, area easier to manage because it smoothens protected area limits). Conversely, it could identify areas, in protected areas, where neither conservation is important nor easily feasible. This planning tool has therefore the potential to provide information to modify the land area currently under park or reserve status to maximize biodiversity conservation success and to establish ecosystem connectivity outside protected areas and optimize community establishment of community reserves. This would provide an immediate mechanism for supporting the IDDP. The project will support an MoU with DICE and with the Universidade Eduardo Mondlane to apply that tool in the Limpopo and Lubombo TFCAs.

Activity 3 - Biodiversity surveys, inventories, monitoring and applied research

Technical and financial assistance will be provided to DNAC and other appropriate institutions such as the Universidade Eduardo Mondlane to identify and monitor nationally and regionally important biodiversity assets and ecological linkages within the TFCAs, and identify priority sites and interventions for protecting them. A research

program (supported through small grants) will focus on topics that are likely to contribute directly to improved PA and biodiversity management, such as sustainability of use of biodiversity resources, reducing human/wildlife conflicts and improved methods for biodiversity and ecological monitoring. Technical studies will include research needed to establish accurate baselines and realistic targets for rates of increase and final populations of species which the project aims to help re-establish or restore in the TFCAs. These targets must take into account factors such as the species' intrinsic rate of increase and habitat carrying capacity. The project will also tap into results from other studies and apply them to management, such as African Wildlife Foundation's research in and around Banhine National Park, and MICOA-led studies on the marine transfrontier area in southern Mozambique (important in order to set boundaries, zone and plan management for the new marine protected area).

Subcomponent 4.2. Biodiversity conservation in formal Protected Areas

DNAC currently has limited capacity and resources to manage protected areas effectively, and is dependent on external assistance²⁶. In addition to the support for institutional restructuring discussed in Component 1, under this Component the project will provide investment and operational support to enhance DNAC's capacity and effectiveness on the ground. Although direct investments and support will be restricted to PAs within the three TFCAs, the capacity building provided under this project is expected to yield broader benefits across the entire organization. As the project's resources are not adequate to meet all of the management needs of the target PAs, the priority will be on: (1) investments and recurrent costs that will have the greatest impact on maintaining and improving the global biodiversity values of these areas and improve DNAC's relationships and partnerships with local communities (particularly for GEF funds); and (2) infrastructure and other investments and activities needed to stimulate and monitor/regulate tourism development and enhance DNAC's long term sustainability.

Geographically the following are prioritized:

- Maputo Special Reserve and new marine protected area (\$5.56M) (high biodiversity value, very high tourism potential, in good condition apart from the low numbers of large mammals; with several threats and issues). This will be DNAC's showcase protected area, given its proximity to Maputo. It was seriously under-funded in Phase 1 and it is now urgent to rehabilitate the existing reserve including infrastructure investment; gazette the adjoining Futi Corridor and marine area; promote participation of and collaboration with the local communities; and develop tourism. Peace Parks Foundation (PPF) will provide technical support to reserve management through an MOU with DNAC and TFCA U for the Lubombo TFCA.
- Banhine National Park (\$5.11 M) and Chimanimani National Reserve (\$5.54 M) (high biodiversity values; lower tourism potential; in good condition; communities interested in participating in tourism development). These protected areas will

²⁶ e.g., KFW is supporting management of the Limpopo NP; the Niassa Reserve Development Company is supporting and managing the Niassa Special Reserve; the Carr Foundation is supporting Gorongosa NP

receive significant investment for infrastructure and improved management. African Wildlife Foundation (AWF) will provide technical support for Banhine NP through an MOU with DNAC and TFCA U.

- Zinave National Park (\$0.56 M) (reasonable biodiversity value but parts of the park are under very heavy pressure from local communities; some tourism potential especially near the Save River). This park will receive funding to maintain a minimal level of management and to complete infrastructure works started in Phase 1.
- Limpopo National Park (\$0.49 M) (high biodiversity value; restocking and improved management taking place, with voluntary resettlement program in part of the park). Since Limpopo is receiving major support from other donors, the project will provide limited support to infrastructure development and to veterinary activities to monitor diseases affecting wildlife, livestock and in some cases people, on the Mozambique side of the TFCA.

Specific activities to be supported include:

Activity 3 – Implementation of the Process Framework and Policy Framework

TFCATDP will finance implementation of the Process Framework by national NGOs or consulting firms. It will also finance community compensation scheme, as defined and negotiated with communities, if and when community compensation are identified. If, following implementation of the Process framework, families living inside protected areas request to be displaced, the project will finance NGO or consulting firm to prepare Resettlement Action Plans (RAP), assist them in the implementation of the RAP as well as all compensation measures identified in the RAP.

Process Framework - To avoid the above negative effect on the population and avoid unnecessary conflicts, a Process Framework describe the process by which potentially affected communities will participate in PA planning and management. The process Framework shows how an Action Plans will be formulated and adapted with the local population during the design and implementation phases of the project. The Action plans are instruments that emphasize actions to give communities a voice and that provide them with means to negotiate their position with DNAC. Once developed, an Action Plan should become part of the protected area management plan (for National Park and Special Reserves).

Policy Framework - The development of nature tourism activities may cause displacement of people from their homes and areas as a result of the threat of wildlife. Because presently, the location, nature and scope of possible displacement are not yet know, a Policy Framework (PF), as a mitigation measure, has been commissioned and completed. The PF, which is a binding public document, establishes the policy principles to be used for the development of specific Resettlement Action Plan (RAP). During project implementation, when the details of involuntary resettlement are fully known, a or several RAPs will be defined, prepared, and implemented. While it sis expected that very

few families will chose to be displaced, the project has budgeted the displacement of 300 families.

Activity 4 - Protected area creation and review of limits

This includes: (1) Define or review of boundaries: for new marine protected area and for Banhine and Zinave NPs to see if modifications are needed to in light of important biodiversity beyond the boundaries (e.g. wetland to north of Banhine) and possible exclusion of certain areas where there are large numbers of people inside the parks; (2) Consultations and preparation of legal documents for the expansion or creation of PAs and (3) Boundary demarcation where needed.

Activity 5 – Planning of protected area management

This includes: (1) Development and updating of PA management plans in a participatory manner; (2) Development of tourism plans for PAs (closely integrated with the national tourism strategy and DTMP and tourism development in interstitial areas in Component 3); (3) Production of business plans for protected areas; and (4) Technical assistance for specific organizational development issues, such as mechanisms for enhancing financial sustainability

Activity 6 - Management

Management of the formal protected areas includes: (1) Capacity building (e.g. law enforcement, community liaison, PA management planning, business planning, organizational and financial management, personnel management, communication, tourism management, resource protection, ecological monitoring, training in resettlement policy and framework for PA staff, HIV/AIDS prevention and mitigation in PA management and local communities); (2) Implementation of management plans with improved management systems, and including close collaboration and participation of local communities; (3) Establishment of basic management for the marine protected area (will also have to seek additional funding for this); (4) Rehabilitation and limited construction of priority infrastructure, based on approved management plans and environmental impact assessments (including roads, offices, staff accommodation, gates, air strips, boreholes, power units, game fencing etc.); (5) Implementation of tourism development plans including tendering, concessioning, monitoring, interpretation; (6) Procurement of goods and equipment for PA management (e.g. vehicles, tractors, computers, office furniture, radios, uniforms, and other field equipment); (7) Logistical support for wildlife restocking (e.g. transportation, technical assistance); (8) Veterinary surveillance including monitoring of diseases in translocated animals, wild populations and livestock in TFCAs, with particular attention to areas where fences may be removed and where there is a serious risk of diseases spreading from one country to another.

Component 5: Project Management, Communications, and Monitoring and Evaluation (\$4.90 M) - IDA: \$4.68 M; PHRD \$0.22 M

Financing rules: All equipment, operating costs, training and consultant services except for activity 3 which is financed by the PHRD) financed by IDA.

Component 5 will ensure effective coordination and management of project activities, support project components through procurement and financial management services, and establish and track indicators of project implementation and impacts. It will guarantee the information is used to improve the project on an ongoing basis (adaptive management), ensure a flow of accurate and timely information about the project and its objectives, and achievements both within and outside Mozambique.

Activity 1 - Project coordination and management

Overall coordination and management of the project will continue to be the responsibility of the TFCA Unit of MITUR, which will be strengthened to be able to carry out this role. This includes adding some long term staff at the TFCA Unit in Maputo, as well as establishing TFCA Coordinator positions in the field (consistent with the increased focus on activities at the Provincial and local level). Details of existing and additional staffing are Technical Annex 6. The project will also make provision for short term technical assistance to supplement existing staffing in specialized areas, and will support the operating costs of the TFCA Unit.

Activity 2 – Capacity building for project implementation

The project will support the organization of a launching workshop in Maputo and in the TFCAs. At project launch all teams will receive general training on all relevant aspects of the project including planning, M&E, procurement, financial management, safeguards, reporting, etc. Project staff, particularly those involved in fiduciary processes will be able to attend specialized training. Before the mid-term review, the TFCA U will organize a stock-taking facilitated-workshop where all project agencies and staff will be called upon to reflect on the previous years of implementation and draft courses for improvement.

Activity 3 - Information and communication

The TFCA concept as it is being developed in Mozambique is not sufficiently well understood either within the country or outside. For example, there is a tendency (readily observable in the literature) to confuse TFCAs with the more limited and restrictive model of transfrontier parks. It is also important for potential investors and supporters to have up-to-date information on the merits and the status of TFCAs and the measures being taken to develop and strengthen them. The project will support the development and implementation of a multi-media communications strategy (led by a communications and information specialist within the TFCA Unit) to ensure that timely and accurate information is readily available both to project implementers and stakeholders and to other interested parties. While not a marketing strategy per se, it is expected that the communications strategy will promote both tourists and private sector investment by

raising the profile of the TFCAs and demonstrating that they are the focus of considerable interest and support from the government and major donors.

This component will also support the development of mechanisms to ensure two-way communication and knowledge exchange between the different levels of government institutions and their stakeholders (particularly communities within the TFCAs) in the context of the IDDP process.

Activity 4 - Monitoring, evaluation and adaptive management

The project will support the development and implementation of an M&E program, which will track both project implementation and results (relating to biodiversity conservation, tourism development and community benefits), through selected indicators based on the Results Framework (Technical Annex 3). Beyond collecting data to track these indicators, the M&E program will involve analysis and dissemination of the information and active assistance to project implementing agencies to use the information to improve project implementation and, where appropriate, re-orient approaches or targets. Because M&E is frequently neglected by project managers in view of other, more urgent demands on their time, the project will support a full time M&E specialist within the TFCA Unit for the first two years of the project, during which it is expected that the M&E system will be fully developed and launched. In later years, short term technical assistance may be required periodically to ensure that the M&E system remains functional and relevant. Towards the end of the project, the M&E system will be used to provide guidance for the future direction of the program.

Activity 5 - HIV/AIDS education

In view of the enormous economic and livelihood implications of the growing HIV/AIDS epidemic, and the inevitable linkages between tourism development and STDs, the project will also support the development and implementation of policies and programs to combat HIV/AIDS within the implementing agencies that have not done so.

Annex 5: Project Costs

MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

Project Cost By Component	Local US \$million	Foreign US \$million	Total US \$million
Strengthening policy, legal and institutional framework	1.06	-	1.06
Integrated District Planning	0.45	0.03	0.48
Community & private sector lead tourism & conservation	12.13	0.10	12.23
Protected area management	14.70	0.51	15.21
Project management, monitoring and communication	4.30	0.23	4.53
Refinancing PPF	0.61	-	0.61
Total Baseline Cost	32.63	0.87	33.50
Physical Contingencies	0.53	0.03	0.56
Price Contingencies	2.57	0.06	2.63
Total Project Costs¹	35.74	0.96	36.70
Interest during construction	-	-	-
Front-end Fee	-	-	-
Total Financing Required	35.74	0.96	36.70

Project Cost By Component and financiers	IDA US \$million	GEF US \$million	PHRD US \$million	NGOs US \$million	GOV US \$million	TOTAL US \$million
Strengthening policy, legal and institutional framework	0.50	0.65	-	-	-	1.15
Integrated District Planning	0.29	-	0.20	-	-	0.49
Community & private sector lead tourism & conservation	5.47	4.08	3.3	0.10	-	12.95
Protected area management	8.45	5.27	-	2.20	0.78	16.60
Project management, monitoring and communication	4.68	-	0.22	-	-	4.90
Refinancing PPF	0.61	-	-	-	-	0.61
Total Project Costs	20.00	10.00	3.72	2.20	0.78	36.70

Annex 6: Implementation Arrangements

MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

The Government has established a Tourism Facilitation Commission to provide oversight, guidance and high level coordination for aspects relating to tourism policy and development. The Commission will act as steering committee for the TFCATDP.

MITUR will have project oversight.

During the first phase TFCA project, the Government established the TFCA Unit within MITUR to coordinate the management and administration of TFCAs. The TFCA Unit will continue serve as overall implementing agency for the TFCATDP. The TFCA Unit will have a coordination and support function and will be staffed with contracted personnel to provide operational support to implementation and undertake fiduciary functions.

Responsibility for implementation of the various components and sub-components will be divided among four lead agencies (TFCA U, DINATUR, DNAC all 3 of MITUR & DNPO of MPD), in accordance with their respective institutional mandates. MITUR and MPD will enter into MoU, specifying implementation responsibilities of each agencies and procedures. Altogether the heads of these 4 lead agencies will constitute a “management team” which will meet on a quarterly basis, or as issues arise.

For adequate integration of government institutions at various levels of administration, the project will have two levels of management, central (Maputo) and provincial (the 3 TFCAs).

In the Province of Gaza, Manica and Maputo, the provincial governors will have oversight (like for any public funded activity in the provinces).

The Provincial Directorates of Tourism (PDT) located in each targeted TFCA will have the oversight of the project in “their” TFCA. The respective TFCA coordinator and an accountant will be posted in the respective PDTs. The TFCA Coordinators main responsibility is to ensure adequate implementation and management of field operations. The PDT will lead the provincial management committees composed by the Provincial Director of Planning and Provincial Directorate of Environmental Affairs.

The Matutuine District has a special arrangement. The Elephant Coast Development Agency (ECDA), was created to oversee and stimulate the development of tourism in the district. The ECDA will be strengthened and coordinate all tourism development activities in the Lubombo TFCA.

A Project Implementation Plan (PIP) provides the overall structure and framework. It provides guidance to provincial, district implementers, national parks, etc. The PIP also defines lines of accountability and reporting, criteria for access to project-provided

resources, systems of supervision, procurement control management and the monitoring and evaluation of local level implementation.

Component 1 - Strengthening Policy and Institutional Framework for TFCA

TFCA U will be the lead implementation agency for Component 1.

TFCA Unit will coordinate with MICOA, MITUR and MPD and work closely with various agencies including the National Directorate for Flora and Fauna (DNFFB) of the Ministry of Agriculture (MA), the Directorate of Water Affairs, and with fisheries authorities on conservation policy and legislation. MICOA will lead the development of the new conservation policy and legislation. DNAC will lead the institutional strengthening of protected area management. DINATUR will lead the tourism regulations and guideline for tourism concessions.

Component 2 – Integrated District Development Planning

National Directorate for Planning and Budget (DNPO) of MPD will be the lead implementation agency for Component 2.

DNPO is already responsible for planning under the Decentralization Program and in particular implements the IDA-financed Decentralized Planning and Finance Project (DPFP). The TFCATDP will finance one additional member, an IDDP advisor, to that project's implementation unit.

The IDDP advisor will coordinate the IDDP in the District of Vilankulo and Matutuine.

The Provincial Government and Governor, through existing Provincial steering committees, will guide district implementation of component 2. "Provincial teams for support to district planning" will ensure intersectoral coordination and the mobilization of technical staff from relevant Provincial Directorates to undertake support and supervision functions at district level. The ground work is ensured by the "technical teams" constituted of members of various sector agencies and civil society.

To implement this component, DNPO will mobilize technical support from the DINATUR, the National Directorate of Geography and Cadastre (DINAGECA) in the Ministry of Agriculture (MA), the National Directorates of Territorial Planning and Environmental Assessment (DINAPOT and DNAIA) in MICOA, the National Directorate of Public Works.

Component 3 – Community private sector lead tourism development

the National Directorate of Tourism (DINATUR) will be the lead implementation agencies for Component 3.

The project will provide a long term technical advisor to DINATUR with responsibility to strengthen overall planning and institutional development, particularly at the decentralized DINATUR offices, to improve the Ministry's capacity to work with community and private sector partners to promote tourism development. The DINATUR offices will also be responsible for ensuring that tourism planning and development is integrated with other sectoral agendas at the provincial, district and local levels.

FUTUR will lead activities related to business development including the management of funds for the minimal infrastructure platforms and the Community Enterprise Fund.

DPC will lead the activities related to tourism statistics development.

Several other agencies will be mobilized for implementation of the various activities. These could include DINAGECA and DNFFB.

Component 4 - Protected Areas Conservation and Management

DNAC will be the lead implementing agency for Component 4.

DNAC will be reinforced by a technical advisor who will coordinate the daily implementation of Component 4.

Each park or reserve is managed by a warden posted by DNAC. They will implement the project in their respective PA and call upon the DNAC advisor or their TFCA Coordinators for planning, financial and fiduciary assistance. Special arrangements are planned for two areas. DNAC will enter in "Public-Private-Partnership (PPP)" with the African Wildlife Foundation (AWF) in Banhine NP and by the Peace Park Foundation (PPF) in Lubombo TFCA. The MoU will define the PPP arrangement. It will define the co management responsibility of each partners. It is expected that each NGO provides management services, or technical assistance, at their own costs.

In order to improve coordination between all partners and stakeholders, a consultative or liaison committee will be established for each park or reserve. These committees will also include other key stakeholders, such as DNFFB (to facilitate synergies between the management of PA and interstitial areas), community representatives, NGOs or donors active in the area, etc.

Some activities under this component will be implemented by other conservation partners, such as NGOs, local Universities, etc., through contractual arrangements with the TFCA Unit or DNAC, or through grants (e.g. for applied research projects).

Component 5 - Project Management, Communications and Monitoring and Evaluation

The TFCA Unit will be the lead implementing agency for Component 5.

This includes overall project coordination and administration, procurement and financial accounting, work program coordination and reporting. Given the greater scope and complexity of the Phase 2 project, the Unit will be extended and strengthened both in terms of technical and operational capacity. The TFCA U will be staffed by a TFCA U manager, a financial manager and an accountant clerk, a procurement sp and a procurement assistant an M&E specialist, a communication specialist and support staff.

Because the focus in the second phase is shifting increasingly to the Provincial and District levels and to activities on the ground, one important addition will be the recruitment for each of the 3 TFCAs of field-based Regional TFCA Coordinators and accountant clerks.

Annex 7: Financial Management and Disbursement Arrangements

MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

1.1 Country Risks

The overall conclusion of the Country Financial Accountability Assessment (CFAA) dated December, 2001 is that *“public sector financial management systems in Mozambique are very weak, as evidenced by the Report of the Tribunal Administrativo of the Government General Accounts Report for 1998 and 1999, and will require substantial strengthening over several years. In the interim, risk of waste, diversion and misuse of funds are assessed as high. The public sector financial environment in Mozambique denotes a situation of high fiduciary risk: material receipts and payments are excluded from the budget and from Government accounting and reporting system; accounting systems and standards are outmoded; internal and external auditing require substantial support; and parliamentary oversight requires strengthening . . . Efforts have been made in recent years to reduce the fiduciary risk through (among other measures) the strengthening of the internal audit capacity of the IAD, and the creation of external audit capacity within the AT. Both of these efforts (as well as others) need to be intensified, because there is still a lot of work to be done in this area.”*

The Public Financial Management Assessment conducted by Scanteam²⁷ in September 2004 concludes that *“Overall PFM Risk in Mozambique remains High. Management of the economy has been quite satisfactory, but comprehensiveness and transparency of the budget is poor, the medium-term planning and budgeting is weak, while budget execution and accounting and reporting present quite serious weaknesses. The area of greatest concern, however, is external audit and accountability. At the same time, PFM reforms are moving ahead in a very structured and comprehensive manner. The trend in PFM is therefore seen as quite positive, where successful implementation of the new financial management information system SISTAFE is intended to address many of the current weaknesses”*.

1.2 Project Risks

Again from the CFAA: *“Because of the high fiduciary risk, IDA has taken special measures to ensure adequate **financial management of its portfolio**. Project management units are often established to manage IDA-financed projects and Bank funding is “ring-fenced” to mitigate fiduciary risk. Accounting staff are hired as consultants, typically on salaries higher than civil service salaries, to work on projects,*

²⁷ Fourteen donors and funding institutions (commonly referred to as the “G14”), giving direct budget support to Mozambique requested a Public Financial Management assessment (PFM). The principal objective of this PFM Assessment is thus to provide the Government of Mozambique and donors with an updated assessment of the situation and trends with respect to Fiduciary Risk in Mozambique. The PFM assessment was undertaken as joint exercise between the Ministry of Planning and Finance, and a team of consultants (Scanteam).

even when a Ministry implements those projects. IDA projects are invariably audited by one of the “Big Four” international audit firms.”

In summary, the key financial management related risks that project management may face, and the manner in which it should be addressed are furnished below:

<i>Type of Risk</i>	<i>Risk Rating</i>	<i>Risk Mitigating Measures</i>
Inherent Risk		
1. Weakness in Public sector accounting professional	S	Qualified Accountant with experience in public sector financial management will be appointed for this project
2. Weakness in the budgetary process	S	This project will be inscribed in government budget and the execution will follow the government procedures.
3. Illiquidity delaying project implementation through lack of counterpart funds	S	The Project will be inscribed in the government budget, and the counterpart funds will be allocated in the government budget.
Overall Inherent Risk	S	
Control Risk		
a. Implementing Entities	M	
b. Funds Flow	M	
c. Staffing	H	Qualified and experienced accountant staff will be appointed to handle the financial management issues of the project
d. Accounting Policies and Procedures	M	A Financial Management Consultant was retained to prepare the Project’s Financial Procedures Manual.
e. Internal Audit	H	There needs to be strong supervision.
f. External Audit	H	The appointment of an external auditor is conditions of effectiveness and funds for annual audits will be budgeted.
g. Reporting and Monitoring	H	The TFCA Unit should be capable of producing quarterly FMRs by credit effectiveness.
h. Information Systems	H	Control procedures will be documented in the Financial Procedures Manual and compliance will be enforced by the Financial Controller
Overall Control Risk	H	

H = High S = Substantial M = Moderate N = Low/negligible

1.3 Main Strengths and Weakness

The project financial management is **strengthened** by the following salient features:

- The **first phase** project (the closed Transfrontier Conservation Areas Pilot and Institutional Strengthening Project) was implemented by the TFCA Unit within the Ministry of Tourism, which is subject to this assessment. However, the project was operating in weak financial management environment.
- Recently, an accounting package was installed at TFCA Unit.

The project financial management is **weakened** by the following salient features:

At Project level

- Projects take a “ring-fenced” approach to ensure funds are used as per the objectives agreed on for Project implementation;

At country Level

- Delays and insufficient allocation of counterpart funds;
- Financial management in Mozambique is weak. There are pieces of the puzzle missing, such as a comprehensive and up-to-date set of Procedures Manuals for government budgeting and accounting that includes Project financial management procedures; uniform application throughout the government of systems for financial management and budgetary execution; and information systems sophisticated enough to produce timely and accurate information for reporting and control purposes; and
- Weak internal and external audit system.

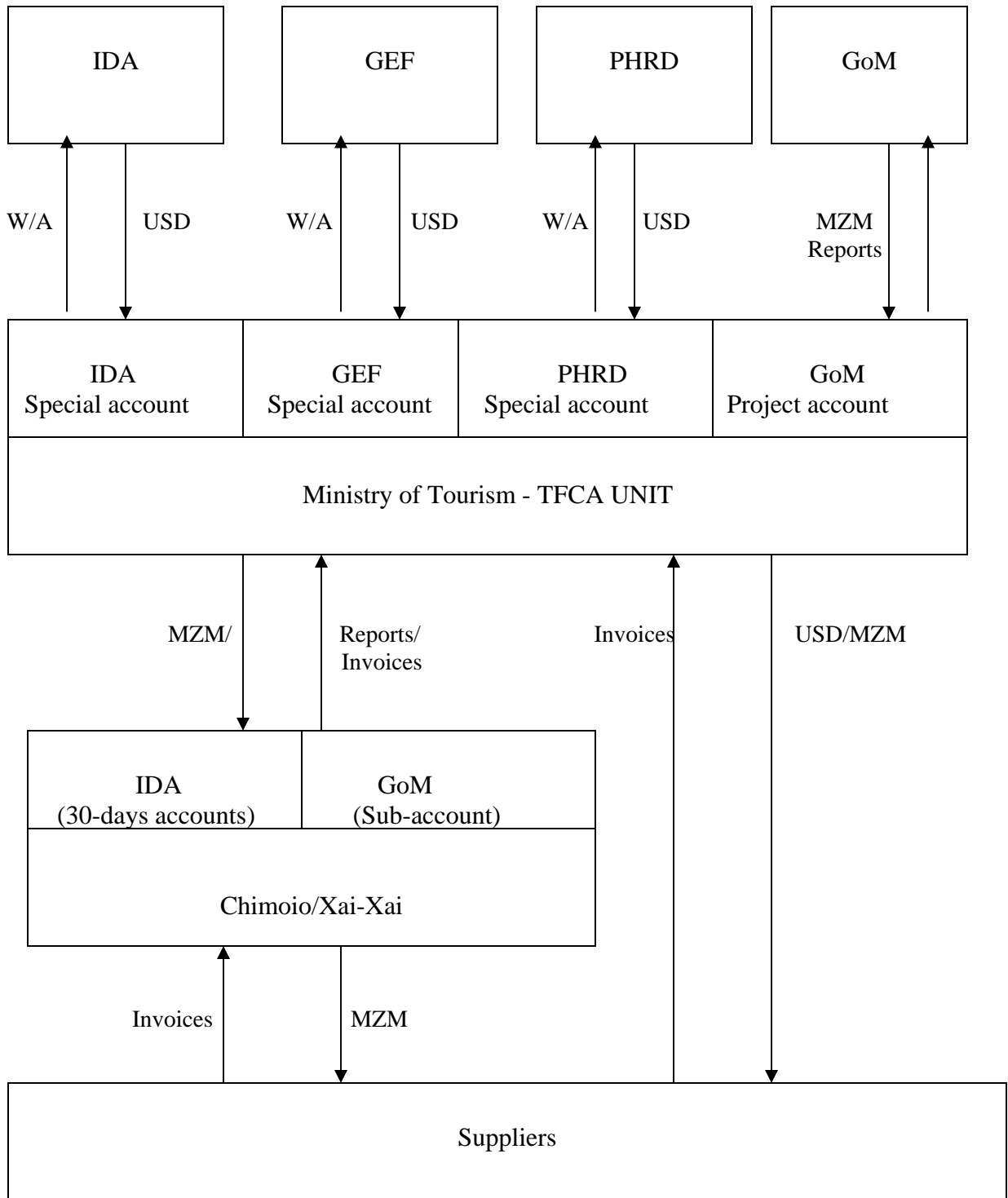
The measures to minimize the impact of these weaknesses are described in the assessment below.

1.4 Funds Flow

Funds will follow from IDA, GEF, PHRD, and Government of Mozambique to specific bank accounts to be opened and managed by the Ministry of Tourism through the TFCA UNIT. IDA funds will finance all five project components, GEF funds will finance components one, three, and four, and PHRD will finance components two, three, and five.

The TFCA Unit will make payments for its own and some expenditures for the provinces.

Each specific activity will be paid by one source of funds, i.e., each invoice will be paid utilizing entirely one source of funds.



W/A = Withdrawal Application

1.5 Staffing

Presently, there is no accounting staff at Financial Unit of the TFCA Unit. The contract of the accountant, which handled the Financial Management issues during the *first phase* of the project, was terminated in March 2005. The TFCA Unit will appoint a new Financial Controller and Assistant Accountant. The recruitment of Financial Controller is in process.

1.6 Accounting Policies and Procedures

The project adopts cash basis accounting method to record its financial operations. The project will comply with International Public Sector Accounting Standards (under the Cash Basis of Accounting), as promulgated by the International Federation of Accountants (IFAC). The accounting policies and procedures will be documented in the Financial Procedures Manual to be finalized.

1.7 Internal Audit

Internal auditing across the entire Government (including projects) is the responsibility of the Inspectorate General of Finance (*Inspecção Geral das Finanças-IGF*). The IGF is understaffed and suffers from a lack of qualified staff. Therefore the IGF has limited capacity to oversee project implementation.

Taking into account that the internal audit functions are weak, there needs to be strong supervision and quality assurance in the project. The day-to-day supervision of accounting functions will be assured by the organization structure of TFCA Unit.

1.8 External Audit

Relevantly qualified, experienced and independent auditors will be appointed on approved terms of reference. The external audit will cover all World Bank, GEF, PHRD, and Counterpart funds in the project. The Legal Agreements will require the submission of audited financial statements to the Bank within six months after the year-end. The formats to be adopted will be documented in the Financial Procedures Manual.

A single opinion on the Audited Project Financial Statements in compliance with International Standards on Auditing (IASs), will be required including the accuracy and the propriety of expenditures made under the SOE procedures and the extent to which these can be relied upon as basis for credit disbursements.

In addition to the audit report, the auditor will be required to prepare a separate Management Letter giving observations and comments, and providing recommendations for improvements of accounting records, systems, controls and compliance with financial covenants in the IDA, GEF, and PHRD Agreements.

1.9 Reporting and Monitoring

Management Interim Reporting (Financial Management Reports)

Formats of the various *quarterly* management reports to be generated from the financial management system will be developed. There will be clear linkages between the information in these reports and the Chart of Accounts. These financial reports will be designed to provide quality and timely information to project management and various stakeholders on project performance.

The Legal Agreements will require *Quarterly* management reports will be produced and will serve as Financial Monitoring Reports (FMRs) required by IDA. The contents of these reports should as a minimum consist of the following:

- Financial Reports:
 - Sources and Uses of Funds by Funding Source
 - Uses of Funds by Project Activity/Component
- Physical Progress (Output Monitoring) Report
- Procurement Report

The formats will be defined and agreed by negotiations and the project must be capable of producing these reports by effectiveness.

Annual Financial Statements

The Legal Agreements will require the submission of audited financial statements to the Bank within six months after the year-end. In addition to the monthly reconciliations and quarterly FMR's, the project will produce annual Project Financial Statements for analytical and audit purposes.

These Financial Statements will compose of:

- a. *A Statement of Sources and Uses of Funds / Cash Receipts and Payments* which recognizes all cash receipts, cash payments and cash balances controlled by the entity; and separately identifies payments by third parties on behalf of the entity.
- b. *The Accounting Policies Adopted and Explanatory Notes*. The explanatory notes should be presented in a systematic manner with items on the Statement of Cash Receipts and Payments being cross referenced to any related information in the notes. Examples of this information include:
 - a summary of fixed assets by category of assets;
 - a summary of SOE Withdrawal Schedule, listing individual withdrawal applications;
- c. *A Management Assertion* that Bank funds have been expended in accordance with the intended purposes as specified in the relevant World Bank legal agreement.

1.10 Information System

The TFCA Unit at Ministry of Tourism used for the *first phase* of the project electronic spreadsheets to keep the bank accounts control, recording the payments made to suppliers and prepare the bank reconciliation and their financial statements. The TFCA Unit has recently installed accounting software, PHC. The Financial Controller to be appointed will test the package and request to supplier to make necessary adjustments if needed.

1.11 Impact of Procurement Arrangements

There are no specific Procurement arrangements that specifically impact the FM arrangements.

1.12 Disbursement Arrangements

Disbursements from IDA, GEF, and PHRD would be initially be made on the basis of incurred eligible expenditures (transaction based disbursements). The TFCA Unit will open three Special Accounts for the deposits of funds transferred from IDA credit Account, GEF Grants, and PHRD Grant. The TFCA Unit will make payments of eligible project expenditures from the Special Accounts to suppliers. And, direct payments can also be used by the TFCA Unit as consider necessary to pay project expenditures.

Allocation of Grant Proceeds

Disbursement	IDA		GEF		PHRD	
(1) Works		8,415		0		0
Part C	3,447		-		-	
Part D	4,968		-		-	
(2) Goods		1,674		0		0
Part B	63		-		-	
Part C	189		-		-	
Part D	972		-		-	
Part E	450		-		-	
(3) Consultants' Services including Audits		2,151		4,635		3,720
Part A	-		585		-	
Part B	-		-		200	
Part C	702		-		3,300	
Part D	-		4,050		-	
Part E	1,449		-		220	
(4) Training		918		405		0
Part A	360		-		-	
Part B	63		-		-	
Part C	117		-		-	
Part D	-		405		-	
Part E	378		-		-	
(5) Operating Costs		4,293		0		0
Part A	90		-		-	
Part B	144		-		-	
Part C	459		-		-	
Part D	1,665		-		-	
Part E	1,935		-		-	
(6) Community subproject (Part C)		0		3,960		0
Part C	-		3,960		-	
(7) Refunding of Project Preparation Advances	610	610	-	-	-	-
(9) Unallocated	1,939	10,354	1,000	1,000		
TOTAL	20,000	28,415	10,000	10,000	3,720	3,720

Special Accounts

With respect banking arrangement, for IDA, GEF, PHRD and Government funding, the TFCA Unit will maintain four bank accounts: (a) three Special Accounts in US Dollars at a commercial bank acceptable to IDA for deposit of funds transferred from IDA, GEF, and PHRD. The initial authorized allocation will be for IDA USD 1.00 millions, for GEF USD 0.50 million and for the PHRD grant USD 0.20 million representing about four months of eligible expenditures.

Statement of expenditures (SOEs)

Disbursements will be made on the basis of SOEs for contracts with an individual valued less than those requiring IDA's prior review. Thus, all applications to withdraw proceeds from the credit account will be fully documented, except for (a) expenditures for contracts with an estimated value of less than US\$ 200.000 each for works, and goods; (b) expenditures for consultant's services with an estimated value of less than US\$ 100.000 each for firms and US\$50.000 for individuals; (c) training, workshops and operating costs.

1.13 Action Plan

In order to establish an acceptable control environment and to mitigate financial management risks the following measures should be taken by the due dates as indicated in the financial management action plan below.

Financial Management Action Plan

No.	Action	Due Date	Conditionality
1	FMRs formats and components agreed before negotiations and submitted in electronic format during negotiations: <ul style="list-style-type: none"> • Financial = agreed with FM Specialist • Procurement = agreed with Procurement Specialist • Physical Progress = agreed with TTL 	Done	Negotiation (Copy of formats to be attached to minutes of negotiations)
2	Recruitment of external auditors: <ul style="list-style-type: none"> ▪ TORs submitted by TFCA Unit ▪ TORs cleared by WB 	Done Done	Negotiations
3	Recruitment of Financial Controller/administrator before negotiations <ul style="list-style-type: none"> ▪ TORs submitted by TFCA Unit ▪ TORS approved by WB ▪ Financial controller selected ▪ Contract signed 	Done Done Done Done	Negotiations
4	Financial Management System (FMS) designed and installed at TFCA Unit. This includes: <ul style="list-style-type: none"> • Procedures Manual • Accounting Software (testing process) 	09/13/2005 09/31/2005	Effectiveness

	completed, and adjust chart of accounts to be able to identify project activities, and disbursement categories)		
5	Recruitment of Accountants (x 3) <ul style="list-style-type: none"> ▪ TORs submitted ▪ TORS approved by WB ▪ Accountants selected ▪ Contract signed 	09/31/2005 09/15/2005 10/15/2005 10/31/2005	Effectiveness
6	Recruitment of external auditors: <ul style="list-style-type: none"> ▪ Short list submitted ▪ Short list cleared by WB ▪ Letter of Invitation sent 	10/31/2005 11/15/2005 12/15/2005	Effectiveness
7	Opening of accounts <ul style="list-style-type: none"> ▪ Special Accounts in dollars opened 	10/31/2005	Effectiveness
8	Ability to prepare FMRs demonstrated.	11/31/2005	Effectiveness

1.14 Supervision

Financial management supervision will be carried out regularly by the Financial Management Specialist (FMS) at least twice a year. The initial supervision will be on implementation progress of agreed Financial Management Action Plan as per paragraph 1.13.

The FMS will also:

- Conduct an FM supervision before effectiveness/disbursement;
- Review the financial component of the quarterly FMRs as soon as they are submitted to the World Bank; and,
- Review the annual Audit Reports and Management Letters from the external auditors and follow-up on material accountability issues by engaging with the TTL, Client, and/or Auditors.

Annex 8: Procurement Arrangements

MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

A. General

Procurement for the proposed project would be carried out in accordance with the World Bank's "Guidelines: Procurement Under IBRD Loans and IDA Credits" dated May 2004; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, and the provisions stipulated in the Legal Agreement. The various items under different expenditure categories are described in general below. For each contract to be financed by the Loan/Credit, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Procurement of Works: Works procured under this project would include: the minimal infrastructure platform in Vilankulo and Punto do Oro, which could include street rehabilitation, street lightning, wastewater treatment, landfill, sewage, storm drains, etc. (aggregate amount US\$ 3.60 M), as well as community, tourism, park or reserve management infrastructures such as gravel roads, fences, airstrip, watchtowers, gates, office and staff housing buildings, camp sites and lodges (aggregate amount US\$4.70 M). The procurement will be done using the Bank's Standard Bidding Documents (SBD) for all ICB and National SBD agreed with or satisfactory to the Bank. About half of the procurement under the Community Enterprise Fund (CEF) will be carried out by communities when the amount procured is less than the Meticaís equivalent of US\$ 50,000 (aggregate amount US\$ 2.20 M). Procedures for such procurement are found in the CEF Manual.

Procurement of Goods: Goods procured under this project would include: vehicles, boats, quads, motorbikes (aggregate amount US\$ 1.08 m) as well as office equipment computer, photocopiers, office furniture (aggregate amount US\$ 0.34 M), and field equipment such as uniforms, camping stuff, GPS, tools, etc (aggregate amount US\$ 0.47 M). National competitive bidding will be used for locally available goods less than US\$200,000 and Shopping for locally available goods less than US\$50,000. The procurement will be done using the Bank's SBD for all ICB and National SBD agreed with or satisfactory to the Bank. In some cases which will require the Bank prior review, procurement from IAPSO could be used for vehicles and office equipment.

Procurement of non-consulting services: Non-consultant services procured under the project includes a very limited number of scholarships, study-tours, flight-time for animal darting, surveys and surveillance. They will usually be procured by direct contracting.

Selection of Consultants: Technical assistance and studies will be financed by the project. The TFCA Unit staff, the lead agency technical coordinators or advisors, some of the park and reserve staff as well as studies such as the new conservation policy and legal framework, the design of concessioning guidelines, the regulation of the tourism law, the organization of the new protected area management institution, the draft tourism and conservation plans, the district spatial development plan and maps, the district tourism development plan and then district tourism plans, the design and test of tourism statistic facility, the preparation of FUTUR business plan, engineering study for infrastructure design and monitoring of construction, ecological survey design and test, NGO contract for community support through the participatory process and through the brokerage of joint ventures, etc. Consultations also include the organization of numerous training modules and workshops.

Short lists of consultants for services estimated to cost less than \$100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

The following selection methods are to be used: (1) Selection by Qualification may be used for contracts below US\$100,000 in alternative to QCBS; (2) Quality and Cost for all contracts above US\$100,000; (3) Least cost is possible for services of a standard nature such as audit; (4) Selection of U.N. agencies and NGO as for sections 3.15 and 3.16 (respectively) of Bank consultants guidelines, including sole source if justified; and (5) Single source as for section 3.10 of consultants guidelines with prior approval by the Bank.

Single source may be used, in alternative to selection through qualifications for training assignments, seminars and non -consulting services. Some NGOs or University have been already identified because of their comparative advantage: The Durban Oceanographic Institute for the design of the new Marine Protected Area (\$60,000), the Durell Institute for Conservation and Ecology (DICE) for conservation planning (\$160,000), Peace Park Foundation (PPF) for mapping of district plans and protected areas (\$160,000) and, in joint venture with national NGO, for ensuring the role of community broker in the Lubombo TFCA (\$236,000), the University Eduardo Mondlane for ecological applied research (\$165,000), Wildlife Conservation Society for animal disease surveillance in Limpopo National Park (\$87,000), African Wildlife Foundation, in joint venture with national NGO, for ensuring the role of community broker in the Limpopo and Chimanimani TFCA (\$488,000), the NGO ORAM for delivering community land demarcation in Limpopo TFCA (\$277,000), World Tourism Organization for designing the licensing and grading of national tourism investment (\$100,000). In addition six TFCA U staff, which have been recruited in phase 1 with acceptable procedure and have performed satisfactorily, will remain on board (altogether \$940,000 over 7 years).

Operating Costs: Operating costs will be packaged as feasible and procured either through shopping (where packaging is feasible) or direct purchase (for consumables) to be documented through invoices

The procurement procedures and SBDs to be used for each procurement method, as well as model contracts for works and goods procured, are presented in the Procurement Manual. Its endorsement by the Bank is a condition of effectiveness.

Bidding Documents and Forms of Contract: The Bank's standard bidding documents, including those for evaluation reports, will be used for all procurement under ICB and NCB procedures and for the selection of consultants. The language of the documents and contracts will be as follows:

- ICB – Bidding documents in English, with Portuguese translation; bids can be submitted in English or Portuguese; contracts for ICB to be signed in the same language as that of the bid, i.e. either English (with translation into Portuguese if desired) or in Portuguese (with translation into English for IDA), according to paragraph 2.15 of the *Guidelines*;
- NCB and Shopping – The documents may be prepared only in Portuguese, according to paragraph 3.4 of the *Guidelines*;
- Consultants – Request for proposals in English, with Portuguese translation; consultants can submit their proposals in English or Portuguese; contract to be signed in the same language as that of the proposal, that is either English (with translation into Portuguese if desired) or Portuguese (with translation into English for IDA), according to paragraphs 1.20 and 1.21 of the *Consultants Guidelines*.

Table A8.1. Thresholds for Procurement Methods and Prior Review

Procurement Category	Contract Value Threshold (US\$)	Procurement Method	Contracts Subject to Prior Review (US\$)
Works	500,000 or more	ICB	200,000 or more: all
	Less than 500,000	NCB	First 2 contracts
	Less than 50,000	Direct contracting	200,000 or more: all
Goods	200,000 or more	ICB	All
	Less than 200,000	NCB	First 2 contracts
	Less than 50,000	Shopping	-
		Direct contracting & UN Agencies (IAPSO)	200,000 or more: all
Consultant Services - Firms	Less than 100,000	QCBS, QBS, CQS, LCS	100,000 or more: all contracts; for less than 100,000: all TORs
		CQS	All TORs
		SSS	All
Consultant Services - Individuals		ICS	50,000 or more: all Less than 50,000: all TORs
Consultant Services – UN Agencies and NGOs			All
Commercial practices	Less than 50,000		Approval of commercial practices
Goods, works and services -Community participation	Less than 50,000		

Notes:

- ICB International Competitive Bidding
- NCB National Competitive Bidding
- QCBS Quality and Cost Based Selection
- QBS Quality Based Selection
- CQS Selection Based on Consultants' Qualifications
- LCS Lest Cost Selection
- SSS Sole Source Selection
- ICS Individual Consultants Selection

B. Assessment of the agency’s capacity to implement procurement

Procurement activities will be carried out by Transfrontier Conservation Unit (TFCA U). The agency is staffed by a director, one financial manager, two accountant clerks, one procurement specialist, one procurement assistant and support staff. Other key staffs are posted in the three focal TFCAs.

An assessment of the capacity of the Implementing Agency complement procurement actions for the project has been carried out by the Bank on April 12, 2005. The assessment reviewed the organizational structure for implementing the project and the interaction between the project's staff responsible for procurement Officer and the Ministry's relevant central unit for administration and finance.

The key issues and risks concerning procurement for implementation of the project have been identified and include (see table below). The corrective measures, which have been agreed, are described in the table below.

Risks/Issues	Correctives Measures	Implementation
Inadequate premises	The procurement unit will be provided with at least to working stations and one large office or 2 average sized offices	Done
Record keeping equipment insufficient	Adequate filing equipment will be provided	By effectiveness
Lack of support staff	Procurement assistant will be recruited	By effectiveness
Procurement staff experience not with large/medium size contracts	<ul style="list-style-type: none"> - Procurement plan to details the procurement contracts for the first two years - Procurement manual will clearly detail the procurement management processing - TFCA U will recruit a high caliber international consultant of firm to organize procurement team, train procurement staff, prepare additional training plan and launch procurement activities - Training to be attended by the Procurement Officer and assistant 	<p>Done</p> <p>By effectiveness</p> <p>By effectiveness</p> <p>Within 3 months after effectiveness</p>
Lack of experience with Bank financed projects	<ul style="list-style-type: none"> - Country Office & TTL will review first two equipment, civil work and consultant contracts - Country office will provide continuous support as required - PO should attend procurement clinics delivered by the Country Office 	

The overall project risk for procurement is high (for now).

C. Procurement Plan

The Borrower developed a procurement plan for project implementation, which provides the basis for the procurement methods. This plan has been agreed between the Borrower and the Project Team on September 2, 2005 and is available at TFCA U in Maputo. It will also be available in the project's database and in the Bank's external website. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

D. Frequency of Procurement Supervision

In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the Implementing Agency has recommended every six months for the 1st year and yearly afterward supervision missions to visit the field to carry out post review of procurement actions.

E. Details of the Procurement Arrangements Involving International Competition

1. Goods, Works, and Non Consulting Services

(a) List of contract packages to be procured following ICB and direct contracting:

1	2	3	4	5	6	7	8	9
Ref . No.	Contract (Description)	Estimated Cost	Procurement Method	P-Q	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
1	Transport equipment	\$530,000	ICB		No	Prior	06/2006	
2	Transport equipment	\$415,000	ICB		No	Prior	06/2010	Replacement of vehicles

(b) ICB contracts estimated to cost above 200,000 per contract and all direct contracting will be subject to prior review by the Bank.

2. Consulting Services

(a) List of consulting assignments with short-list of international firms.

1	2	3	4	5	6	7
Ref. No.	Description of Assignment	Estimated Cost	Selection Method	Review by Bank (Prior / Post)	Expected Proposals Submission Date	Comments
1	External auditors	\$60,000	LCS	Post	07/2005	Year 1-3
2	External auditors	\$70,000	LCS	Post	07/2008	Year 4-7
3	Conservation policy	\$166,00	QCBS	Prior	06/2006	
4	PA legislations	\$40,000	QCBS	Post	06/2008	
5	Establishment PA institution	\$110,000	QCBS	Prior	06/2010	
6	Staff recruitment & adaptative training	\$440,00	QCBS or FC	Prior	01/2011	
7	SDP using SEA	\$200,000	QCBS	Prior	06/2007	All districts
8	Tourism statistics training	\$30,000	QC	Post	01/2008	
9	FUTUR business planning	\$30,000	QCBS	Post	01/2007	
10	Completion Tourism Master Plans	\$55,000	QCBS	Prior	06/2008	Matutuine

11	District Tourism Master Plans	\$220,000	QCBS	Prior	06/2008	Gaza districts & Vilankulo
12	District Tourism Master Plans	\$90,000	QCBS	Prior	06/2008	Sussudenga
13	TFCA U staff	\$940,000	SSS	Prior (done)	Done	Staff already employed by TFCA U
14	Conservation planning in 3 TFCA	\$160,000	SSS	Prior	03/2005	DICE
15	Mapping of 3 TFCA after/as part of SEA, land demarcation & park management plans	\$160,000	SSS	Prior	03/2005	Peace Park Foundation
16	Marine PA design	\$60,000	SSS	Prior	03/2007	Oceanographic Institute
17	Applied ecological research	\$165,000	SSS	Prior	06/2006	University Eduardo Mondlane
18	Animal disease surveillance	\$87,000	SSS	Prior	06/2006	Wildlife Conservation Society
19	Application screening (for Community Enterprise Fund)	\$180,000	QCBS	Prior	06/2006	Financial firm
20	Community broker in Limpopo, Chimanimani & Zimoza TFCA	\$488,000	SSS	Prior	03/2006	African Wildlife Foundation w/ tbd national NGO
21	Community broker in Lubombo TFCA	\$236,000	SSS	Prior	03/2006	Peace Park Foundation w/ tbd national NGO
22	Community facilitator for land demarcation in Limpopo TFCA	\$277,000	SSS	Prior	03/2006	ORAM
23	Design of tourism licensing and grading	\$100,000	SSS	Prior	03/2007	World Tourism Organization

(b) Consultancy services estimated to cost above 100,000 per contract for firms and \$50,000 per contract for individual consultant and single source selection of consultants (firms) will be subject to prior review by the Bank. The Bank will review all consultant services TORs and procurement plans.

(c) Short lists composed entirely of national consultants: Short lists of consultants for services estimated to cost less than \$100,000 equivalent per contract, may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Annex 9: Economic and Financial Analysis

MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

The intention of the report is to quantify the economic potential of tourism in Mozambique, and to indicate the role of the TFCA's in realizing that potential. Mozambique has a well-articulated tourism policy and a strategic plan. Tourist arrival statistics are around 400,000 per year; capacity is around 14,000 beds and current contribution to GDP is around 1.2%. The potential for tourism development is widely acknowledged, as is the current underperformance. Mozambique has a miniscule share of international tourism, and the challenge for Mozambique is how to provide tourist products that are price and productivity competitive.

Constraints

The legacy of the past (civil disturbance, central planning of the economy, colonial indifference to local needs etc.) has left the country with a series of hurdles that have to be overcome in pushing forward tourism development. These hurdles include weak governance (which makes it difficult to create an enabling environment for investment), lack of infrastructure in a large country (which raises costs for all business operations), and low level of local education and skills (which leads to very low productivity and makes the destination uncompetitive in price and productivity).

Scenarios and Priority Areas

Since 1992, there have been great advances, with new hotels and lodges, however, the challenges in realizing the potential for tourism will have to be met by a much greater degree of focus, and, ideally, by more effective forward planning instruments. Scenarios for the future are infinite but for the purposes of this report are seen as three:

1. Continue as we are going now which means tourism as a **'pioneer industry'**;
2. Be more organized with IDP (integrated development planning) as the key instrument in bringing forward development and investment (**core initiatives**);
3. Be even more organized with specific tourism development areas (TDAs), which also have associated regulatory powers and institutional capability, as the key instrument for bringing forward development and investment (**proactive catalytic**).

The scenarios are largely on a continuum line in that the more highly organized the process of development, the less the risks in investing, the lower the returns required by the investor, the higher the quality of the investor and operator, the larger the investment, and the higher the economic returns to Mozambique – primarily in the form of jobs and local incomes. Achieving the greater organization requires a high level of political will combined with a higher level of foreign involvement – investment and operation.

Physical focus means that the Government has to prioritize areas for its assistance in bringing about tourism development. The need to focus is brought about by the size of

the country and the legacy of hurdles referred to above. The actual space required for a built tourism environment is in fact relatively small. So a focus on relatively small areas will allow development to be achieved, which is not feasible all around the country. Achievement is now key in order to show the local people what the gains can be from tourism.

The priorities, which are open to discussion, but they have been selected in this report as a result of a judgment about the opportunities/strengths within Mozambique, are:

- Develop Maputo and associated environs (e.g. Inhaca island) as a ‘must see’ capital city. Maputo should become both a destination and also a market for other areas such as GLTFCA, Lubombo TFCA etc.;
- Develop Vilankulo/Bazaruto Marine Park as a world-renowned resort destination area. It has the product portfolio and mix to achieve this;
- Develop Pemba/Quirimbas TFCA as a tourist destination in its own right (subject to feasibility study);
- Develop GLTFCA as a wildlife destination, as bush-beach linkage, and as a support to the Maputo destination;
- Develop Lubombo TFCA as a marine destination and as a support to Maputo;
- Develop the regional circuits (and TFCAs) to gain the most from Southern Africa.

Other destinations can be included but there is always the risk of ‘dissipation of resources’ and then ‘no achievement’, and then worse, ‘disappointment for locals’.

Quantifying the Economic Potential

Improvement in the statistics is currently programmed by MITUR and by INE. In the meantime it is necessary to view all the statistics as broad orders of magnitude. The macroeconomic situation in tourism in 2015 is estimated as below.

Scenario 2015	Gross Forex US\$ m	Contri-bution To GDP %	Direct Employment No	Local Incomes US\$ m	Total Employment No	Annual Capital Investment
1 Low	180	1.5	45,000	145	120,000	30 US\$m
2 Middle	290	2.4	60,000	230	195,000	55 US\$ m
3 High	440	3.4	75,000	330	275,000	85 US\$ m

Under the low scenario (continuing as we are now), there is growth in the industry, contributing 1.5% to GDP compared to 1.2% now, but there is 50+ % under-performance. It could contribute 3.4%. The above figures apply to the impact of the inbound tourism expenditure. It does not include for domestic tourism.

Role of the TFCAs

The principal roles of the TFCAs are firstly as the key planner for some of the priority areas – Vilankulo/Bazaruto, Pemba/Quirimbas, Greater Limpopo, Lubombo, and the TFCAs in the regional circuits. And secondly, as the builder of the base over 10 years on

which the GOM (on behalf of the people) can secure proper returns from the exceptional environment/ecology - marine and terrestrial - within the country.

The principal means for securing these returns (which have to be earned by the Government illustrating its ability to look after these environments/ecology such that tourists are willing to pay) are through tourist bednight levies in specific areas, site concession fees from tourist accommodation providers, and through reasonable consumption taxes such as VAT. The Government could probably earn, but in 10 years time, up towards US\$ 30 – 40 million per year in a high scenario. However, it is necessary to take a long-term view on this and for the tourist to see it as ‘value for money’, and not for the Government to just take tax wherever it is possible, as sometimes currently takes place (e.g. the visa fees).

Role of the TFCA Unit

The TFCA Unit has successfully managed the establishment of the TFCAs and put in train many of the measures for conservation. The task has now been broadened to include tourism. In the future, tourism will be inextricably linked as a base for conservation, providing both funds and a level of interest in the success of conservation not only on the part of the tourists themselves, but also on the part of the tourism industry itself.

For the TFCA Unit to fulfill its roles, it has to embark upon integrated development planning (IDP) for the TFCAs (conservation and tourism development) and to take it further with assistance to special tourism development areas where such a concept can be implemented.

It is recommended that the Elephant Coast Development Agency (ECDA) be considered as a pilot project for a special tourism development area (TDA). The TDA would be based upon a fully integrated development plan (not just land use planning and sites for the development but including infrastructure, human resources, social and environmental planning and inter-sectoral planning). The TDA will bring economic benefits both to the local people and to the conservation of the coastal areas and inland areas. The TFCA Unit would be a prime player and mover in the integrated development planning (IDP) that needs to be undertaken under the auspices of the ECDA.

Returns on TFCATDP

Phase 2 of the TFCATDP will be financed through a GEF Grant (ca. \$10 million) and an IDA Credit (ca. \$20 million). A substantial investment is being put into improving the conservation of the environment and ecology associated with the planning for tourism. As indicated previously the returns from such investment will accrue not only through future charges that can be secured from both tourists (say, bednight taxes) and from the tourism industry (say, through concession fees for sites), but also through the higher prices that can be charged by the tourism operators, thus making them more profitable. The future scale of the tourism industry in Mozambique, where in ten years time it is

possible to be talking about inbound tourist expenditure approaching US\$ 450 million per year (in a high scenario), would suggest that an investment of US\$ 30 million in a key initiative that will underpin chargeable tariffs and Government revenues is not 'out of kilter' with the potential.

However, to realise returns from these conservation activities through tourism, which is perfectly possible, will rely upon a highly-organised development of the tourism industry requiring a high level of political will on the part of the Government.

Annex 10: Safeguard Policy Issues

MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	[X]	[]
Natural Habitats (OP/BP 4.04)	[X]	[]
Pest Management (OP 4.09)	[]	[]
Cultural Property (OPN 11.03, being revised as OP 4.11)	[]	[]
Involuntary Resettlement (OP/BP 4.12)	[X]	[]
Indigenous Peoples (OD 4.20, being revised as OP 4.10)	[]	[]
Forests (OP/BP 4.36)	[X]	[]
Safety of Dams (OP/BP 4.37)	[]	[]
Projects in Disputed Areas (OP/BP/GP 7.60)*	[]	[]
Projects on International Waterways (OP/BP/GP 7.50)	[]	[]

The TFCA and Sustainable Tourism Development Project is a major conservation project which is focused on sustainable use of Mozambique's immense natural habitat estate. Its primary objective is that of institutionalizing ecosystem management, and mainstreaming it into development planning processes. As such it is expected to have significant environmental and social benefits relative to a no-project situation. The project also has the objective of promoting environmentally sustainable tourism and other sustainable land uses such as game farming.

The project will operate in the context of a highly dynamic socio-economic and political landscape. GOM is keen to promote private sector investment and is also responsible for a sizable public sector investment program, so the project will require adaptable experiential learning processes rather than blueprints.

OP4.01 Social and Environmental Impact, OP4.40 on Natural Habitats and OP4.36 on Forest

In spite of the expected social and environmental benefits, OP4.01 is triggered because of there may be minor social and environmental negative impacts. Undetermined infrastructure will be built in Punta do Oro and Vilankulo to increase these towns' basic facilities and make them attractive to tourism investors. The impact of these constructions will need to be monitored as well. Large-scale impacts such as major land use change will not be induced by the project. The development of Mozambique's coastline and interior is expected whether or not the project is implemented. The project is intended to provide a framework for promoting sustainable development, through an ecosystem management approach. The project is also not expected to finance or induce major irreversible impacts.

* *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

Social - The project was prepared and will be implemented from a participatory perspective where all stakeholders, in particular the local communities play a central role. At the planning stage, three key participatory mechanisms are being used to involve communities. These are: (a) Strategic Environmental Assessment (SEA) to provide information on environmental and social assets and constraints to help evaluate the sustainability and broader impacts of various development options; (b) Macro or spatial zoning plans which define activities in the different zones and the implementation norms for each zone; and (c) IDDPs to draw together stakeholders and sectoral, local and upstream development plans in a coherent TFCA-wide strategic vision.

As from the beginning, the participatory process identifies local priorities through local stakeholder's workshops and consultation meetings to produce SEAs and spatial zoning plans. The IDDP formulation process will result in comprehensive development strategies for each TFCA. IDDP implementation will involve the establishment and management of multi-use conservation areas (including formal and informal core PAs, appropriate buffer and support areas); and the initiation of economic alternatives (environmentally sustainable tourism development, co-management, private sector partnerships in community based tourism etc.) to unsustainable, destructive use of natural resources by local communities. To promote long term viability and coherence of local level planning, preparation and implementation of TFCA, IDDPs will be not only in conformity with, but integral part of the participatory district development planning approach at all levels, in particular at community level.

Further, a community strategy will be a key tool for creating awareness, for consensus building, for generating participation in processes of change and development, for making informed decisions and for resolving conflicts. At community level, the communication strategy should focus on the needs to ensure access to information for all local stakeholder groups; and to strengthen the ability of all stakeholders to articulate and disseminate information, and make their own informed decisions. This should help communities become full partners in the process of zoning and development planning. It is expected that the communities will feel empowered and will effectively and gradually develop an ownership in the TFCA development programs.

The project will also support other activities and measures focused on the improvement of the communities' livelihood and the resilience of the vulnerable groups. This will involve programs with focus on capacity building (in particular acquisition of income generating skills, leadership and community planning skills), reproductive health awareness raising, institutional development, and, to the extent feasible, development of priority community services and infrastructure. The project includes a significant nature tourism component focusing on gradually involving local communities in co-management of PAs as well as promotion of business partnerships to obtain direct concrete benefits from tourism initiatives in the PAs and buffer zones.

Environment - The project is given a Category B rating since the project will be designed to provide a framework for environmentally sound planning processes. Extensive public consultation processes considered essential to underpin participatory planning for

ecosystem management will be triggered. Project preparation has designed the IDDP process, which begins with an SEA to be carried out as part of project implementation. These processes will be set out in a disclosable Environmental and Social Management Framework, prior to project appraisal. All investments financed by the project will be subject to individual environmental assessments according to the ESMF. The project will also strengthen capacity and processes in Mozambique for environmental assessment.

Major land use changes are not foreseen. However, even without the project, the coming years will see infrastructure and private sector development in certain areas which could lead to the expansion of tourism nodes, population increase, and in-migration. These trends are already being observed in certain coastal areas. The challenge will be to ensure that the project induces positive change, and encourages sustainable pro-poor tourism.

Natural habitats and forest - The natural habitat OP is triggered even though the project is expected to have significant positive impact in the securisation of the country natural habitat and forest. Still, with the economic development triggered by the project and, some of the infrastructure built, there may be negative impact locally.

There are two levels at which the TFCA process will operate by:

- Influencing current and proposed investment plans – both public and private – towards more environmentally and socially sustainable patterns. This could mean realignment or repositioning of infrastructure investments undertaken by the Government or the private sector;
- Actively promoting investments which maximize opportunities for sustainable development in the TFCAs. This could mean supporting the development of infrastructure which is essential for ecological management or for sustainable tourism development. These investments will not be fully defined during the course of project preparation, except in those areas where planning is sufficiently advanced (for example under TFCA1)

Dealing with these challenges will require a two-pronged approach:

- Strategic Environmental Assessments (SEA) would be carried out for the proposed TFCAs as part of the spatial planning process. SEAs are considered more appropriate for the large areas where boundaries remain undefined and where a number of different development activities will be taking place. The SEAs will support a zoning process and help identify priority sites for private sector investment. The SEA processes will identify mitigation activities most likely in respect of the development of tourism nodes, unregulated access to natural resources, zoning and other factors.
- Within the broadly designed zones and priorities set by the SEAs, specific public and private investments will emerge requiring project specific environmental assessments.

OP/BP 4.12 on Involuntary Resettlement and Land Acquisition

Two major factors have led to the triggering of OP/BP 4.12.

The first factor is the restrictions and the incompatibility of local communities' livelihoods activities with the objectives of the TFCAs and PAs. The objectives of the TFCATDP in protecting the natural environment and supporting biodiversity conservation and natural resource management in the TFCAs include the establishment of boundaries, the potential for establishing new PAs, and the development of regulations, criteria, procedures and institutional structures for planning, management and development. These imply the restriction of access to natural resources by the local communities inside the PAs and in buffer zones. Communities living in TFCA interstitial areas are also potentially affected insofar as these multi-resource use areas will be included in zoning and development plans for sustainable resource use that may include community-based informal PA creation. Yet, the poorest and most vulnerable sectors of rural populations are often the most dependent on renewable natural resources for income generation and risk management strategies. Often, they bear direct and indirect costs from living in and/or near conservation areas, in terms of loss of access to resources, and damage to or loss of crops, livestock and human life caused by wildlife. Hence, if affected communities do not participate in identifying their resources, designing and agreeing on restrictions to these, and in proposing the mitigation measures, it is unlikely that they will comply with conservation plans.

To avoid such a negative effect on the population and avoid unnecessary conflicts, a Process Framework has been commissioned and completed. The purpose of the framework is to describe the process by which potentially affected communities will participate in resource planning and management. The process Framework shows how Development Action Plans will be formulated and adapted with the local population during the design and implementation phases of the project. Action plans are instruments that emphasize actions to give communities a voice and that provide them with means to negotiate their position with project and government authorities. Their design and development provide the opportunity for involvement of NGOs and other partners in helping to empower local communities through various forms of capacity building. Once developed, an Action Plan should become part of the natural resources management plan.

The second factor that contributed to the triggering of OP/BP 4.12 is the objective to promote and link conservation and nature tourism development activities to community participation and access to direct and indirect benefits, as well as to encourage communities' land delimitation to strengthen their rights bases. The development of nature tourism activities may require land acquisition to build and develop infrastructure, and buildings. The project may also cause displacement of people from their homes and areas as a result of the threat of wildlife. Because presently, the location, nature and scope of possible land acquisition and displacement are not yet known, a Policy Framework (PF), as a mitigation measure, has been commissioned and completed. The PF, which is a binding public document, establishes the policy principles to be used for

the development of specific RAPs, as specified in OP/BP 4.12. During project implementation, when the details of land acquisition and involuntary resettlement are fully known, several Resettlement Action Plan(s) (RAPs) will be defined, prepared, and implemented.

No Indigenous people or sites known for bearing cultural heritage have been identified. Burial and sacred sites will be protected and documented and recorded in the management plans and the RAPs.

Annex 11: Project Preparation and Supervision

MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

	Planned	Actual
PCN review		
Initial PID to PIC		
Initial ISDS to PIC		
Appraisal	April 2005	May, 2005
Negotiations	May. 2005	
Board/RVP approval	Sept. 2005	
Planned date of effectiveness	Jan., 2006	
Planned date of mid-term review	Jan., 2009	
Planned closing date	Dec. 31, 2012	

Key institutions responsible for preparation of the project:
TFCA Unit of MITUR with assistance from DNAC, DINATUR, DNP

Bank staff and consultants who worked on the project included:

Name	Title	Unit
Agi Kiss	Lead ecologist, TTL (until 09/2005), HQ	
Cedric Boisrobert	Operation Officer, HQ	AFTS1
Aniceto Billa	Operation Officer, Maputo	AFTQK
Caroline Guazzo	Task assistant (HQ)	AFTS1
Luisa Matsinhe	Task assistant (Maputo)	AFTS1
Joao Tinga	FMS (Maputo)	AFTQK
Slahedine Ben-Halima	Lead Procurement	AFTQK
Mohamed Arbi Ben Achour	Snr. Sociologist (HQ)	AFTS1
Judith Oglethorpe	Conservation sp.	Consultant
Rod De Vletter	IDDP sp.	Consultant
Iain Christie	Tourism sp.	Consultant
Jean-Michel Pavy	Snr Environment sp., TTL (start 10/2005), Lusaka	AFTS1

Bank funds expended to date on project preparation:

1. Bank resources:
2. Trust funds:
3. Total:

Estimated Approval and Supervision costs:

1. Remaining costs to approval: \$30 000
2. Estimated annual supervision cost:

Annex 12: Documents in the Project File

MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

ICR Phase 1
PCN
Minute of PCN
GEF Project Concept
GEF Project Brief
GEF Review Sheet & GEF Council Comments
Preappraisal AM & BTOR
PHRD Proposal
Environment and Social management Framework
Process Framework
Resettlement Policy Framework
Minutes of QER meeting
Minute Decision Meeting
Appraisal AM & BTOR
Memo for negotiations
Minutes of negotiations

Annex 13: Statement of Loans and Credits
MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

Project ID	FY	Purpose	Original Amount in US\$ Millions				Cancel.	Undisb.	Difference between expected and actual disbursements	
			IBRD	IDA	SF	GEF			Orig.	Frm. Rev'd
P082618	2005	Beira Railway Project	0.00	110.00	0.00	0.00	0.00	110.95	0.00	0.00
P069183	2004	MZ Energy Reform and Access Project	0.00	40.26	0.00	3.09	0.00	44.99	0.54	0.00
P001807	2004	MZ-Decentralized Planning and Fin. Proj	0.00	0.00	0.00	0.00	0.00	39.48	9.98	0.00
P078053	2003	HIV/AIDS Response Project	0.00	0.00	0.00	0.00	0.00	57.81	-3.60	0.00
P072080	2003	PUBLIC SECTOR REFORM	0.00	0.00	0.00	0.00	0.00	26.89	15.81	0.00
P069824	2002	MZ-Higher Education SIM (FY02)	0.00	60.00	0.00	0.00	0.00	48.09	-0.03	0.00
P001785	2002	MZ-ROADS & BRIDGES MMP	0.00	162.00	0.00	0.00	0.00	155.31	73.22	0.00
P073479	2002	MZ - Communication Sector Reform	0.00	14.90	0.00	0.00	0.00	11.66	3.92	0.00
P001806	2002	MZ-MUNICIPAL DEVELOPMENT PROJECT	0.00	33.60	0.00	0.00	0.00	26.19	12.48	0.00
P001808	2001	Mineral Resources Project (NRMCP)	0.00	18.00	0.00	0.00	0.00	8.71	0.83	0.00
P070305	2000	Coastal & Marine Biodiversity Mgmt	0.00	5.60	0.00	0.00	0.00	4.66	4.19	0.91
P049874	2000	ENTERPRISE DEVELOPMENT	0.00	26.00	0.00	0.00	0.00	11.47	10.56	0.00
P042039	2000	MZ RAILWAY & PORT RESTR	0.00	100.00	0.00	0.00	0.00	53.28	48.52	16.29
P035919	2000	MZ-GEF Coastal & Marine SIL (FY00)	0.00	0.00	0.00	4.11	0.00	2.80	4.10	3.77
P001799	1999	AGRIC SECTOR PEP	0.00	30.00	0.00	0.00	0.00	13.25	12.90	8.96
P052240	1999	NATIONAL WATER II	0.00	75.00	0.00	0.00	0.00	74.19	46.30	0.00
P001786	1999	MZ-Edu Sec Strtgy Prgm ESSP TAL (FY99)	0.00	71.00	0.00	0.00	0.00	34.14	31.95	-2.90
P039015	1998	NATIONAL WATER I	0.00	36.00	0.00	0.00	0.00	14.69	13.46	0.00
Total:			0.00	782.36	0.00	7.20	0.00	738.56	285.13	27.03

MOZAMBIQUE
STATEMENT OF IFC's
Held and Disbursed Portfolio
In Millions of US Dollars

FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic.	Loan	Equity	Quasi	Partic.
1998	BIM-INV	0.00	0.30	0.00	0.00	0.00	0.30	0.00	0.00
2000/03	BMF	0.00	0.20	0.00	0.00	0.00	0.20	0.00	0.00
2004	ENH	0.00	18.50	0.00	0.00	0.00	0.00	0.00	0.00
1997/01	MOZAL	13.32	0.00	0.00	0.00	13.32	0.00	0.00	0.00
1999	Maragra Sugar	10.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2000	SEF Ausmoz	0.72	0.00	0.00	0.00	0.72	0.00	0.00	0.00
1997	SEF CPZ	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00
1997	SEF CTOX	0.73	0.00	0.00	0.00	0.73	0.00	0.00	0.00

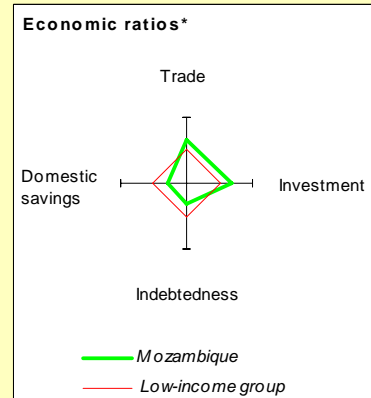
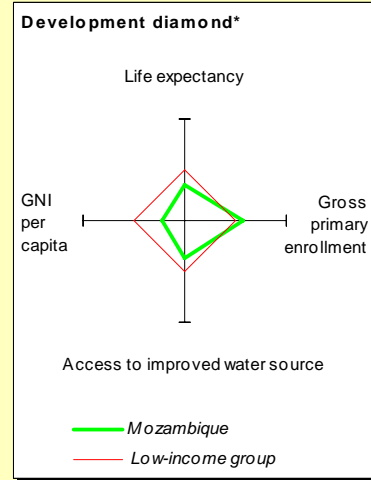
2000	SEF Cabo Caju	0.58	0.00	0.00	0.00	0.51	0.00	0.00	0.00
2001	SEF Grand Prix	0.53	0.00	0.00	0.00	0.34	0.00	0.00	0.00
2000/04	SEF Merc	1.20	0.00	0.00	0.00	0.66	0.00	0.00	0.00
1999	SEF ROBEIRA	0.20	0.00	0.00	0.00	0.20	0.00	0.00	0.00
Total portfolio:		28.58	19.00	0.00	0.00	17.48	0.50	0.00	0.00

		Approvals Pending Commitment			
FY Approval	Company	Loan	Equity	Quasi	Partic.
Total pending commitment:		0.00	0.00	0.00	0.00

Annex 14: Country at a Glance

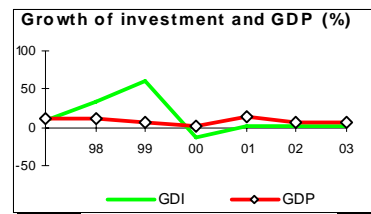
MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

POVERTY and SOCIAL	Mozambique	Sub-Saharan Africa	Low-income		
2003					
Population, mid-year (millions)	18.8	703	2,310		
GNI per capita (Atlas method, US\$)	210	490	450		
GNI (Atlas method, US\$ billions)	3.9	347	1,038		
Average annual growth, 1997-03					
Population (%)	2.0	2.3	1.9		
Labor force (%)	2.1	2.4	2.3		
Most recent estimate (latest year available, 1997-03)					
Poverty (% of population below national poverty line)	54		
Urban population (% of total population)	36	36	30		
Life expectancy at birth (years)	41	46	58		
Infant mortality (per 1,000 live births)	101	103	82		
Child malnutrition (% of children under 5)	24	..	44		
Access to an improved water source (% of population)	57	58	75		
Illiteracy (% of population age 15+)	60	35	39		
Gross primary enrollment (% of school-age population)	106	87	92		
Male	107	94	99		
Female	95	80	85		
KEY ECONOMIC RATIOS and LONG-TERM TRENDS					
	1983	1993	2002	2003	
GDP (US\$ billions)	3.2	2.0	3.6	4.3	
Gross domestic investment/GDP	116	25.5	30.3	27.9	
Exports of goods and services/GDP	6.1	13.2	23.5	22.8	
Gross domestic savings/GDP	-5.0	-9.6	15.6	11.3	
Gross national savings/GDP	-3.9	-3.2	15.8	12.8	
Current account balance/GDP	-13.5	-25.8	-18.8	-12.2	
Interest payments/GDP	0.0	3.8	4.9	3.8	
Total debt/GDP 1/	13.0	227.8	132.2	116.3	
Total debt service/exports 1/	0.0	19.0	26.1	8.0	
Present value of debt/GDP 1/2/	24.8	23.2	
Present value of debt/exports 1/2/3/	96.0	91.2	
	1983-93	1993-03	2002	2003	2003-07
<i>(average annual growth)</i>					
GDP	3.6	8.1	7.4	7.1	7.6
GDP per capita	2.6	5.7	5.3	5.1	5.8

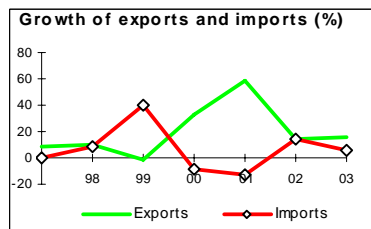


STRUCTURE of the ECONOMY

(% of GDP)	1983	1993	2002	2003
Agriculture	37.6	29.5	26.6	26.1
Industry	27.5	20.7	28.9	31.2
Manufacturing	..	7.3	14.9	15.5
Services	34.9	49.8	44.6	42.8
Private consumption	84.3	95.4	73.4	77.3
General government consumption	20.8	14.3	11.0	11.5
Imports of goods and services	22.8	48.4	38.2	39.4

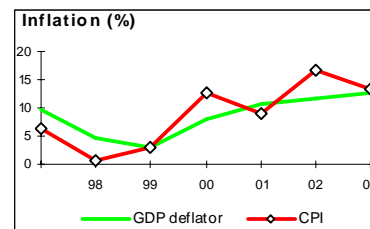


(average annual growth)	1983-93	1993-03	2002	2003
Agriculture	2.9	6.1	7.2	8.0
Industry	-3.5	17.7	7.5	9.0
Manufacturing	..	18.1	4.0	12.8
Services	7.7	3.1	6.2	3.3
Private consumption	2.8	1.9	10.4	5.0
General government consumption	1.7	6.2	5.8	8.6
Gross domestic investment	-0.3	14.4	2.5	0.5
Imports of goods and services	0.0	4.0	13.9	5.8



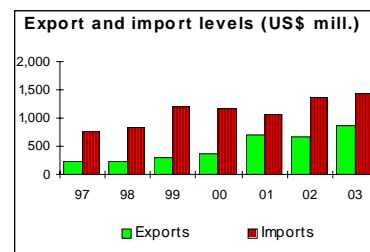
PRICES and GOVERNMENT FINANCE

	1983	1993	2002	2003
Domestic prices				
<i>(% change)</i>				
Consumer prices	28.2	42.3	16.8	13.5
Implicit GDP deflator	13.0	51.4	11.5	12.6
Government finance				
<i>(% of GDP, includes current grants)</i>				
Current revenue	18.0	18.5	18.0	18.4
Current budget balance	-2.1	3.6	2.2	2.5
Overall surplus/deficit after current grants	-17.8	-11.0	-15.8	-11.4
Overall surplus/deficit after all grants	-16.0	-3.6	-7.9	-4.9



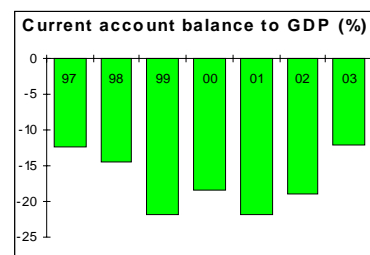
TRADE

	1983	1993	2002	2003
<i>(US\$ millions)</i>				
Total exports (fob)	132	132	679	880
Cashew nuts and raw cashew	16	20	17	17
Prawn	31	69	64	64
Aluminum	361	519
Manufactures	..	7	13	15
Total imports (cif)	..	830	1,351	1,445
Export price index (1995=100)	96	90	74	78
Import price index (1995=100)	99	89	82	83
Terms of trade (1995=100) 1/	97	101	90	94



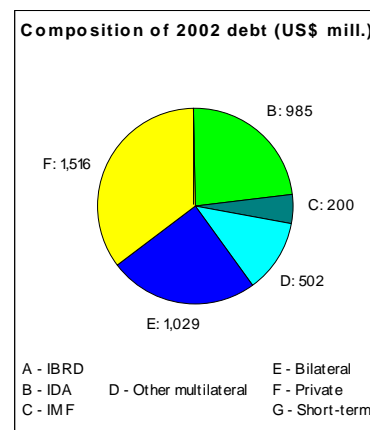
BALANCE of PAYMENTS

	1983	1993	2002	2003
<i>(US\$ millions)</i>				
Exports of goods and services	222	312	1,058	1,230
Imports of goods and services	694	958	1,745	1,820
Resource balance	-472	-646	-687	-590
Net income	-33	-179	-189	-213
Current account balance before grants	-437	-511	-678	-527
Financing items (net)	393	465	772	699
Changes in net reserves	43	46	-94	-172
Memo:				
Reserves including gold (US\$ millions)	15	187	825	1,007
Conversion rate (DEC, local/US\$)	40.2	3,951	23,678	23,782



EXTERNAL DEBT and RESOURCE FLOWS

	1983	1993	2002	2003
<i>(US\$ millions)</i>				
Total debt outstanding and disbursed 2/	422	4,514	4,756	5,024
IBRD	0	0	0	0
IDA	0	512	985	1,232
Total debt service 2/	0	71	286	102
IBRD	0	0	0	0
IDA	0	3	7	9
Composition of net resource flows 2/				
Official grants	90	503	420	536
Official creditors	202	134	..	179
Private creditors	0	0	0	0
Foreign direct investment	0	32	380	342
World Bank program				
Commitments	0	123	0	81
Disbursements	0	93	149	166
Principal repayments	0	0	3	2
Net flows	0	93	146	164
Interest payments	0	3	4	6
Net transfers	0	90	142	147



Annex 15: Letter of Sectoral Policy

MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

Introduction

1. The Mozambique Council of Ministers discussed the concept of transfrontier conservation in 1991 and requested the Global Environment Facility (GEF) through the World Bank, to provide assistance for the preparation of a project. During the course of the preparatory activities the original idea of a Transborder Park emerged into a broader multiple use “*Transfrontier Conservation Area*” (TFCA) concept. TFCAs are defined as “relatively large areas that straddle frontiers between two or more countries and cover large scale natural systems encompassing one or more protected areas”.

2. In 1996 the Government of Mozambique (GOM) secured a grant from the Global Environment Facility Trust Fund to support the Transfrontier Conservation Areas Pilot and Institutional Strengthening Project. This project was implemented from 1997 to 2003. Among the achievements of this project have been international agreements for establishment of the Greater Limpopo TFCA, the Lubombo TFCA and the Chimanimani TFCA. Discussions are in progress for two TFCAs, ZIMOZA and Niassa and when these are realized, Mozambique will have transfrontier agreements with South Africa, Swaziland, Zimbabwe, Zambia, Malawi and Tanzania.

3. The Government of Mozambique has provided leadership in the region and commitment to conservation and development through implementation of the concept of TFCAs. It intends to build on this platform constructed over thirteen years, through the Transfrontier Areas Conservation and Tourism Development Project the objectives of which are shown below.

Project Development Objective and Global Environmental Objective
PDO: Growth in community-private sector led environmentally and socially sustainable tourism in TFCAs
GEO: Increase the area, connectivity, & effectiveness of biodiversity conservation in TFCAs.

4. The Government of Mozambique through the Transfrontier Conservation Areas Pilot and Institutional Strengthening Project and work conducted in preparation for the Transfrontier Areas Conservation and Tourism Development Project (between September 2003 up to the present), identified a number of issues that it will address to provide direction for and enhance the practice of conservation and tourism development in Mozambique. The Government recognizes that success in addressing these issues will require inter departmental collaboration within government and with the private sector, including affected citizens. The statements of intent set out below therefore reflect the

shared commitment of the organs of the Government of Mozambique to jointly promote conservation and tourism development within the TFCAs.

5. The Government of Mozambique also expects that these statements of policy intent will provide assurance for the World Bank and other interested and affected parties of Government's commitment to promoting environmentally, socially and economically sustainable tourism through conservation.

6. The Government of Mozambique is seeking support from the World Bank and other donors to enable it to address these issues during implementation of the Transfrontier Areas Conservation and Tourism Development Project.

7. This statement of intent addresses policy issues, tourism development issues, safeguards issues in agreement with World Bank Safeguard Policies and conservation planning and practice issues.

Policy issues

8. The Government of Mozambique with the support of the World Bank and donors, intends to embark on a process of policy and legislative reform that leads to a broadly based national policy and legislative framework for conservation.

9. The policy will strongly reflect the relationships between people and conservation. It will acknowledge the rights of those living in the affected territories to the use of natural resources in conformity with protected area legislation and to participate in the planning and implementation of conservation and tourism development while benefiting from conservation and associated development.

10. The policy will be oriented towards ecosystem and biodiversity conservation as a basis for sustainable tourism and economic growth. During the Transfrontier Conservation Areas Pilot and Institutional Strengthening Project it became apparent that the separation of wildlife policy and legislation for conservation unnecessarily complicates effective ecosystem and biodiversity conservation and effective economic benefits associated with wildlife. The policy reform process will resolve these issues and provide a framework for optimizing the opportunities for synergy between government agencies that have roles in wildlife management.

11. The policy reform process will determine national categories of protected areas that accord with contemporary understanding of people and conservation. The Government is actively promoting community conservation areas and has demonstrated this in the ZIMOZA TFCA. Community conservation areas will be recognized and afforded appropriate status in the national categories. The policy reform process will establish the principles that define the relationships between people and each category of conservation area and the resources they support.

12. The policy and legislative framework will give a legal status to TFCAs, recognizing that they are multiple use areas, and integrate them into national planning and development.

13. During preparation for the Transfrontier Areas Conservation and Tourism Development Project the Government of Mozambique in collaboration with the World Bank, has prepared an Environmental and Social Management Framework. This defines the government's approach to managing environmental and social impacts that may arise during implementation of the project. Specifically, the government commits to meeting the World Bank's Involuntary Resettlement Policy (OP/BP 4.12) in all areas covered by the project, as described and reflected in the Resettlement Policy Framework and Resettlement Process Framework agreed to with the Bank.

14. The Government will incorporate the principles and processes of the Environmental and Social Management Framework and the Involuntary Resettlement Policy into the national policy for conservation that will be prepared during implementation.

Tourism development issues

15. The Government has been consistent in its view that TFCAs comprise a mosaic of different patterns of resource use that together support the integration of conservation and economic development. Recognizing that rights for the use of resources within TFCAs should be regulated, Government commissioned a study that would define principles and guidelines that should be applied in TFCAs. The overarching principles that Government will apply in TFCAs are:

- The economy of TFCAs will focus on conservation and tourism;
- The process of awarding concessions will be open, transparent and equitable;
- Conservation within TFCAs will be practiced at the level of ecosystems giving recognition to biodiversity, ecosystem processes and habitats, connectivity between core conservation areas and landscapes;
- Sense of place associated with the natural character of TFCAs will be safeguarded;
- Integration of conservation and tourism development will be achieved through a process of integrated district development planning that ensures the sighting, placement and operation of all developments are consistent with the concept for TFCAs;
- The use (consumptive and non-consumptive) of the natural resources will be closely controlled and monitored to promote uses that are sustainable and equitable; and
- The administering authority will honour the principles for good governance (transparency and accountability).

16. The Government has identified Priority Areas and Routes for Tourism Development and has stated its intention to provide focused support for tourism development in the Strategic Plan for Tourism Development in Mozambique. Several studies conducted during preparation have identified that in order to achieve its

objectives, the Transfrontier Conservation Areas and Tourism Development Project must focus its resources and efforts. With the TFCATDP, the Government intends to focus its resources to Lubombo, Limpopo and Chimanimani. In the Lubombo TFCA, particularly the coastal zone, and marine areas. In the Greater Limpopo TFCA, Government will also support activities in the three national parks as well as in the area of Vilanculos to enhance the tourism linkages between the GLTFCA and the coast. The Government includes the support to Chimanimani TFCA that includes the Chimanimani National Reserve its buffer zone, the Cultural Historic Zones. Less attention and resources will be directed to ZIMOZA TFCA to support community based conservation and tourism activities and to Niassa/Cabo Delgado TFCA, to match TFCATDP resources with the USAID support of sustainable tourism program in northern part of Mozambique. The program funded by USAID is currently under implementation.

17. Consistent with its intent to focus on the Lubombo TFCA, the Government has accepted the proposal for community based tourism developed during preparation and will support this projects, including awarding the identified prime tourism concession to a community association or joint venture between the community association and tourism investor. The terms and conditions that would apply to such venture, and other ventures supported by the project, will be defined in early implementation. The Government intends that TFCATDP supports the creation of a Community Enterprise Fund whose objective is to provide to legally registered communities a grant for them to bring as capital to a joint venture with a professional private investors. The equity grant will be designed to facilitate the investment inclusion into the community social and economic environment. Eligible venture would need to justify of a tourism or conservation outcome in the selected TFCAs. This initiative would (1) bring the communities into the sharing of tourism investments and benefits, (2) set strong incentive for ethical professional private operator to invest in tourism in Mozambique, (3) support the development of community-based conservation and tourism projects. .

Planning and conservation practice issues

Increase in area conserved

18. Studies conducted during implementation of the Transfrontier Conservation Areas Pilot and Institutional Strengthening Project led to proposals for two new conservation areas in the Lubombo TFCA, the Futi Corridor and a Marine Protected Zone extending northwards from Ponto do Ouro

The Futi Corridor provides an important migration route for elephants between South Africa and Mozambique. The Government has conducted studies to identify the area to be declared as protected. Adjacent to the proposed area the government has supported the demarcation of community areas which make part of the proposed buffer zone for the Futi corridor. At the request of the community, portion of the corridor will be fenced. The government will conduct the fencing using a consultative process that will lead to consensus on fencing alignment

19. The Lubombo Spatial Development Agreement signed by the Mozambique Government in 1999, made provision for declaration of a marine conservation area along the coast northwards from Punta do Ouro. The Government acknowledges the need and desirability for this Marine Protected Zone and will initiate a participatory process that will lead to the delimitation of the Zone and its proclamation as a conserved area in the appropriate category determined through the policy reform process.

20. The Government acknowledges that the protected areas in Mozambique may not make adequate provision for the conservation of landscapes, habitats and biodiversity and envisages that during the definition and planning of the TFCAs new priority areas or modification of the limit of existing protected areas (for example community conservation areas and catchments such as those for the Banhine wetlands or corridors such as the Futi corridor or modification of limits of the Zinave NP) may be identified within the TFCAs. All such new areas as may be identified in this process will be given consideration for conservation planning during the course of project implementation.

Improved connectivity between conserved areas

21. The Mozambique Government established TFCAs with the specific purpose of developing connectivity between protected areas in neighbouring countries and between protected areas within the country, through promotion of land use practices that better sustain ecosystem processes. One of the intentions of Government's policy reform is that protected areas within the country will make better provision for sustaining of ecosystem processes by increasing the connectivity between the core conservation areas. Consequently, the Government will support application of the principle of improving connectivity in the processes that define the boundaries of the different categories of conservation area within TFCAs.

Effectiveness of biodiversity conservation

22. The Government is aware of the challenges that it faces in ensuring that protected areas achieve the objectives for which they were established and acknowledges the urgent need to increase management effectiveness. During implementation of the Transfrontier Conservation Areas and Tourism Development Project, the Government will incorporate management performance evaluation into administration of TFCAs.

23. The generation, collection and distribution of revenue from visitors to protected areas will be an integral part of support for these areas and for demonstrating the benefits of conservation to society. Government is committed to implementing institutional reforms that will improve the targeted protected areas effectiveness and financial sustainability .

24. Government has committed to concession the use of land and to use public-private partnerships that include local people, as instruments for economic development of these concessions in conservation areas. A study during preparation has provided Government with guidelines (Annex 1) and principles for land use and concessions that it

will implement within the interstitial areas of the TFCAs. The Government also intends that TFCATDP help community with the land demarcation process.

Institutional reform for conservation management

25. The Government will gradually establish autonomous protected areas to seek they self sufficiency. The process will imply a constitution for that specific protected area that will allow that the income generated in the protected area will revert in favor of management of that area as well as allowing for establishment of an independent fund for that area in which the donors could directly finance. It will also include the formation of a management board with representative of major stakeholders that will oversee the management and development of the protected area. The initial phase of the process will involve the Limpopo National Park, Maputo Special Reserve, as they currently present a potential to generate income.

26. The TFCATDP will support an elaboration of a conservation policy that will guide on the institutional arrangement for protected areas in Mozambique that secure their long term financial sustainability. This will be the final stage of the gradual process of protected areas management autonomy;

27. The TFCATDP will support the staff of protected areas during the initial years of its implementation, the government will gradually commit funds to replace the budget for the core staff of the parks.

Planning

28. The Strategic Plan for Development of Tourism in Mozambique and a number of studies commissioned by Government during preparation have exposed the need for an integrated approach to development planning. Several government ministries have responsibilities for aspects of development planning and have adopted somewhat different approaches. As it is difficult to achieve effective integration under such circumstances, the Ministry of Tourism will implement a consultative process that will use the existing experiences in the country that will be defined as the Integrated District Development Planning Process. This definition will be:

- (i) Consistent with processes established by DNPO (National Directorate of Planning) at the Ministry of Planning and Development and DNAIA (environmental assessment) in MICOA;
- (ii) Incorporated into the formulation of DNPO guidelines for District Development Planning
- (iii) Reached through consultation and reflect consensus of the major stakeholders;
- (iv) Structured to incorporate the experiences and lessons learned from ongoing planning processes presently being undertaken by the GOM, such as the IDP process promoted by MICOA under its Integrated Coastal Zone Program, and the District Development Planning promoted by the Ministry of Planning and Development; and

- (v) Structured to reflect the approach and procedures set out in the Environmental and Social Management Framework (ESMF) developed during preparation for the TFCATDP. It will specifically make provision to safeguard people through meeting the provisions of the World Bank's Involuntary Resettlement Policy.

Draft Tourism and Development guidelines within the TFCA's

The TFCA contains many landscape features, the area is not uniform and although it is relatively sparsely populated, the people and communities are usually located on more productive land, especially land near water. The type of tourism product which will form the basis of the experience in this area has not been specifically defined. Obviously the focus will be on nature based, probably outdoor recreation, but the exact product is not articulated.

A cornerstone of the tourism development within the TFCA is the Transfrontier Conservation Areas and Tourism Development Project (TFCATDP). The development objective of the TFCATDP is:-

to obtain sustainable livelihood and economic development benefits from the well-managed use of Mozambique's biodiversity and other natural resources.

There is a very strong and clear indication from this vision that tourism and the sustainable use of biodiversity must be engines for economic development.

Tourism viability

Tourism within this product range can vary from high to low density, from expensive to more affordable. Many conservation agencies in southern Africa have in the past tried to cater to as many of these markets at once. This has led to in many instances to tourism products which are not financially viable. Within the interstitial areas of the TFCA, economic development and alleviation of rural poverty are critical factors, and it could therefore be assumed that any tourism products must be financially viable or economically attractive to the people from the area. Financially viable and economically attractive can have very different outcomes.

A **financially viable** business is one where **all** the costs of operating it are covered and the enterprise, at least over time, will show a positive return. This return can typically be measured as an internal rate of return (IRR), net present value (NPV) or a return on investment (ROI). These all measure the efficiency of a business and will, using different approaches, include the costs of capital, operations, marketing, overheads, levies, rental, taxes etc. They will determine if a project is viable and will return a profit to once all the relevant costs have been deducted.

The financial viability can also work at different levels. It may offer a good return for the tourism operator, because some of the costs of providing the service are excluded or external to their business. This can vary depending on the business and how it is structured. In a concession on state or communal land for example the costs of

maintaining the roads, wildlife product and other support infrastructure (such as fences, water holes etc) may not be carried by the concessionaire. These costs would be carried by a third party, usually the state. Where there is no intention for subsidy, these may need to be factored into the rental paid for a concession, depending on the objectives of the area.

This is where the term **economically attractive** may become relevant. A project can still be financially non-profitable, but still be economically attractive. It will depend on the objectives set for the area. It may be that the creation of jobs, the alleviation of poverty, biodiversity conservation and the development of infrastructure etc are important overriding objectives of government. In these instances it may still be worthwhile to develop the project and in effect subsidise the costs of providing capital and if necessary its maintenance to achieve these goals. It is unlikely that concessions held by the private sector would not optimise their return, so their assessment of profitability is likely to be more rigorous. The Kruger National Park is probably a good example of a product which is not financially viable, if the full costs of providing the tourism infrastructure are accounted for. But the economic return to the country would probably make it attractive because of its beneficial effects on the local, regional and national economy.

To understand the costs and benefits of tourism, it is critical that the costs associated with the development and maintenance of the product are identified, assessed and understood in the context in which they will operate. These can be both financial and economic²⁸ costs.

Financial values are often easy to assess as they can simply be obtained by asking what consumers would pay for the product. This works especially well for products which are well traded and have a known market value. Economic values are more difficult to determine. They are often not known and usually have different values. For example the value of an elephant to society may be very high; perhaps several thousand dollars. To a community or local person whose crops and possibly their life may be threatened by it; see the elephant as a threat and a liability. Its only value to them is its meat and other products.

The challenge to develop guidelines and principles for the TFCA is therefore to balance these costs, with the benefits and arrive at an outcome which optimises these while ensuring equity. There is no correct answer to this solution; it is driven by the objectives of the project. Here it is clear from the vision that economic growth coupled with the reduction of poverty in an environmentally sustainable manner is the most appropriate goal.

Tourism investment and management options

There are several approaches which can be pursued when developing tourism products and other facilities or services in the area. The best approach will be determined by the

resources available, the potential of the resources, the quality of the tourism product and many others.

The simplest model is probably where the state operates state owned facilities. These can range from small rudimentary camping sites to more elaborate formal accommodation. Lessons elsewhere have shown that very low key informal campsites catering to a few self contained tourists who are perhaps more adventurous, offer a low input but low reward product. They do not deliver significant economic goods and are generally not that financially efficient for the state. They do however, serve to permit low levels of use that may accord with the highest levels of conservation

The next step is to provide more formalised accommodation and services. The tourism business is however relatively high risk, it requires an adaptable management system which can respond quickly to opportunities, the marketing and reservations are also highly specialised functions. These factors coupled with generally high levels of service imply that the state is not the best provider and are often moving away from these operations.

Investors generally offer the best opportunity for developing and operating the tourism products. They bring a wide range of skills, capital and are better at managing the risk associated with tourism. They are however usually very good at maximising their profit and this may be at the expense of the state, the local people and/or the environment. If investors are to be used, then the rights which they may be offered must be in proportion to what they are expected to deliver.

This aspect is one of the most difficult issues to get right. If the conditions for investors are too strict and punitive for the products on offer, then no or poor bids may be obtained. If the conditions are too lenient then the full value of the concession may not be realised. There is no exact way of determining this, but proper planning at the outset can help determine what the potential of the resources are, what potential problems may exist and what risks an investor may face. Including tourism operators and investors in the planning stages can help identify some of these issues. By gaining an understanding of these issues the concession rights are more likely to be correctly defined at the outset and the contract conditions optimised.

This planning, which must be done as an integral part of the integrated district development plan (IDDP) , other management plans and strategic environmental assessments Strategic environmental assessment (SEAs) etc, is critically important. Business plans must form an integral part of the components of these plans to help identify what development issues may need to be addressed. It is in this area that carefully directed state funding can play an important role.

The costs of developing a tourism facility do not start and end at the lodge gate. There is a wide range of support services and infrastructure which can make a product more attractive to an investor and their clients. If the state is prepared to fund or at least assist with some of these it makes the area more attractive to an investor. At one extreme an

investor may be offered a ‘Greenfield’ site in the middle of the bush with no support infrastructure such as water or roads and no services, such as game patrols, access control, ecological management etc. These types of arrangements can rarely yield concessions of high value over the long term, with good financial and economic returns for the area. In contrast to a concession where game and habitat management is well defined, with a good track record, access control is good, security of tenure is unquestioned, access roads are of a good quality, there is support infrastructure etc, this is likely to attract a concessionaire, willing to invest heavily in fixed assets, develop people and pay a competitive rental. It is possible that government could erect the developments and lease these to operators, the portion of the ‘fee for leasing the buildings’, could be used for leveraging social development. This passes more risk to government, but it may be more attractive to private partners to work under this arrangement as their risk is considerably lower. However the construction of the assets, to ensure that are appropriate is important, if good value is to be obtained.

It may well be that for some of the sites the first option will be the most appropriate. In these instances it may be preferable to keep the concession periods short and limit the development rights which may be pursued. This will allow some benefits to flow but will not lock up a site for a long period. In the future the value of this site may improve as the knowledge of the area increases, the product becomes better known and demand for sites may improve. However these types of concessions must still only be considered when there is management capacity to monitor and control their operations. Failure to do this may result in unacceptable operations and activities.

The viability of a business, the transaction costs involved with managing the agreement by the state and the type of investor who is required, generally imply that an annual minimum turnover threshold from the business is required. Concessions which do not reach this hurdle will usually attract lower end operators, who are often unreliable, have little or no experience and bring little value to the agreement. They provide little in the way of economic benefits to local people, do not invest in the area and often push the limits of their agreement. It is also often not worthwhile for the state to monitor the agreements as the return is too low. Generally businesses with an annual turnover of less than about US\$200 000, are not worth considering. They are unlikely to be able to pay fees of more than about US\$10 000 to \$15 000 to the state, this is likely to be less than the costs of managing and monitoring compliance with the agreement.

These are some of the reasons why an integrated approach is required, to ensure control can be exercised efficiently, good quality products can be offered, planning helps remove uncertainty for investors and the state and economic returns can be optimised.

The role of tourism

Tourism is a cornerstone of economic development within the TFCA. It can provide an excellent platform for attracting investment, developing skills and building a market. Tourism will be able to contribute significantly to this, although it may take a while to build the product and the market.

The market position and the type of product offered will also impact on the potential contribution which tourism may be able to make in the area. Experience elsewhere in southern Africa has clearly demonstrated that low density tourism catering to the more affordable end of the market is usually not financially viable and does not make a significant economic contribution. Although there is a role for it, it is unlikely to be a significant contributor to achieving the vision.

Tourism is an excellent area for public private partnerships (PPPs), where concessions or areas are leased to private companies for discrete periods of time with defined performance. It has demonstrated significant benefits elsewhere in the region, but the process must be driven and directed by government. It can be an extremely efficient mechanism to leverage development, attract investment and import skills, technology and investment to an area. But it must be done according to a plan with defined outcomes, obligations, risks, responsibilities and benefits.

Concessions which are not directed and driven by an overarching strategy are unlikely to optimise the goals, objectives and vision of the TFCA. Haphazard concessions may lead to conflict between users, conflict with communities, overexploitation of resources and people and a long term impact on the market perceptions of the area.

The TFCA will need to position the tourism product and provide the market with a clear direction. This will need to consider the issues described in the section below.

Tourism guidelines

The following is a list of issues which will need to be finalised and described in a tourism development plan which will need to form an integral part of the Integrated Development Plan (IDP). These would apply to any party (private, state or community) developing tourism products within the TFCA. This plan must clearly indicate what type of product is going to be offered, what the long term tourism goals are for the area, what social obligations will need to be met and other development parameters such as type and amount of infrastructure (including support infrastructure), resource use and development etc.

Experience has demonstrated that when a clear plan exists and a long term vision has been collectively developed, the benefits of an area can be optimised. This attracts better, higher quality investors, who invest in the environment, their product and people. This is in contrast to *ad hoc* low level investments where the emphasis is on short term returns which often exploit the natural resources, the landscape and people.

Type of the product

The type of tourism product probably has the widest range of possibilities. These products can vary from expensive, large concessions catering to small numbers of tourists, where exclusive use of an area is awarded. At the other extreme are large numbers of tourists from day visitors to campers to lower price products who use the all use the area and tourist densities are high. The product will in many ways be driven by

the strategic direction or positioning which the TFCA chooses for the area. It may well be possible that several products can be offered within the area, especially if it is large enough to accommodate them in different zones. This has the advantage of not relying on one market to deliver the benefits to the area. Tourism, especially the more expensive foreign products can be extremely fickle and can evaporate very fast in reaction to perceived problems. A wider range of products may therefore offer better resilience for the area in the long term. These do not need to all be developed immediately, but can be phased in over time. If this is to occur it is wise to publicize this to let all potential and perhaps current users know that the different products will be developed in the area.

The size of the TFCA may well accommodate a wide range of users and products, the best choice probably being those which optimise economic development. As mentioned previously the net value which the products bring can either be measured in pure financial terms or in economic terms. In reality a combination may offer the best solution.

Market Niche

Products can cater to the top end of the market where all services are provided and the experience is usually more exclusive and lower tourism densities would be common. The level of service is usually very high and the staff to guest ratios often exceed more than one staff member per guest. These products are generally only marketable in the best areas within the TFCA, where the products being marketed are among the best on offer. The products can be wildlife, scenery, landscapes, cultural experiences etc. They may also offer better access to services and provide an attractive easy to access product, although this is not always applicable.

They can be offered as separate discrete concessions, or have small exclusive areas, usually confined to a few square kilometres around the lodge, with larger shared traversing areas. The shared areas would usually be with operators of a similar product. In these instances the management authority would need to provide some overall guidelines on operations, to ensure that a common code of conduct is developed and complied with by all within these areas. This arrangement works best in areas where good game viewing or scenery is limited; it may be scattered and seasonal or variable over the area. In this way a large area can be offered to several concessions that would all still have access to a wide range of products. In areas where the game is resident and the viewing is more constant over time, individual concessions may be preferable.

The exclusive use and shared traversing areas would be defined geographically and access to these may need to be controlled and monitored periodically if required. These concessions are often viable and can deliver good economic goods to the area while paying competitive rentals. They are often small, ranging from 10 to 40 tourist beds. Their impact on the landscape may be lower if good development parameters are imposed and monitored. The socio-economic impact is often high as they employ many staff compared to the number of beds, the guests are usually high spenders who demand good service.

The other option is for a lower priced product. Here the guests may be more self contained, expect lower service levels, but pay less in return. This is a potentially good market, but is not without problems. To manage it effectively good control is required. This control is expensive and the maintenance of infrastructure can also be high. This often implies that a large facility catering to a large number of guests, often in excess of 100 is required. This increases the environmental impact and the costs to mitigate this often increases. The employment ratios are much lower than the top end and the staff training often less intensive, as service levels are lower.

To accommodate this market effectively, facilities should be large and this implies a good network of support infrastructure such as game drive roads and track, walks etc. To accommodate the volumes of people these support facilities are often more extensive than in the top end on the market. Maintaining roads and tracks can be expensive and can offset any income which the faculties may earn. In addition achieving the occupancies required to be efficient (usually in excess of 50%) implies a steady stream of a large number of guests. This means good marketing, control and reservations and support services. This product is probably not yet appropriate to the TFCA, as the visitor volumes are low, the road and track network poor, support facilities like shops and restaurants are not available and the financial viability may be questionable. It may in future be an option for some areas. The larger camps in the Kruger National Park would typify this type of product. The economic impacts of these facilities are often lower than the more up market products as they employ fewer people per bed, but the size of the product is often larger, this increases the environmental impact

In addition to the market niche, a product brand must be developed so that it can be built and developed. It may well be that several different products are offered, but the general tourism culture or ethos that is to be grown must be built. The 'Big Five' and wildlife will be an important component, but not be available over the whole area. Will it be a wild wilderness destination or a more self contained 'tame' experience? This brand helps position the product and gives investors an indication as to what the final product will look like in 10 or 20 years time. The area can be marketed as a destination, or as a stop over to the coast, these issues affect the type of product offered.

Consumptive use

Game and other resources can be consumptively used. This can provide a very good income and deliver some economic opportunities to the TFCA if agreements are structured correctly and harvests are in line with sustainable use. The most appropriate use will depend on the nature of the resources, their capital, rate of increase and competing land uses. Planning and proper understanding of the value of the resources can help direct this. As with all the other uses, the assets must be sold for their correct value and the impacts of harvesting on the resource base must be understood. The effects of poaching or illegal harvesting must also be understood. By knowing the resource base careful monitoring, this can provide valuable income. Consumptive use may take several forms and may include live capture and sale, hunting (trophy, citizen or recreational) or culling for game and cutting or collecting for trees and plants and fishing or netting for fish. For all of these resources, quotas and standards are critically important. The most

appropriate technique to harvest must be found, specifically specified and strict control enforced, especially the impact it may have on any local use of the resource.

Commercial or corporate

Facilities can be developed for strictly commercial or more 'corporate use'. Commercial facilities are those which cater to tourists who visit infrequently and hold no financial interest in the facility. These operations generally employ more staff, create more economic opportunity and can pay higher rentals, especially if the rental includes a component linked to turnover of the business. They also increase the marketing and exposure of the product.

Corporate facilities are somewhat different in that they may be owned by a company and used for corporate use and entertainment. They may also be owned by a group of individuals or syndicate, each owning a percentage, which gives them a defined access each year. This is really a small scale timeshare arrangement. This offers a slightly diverse use of the area, because it often has not turnover, a turnover based rental is inappropriate. Although some of the beds may be sublet from time to time. These facilities generally employ fewer staff, but they do diversify the income and cater to a different market niche than the traditional tourist.

It may be advisable that a percentage of the beds available could be offered in this form. As mentioned it does diversify the income and use of the area. Tourists, especially foreign can be notoriously fickle.

Environmental and development checklist

The issues described are a broad list of elements which may need to be considered for any tourism development opportunity or activity which may occur in an area or on a site within the TFCA. The standards applied during an assessment (EIA) may vary across the landscape, within Parks, multiple use areas and other specified locations. Often activities are only permitted within certain limits or restrictions; these must be described in this process as part of the assessment. It also assumes that the TFCA authority will still operate the conservation or biological management of the park and have significant control on resource management outside the formally protected areas and these then will only describe the on site effects of tourism activities. These must be checked for each site and any specific restrictions must be listed and described. This initial screening would need to be conducted as part of any feasibility study and then finalized before the site is offered as a tender package, where these items may be specified in detail. This will then form an integral part of any concession contract against which performance can be monitored. It would also form the baseline criteria of any environmental impact assessment (EIA) which would be required if the site is to be developed in addition to any general norms which would apply. For this reason the limitations must be sufficiently explicit to stop or limit undesirable activities but not remove all creativity which a developer may need to explore. This is necessary as when the screening is undertaken there may be no clarity on what form or structure the final development may take.

The items outlined in the checklist are major items which would need to be assessed by an environmental expert. The list is not comprehensive or in detail as sites vary in their specific requirements. It is important that when the assessor is undertaking the assessment, they must be objective and identify all the important issues; but only those, which are of a critical nature, must be made as restrictions. The more restrictive the lists the less likely the project proceed. This is not to say that environmental issues must be compromised at all cost, quite the contrary; but that those issues which are unique irreplaceable and in conflict with the Management Plan/s must not be considered. There are a number of highly subjective parameters and where possible, values must be quantitatively assessed.

It is anticipated that the developer would be responsible for any EIA and this EIA together with these limitations would form the basis of an environmental management plan (EMP) which the TFCA authority or equivalent body would need to authorize and monitor to ensure compliance with these issues; both during construction and during the operational phase of the project. The TFCA must ensure that the EMP is provided as part of the EIA and it does provide parameters against which the environmental impacts may be objectively measured. This EIA and EMP must form an integral part of any concession contract or agreement.

Not all issues are purely environmental; some are broader but need to be assessed. This same set of guidelines can be applied to developments over the entire TFCA, including all bulk services, location of settlements, roads, water supply, electricity, communications etc. The parameters may be more relaxed away from areas of high biodiversity value or tourism use.

<p>Design and construction parameters</p> <p><i>Visual impact</i></p> <p><i>Construction Activities</i></p>	<p>The following issues are important especially in the design and construction phase</p> <p>How visible is the structure and will it impact on other park users or activities within the TFCA, current and future? Is it necessary to 'blend in' with the general physiognomy of the area, its tone and texture may help to mitigate this? Must comply with the 'sense of place' and may require certain architectural style. Must consider Impact of services to the site across other areas of the park/landscape.</p> <p>The site must be defined and initial building and development plans provided so that an initial assessment can be made. During construction the site must be well marked and understood by all, this may need to be pegged on the ground and defined in a Plan. What penalties will be imposed for violations on the site area, either off site impacts or trees or features which are defaced or destroyed? Issues which are irreplaceable and critical must be clearly marked and penalties described for any breaches. Disturbance to surrounding areas? What is permitted and what may be removed or altered and what not (e.g. large trees etc) and detailed in the environmental management plan (EMP) which will flow from the EIA. Appointment of an Environmental Control Officer (ECO) to oversee developments and ensure compliance with EIA and EMP?</p>
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<p><i>Buildings and structures</i></p> <p>Roads and Tracks</p>	<p>Accommodation of construction workers, ablution facilities and other waste management - what is permitted in this regard? Use of resources, especially local building supplies, is this permitted if so what is allowed, how will it be carried out and regulated and is there any fee for it? Max vehicle size, this may need to be limited in some areas and access to Park restricted to certain times, for control and impact on other users. Chance cultural, historical and archaeological finds, define how these will be dealt with? Is there TFCA authority management capacity to oversee construction, a team or person must be appointed to oversee and manage this during the construction phase, perhaps the ECO or to work alongside the ECO?</p> <p>If there are existing buildings what changes to them would be permitted? Is a deposit or guarantee required, before structures are damaged, altered or removed? Existing 'Immovable' assets (pumps, borehole equipment, etc), what will happen to these, will use be permitted, who will maintain them and what condition must they be in at the end of the concession agreement if the concessionaire uses them? If new structures are to be erected, what details are required of plans of new buildings including location on site? If there are any restrictions, the plans must take these into account and this must therefore be stated. Are fixed structures permitted or only temporary structures? What may be erected on the site (not too restrictive), be specific on guidelines such as area, style, height, building material, colour, number of guests and staff, services etc. These are often highly subjective issues, but they must be limited firstly by environmental and cultural factors (water, sewerage, habitat etc) but also on the visitor carrying capacity for the park and the market niche to be catered for, these issues must be broadly defined in the management plan.</p> <p>What extend would these be required and who would develop and maintain them. What limitations may be provided for example is 'off-road driving permitted and if so under what circumstances. If roads are to be built what type is permitted (single track or built up road). These should all require an EIA which must address the location and the sourcing of any building material from quarries? The cost implications to the TFCA management authority must be considered. If the authority is to maintain the road network, what are the expected annual costs, this may carry large contractual obligations to the authority later on. The road network must reflect the type of product offered and the expected visitor usage. Are new roads or tracks permitted, what of existing who is responsible for their management?</p>
<p>Support infrastructure</p> <p>Electricity/energy</p> <p><i>Potable water</i></p>	<p>Services and other issues which may impact beyond the area or site.</p> <p>Are there any limits on type of energy source which may be used? Reticulation to and on the site - overhead or underground? Who pays for the reticulation and what are the EIA specifications of any power supply? This may include the visual and other aspects of overhead or buried cables or any noise, air and fuel pollution from diesel or other power generation systems. Costs must be borne in mind when determining these parameters.</p> <p>Water is often a major limiting factor in any development and although the risks for finding and supplying this must rest with the concessionaire, the TFCA authority should conduct a broad feasibility study initially to ensure that water is present and is likely to meet the specifications expected for the site. In many</p>

<i>Communications</i>	<p>areas this may be a determining factor driving development. It is important that the TFCA authority defines what may be used, specify quantities and the source? Is any information available on the water source both quality and quantity, if so provide this, but ensure concessionaire conducts own test to verify this before investing?</p> <p>Risk if water ‘dries up’ who carries the risk or quality deteriorates?</p> <p>Will meters be fitted, if so at whose cost, who will read them and what penalties for overuse?</p> <p>Will water resources be shared with other users, if so mention these and specify quantities? Agreement may need to be reached on this issue.</p> <p>What type is acceptable? What standards are required for safety? Are overhead lines permitted? Masts and towers, what local specifications must be complied with when setting doing any EIA?</p>
<p><i>Waste Management</i></p> <p><i>Liquid waste and by products</i></p> <p><i>Solid Waste</i></p>	<p>Issues relating to all types of waste and its control in the Park</p> <p>What are the standards for outflow of waste water?</p> <p>What is preferred system; if any is known for the area?</p> <p>Storage of liquid fuels/solvents/cleaning materials, what conditions apply, any limits on type or quantity or storage and containment structures?</p> <p>Toxic products, any banned (if so list these) and how will they be handled and managed on the site and transported? Environment friendly products, any policy in this regard?</p> <p>What is the most appropriate system? If there is an existing system, is it practical and operational?</p> <p>Reduction at source policy, recycling and sorting?</p> <p>Storage prior to removal what specifications must this meet and how long may it be stored before it is disposed in appropriate site?</p> <p>Transport of the waste; what types of containers are permitted and what is the preferred route to use?</p>
<i>Air emissions</i>	Use of incinerators, are they permitted, if so what standards apply?
<p>Environmental Parameters</p> <p><i>Carrying capacity</i></p> <p><i>Fauna and flora</i></p>	<p>Broad environmental and development issues which need to be defined.</p> <p>How many guests are permitted to use the area; is there a restriction on staff numbers? This carrying capacity issue is often highly subjective, if the environmental and other factors do not limit this. Here guidance may be obtained from the management plan or from higher strategic decision making which must be in line with the management plan. Issues to consider must include how many staff would be required, what are the impacts of vehicles and any existing park users or impacts on local communities and the ability of the local area to support any additional visitors.</p> <p>Other users; will they increase as a result of the added marketing and awareness, could the park infrastructure and management accommodate this additional use?</p> <p>Are there any Red data, rare, endangered or endemic species or important/priority habitats which require special attention? Any restrictive conditions which may be applicable to the site or area to safeguard these organisms or habitats?</p> <p>Pet policy and introductions of additional species, or perhaps removal of existing exotics? Water holes and feeding of animals/birds; is this permitted in any form and if so what are the special conditions which may apply? What is the policy regarding water for game generally in the park, is it addressed in the management plan? Problem animals, especially around the visitors, how will</p>

<p><i>Footpaths and trails</i></p> <p><i>Landscaping and gardening</i></p>	<p>these be dealt with? Capture, culling or hunting, is this provided for in any policy, if so is it important to bring to the attention of the concessionaire and include in contract, the TFCA authority may want to reserve the right to undertake this.</p> <p>Who will provide these and to what standard? Are standards available? Must supply details of standards if this option is applied.</p> <p>Are any species not permitted and are there any restrictions in this regard? Any specific issues relating to landscaping (water features etc)? Use of pesticides, herbicides and fertilizers?</p>
<p>Permitted Activities</p> <p><i>Disabled access</i></p>	<p>Provide a list of permitted activities with definite restrictions if necessary, for example, no off-road driving, no hunting, protocol for driving in wet conditions after rain, rivers and in wet areas? Details of what may be done, such as hunting, fishing, walking, aircraft safaris etc. Be clear to ensure what activities are included as rights within the concession contract and those which are specifically excluded.</p> <p>Is there a requirement to make some or all facilities available for disabled access?</p>
<p><i>Archaeological/cultural and historical</i></p>	<p>Are there any known sites which require special treatment? Policy if chance find is encountered? Is there any relevant legislation which needs to be brought to the attention of the concessionaire?</p>

<i>Management issues</i>	<i>Issues which will impact on daily reserve management</i>
<i>Access and exclusivity</i>	How will access to the park or TFCA and the site be regulated and controlled? Will the concessionaire be the only user of the area or will others also have access and use, or will more to be added during concession period? Will the general public be allowed access to the area or will all other visitors be excluded.
<i>Gates</i>	Are there any gates which must be controlled, if so, how will these be controlled, what of trespassers to concession site?
<i>Signage</i>	Are there restrictions on signage, type, color, logos etc? How will the concessionaire provide directions to the site, if appropriate? Signage from the road, who will supply this?
<i>Pets</i>	What about concession staff and pets, is there a Park policy which will apply?
<i>Domestic Stock</i>	Are concessionaires allowed domestic stock, such as horses, elephants, camels or others for visitor use? If so are there any restrictions on enclosures, feeding, importing feed into the Park, removal of waste etc?
<i>Fire</i>	Is fire management likely to impact on the concessionaire? What precautions must be taken by the concessionaire? Is there a policy on combating wildfires in the Park? Protecting property and life, firebreaks, how is this catered for? The need for insurance of buildings. Will the concessionaire be provided with alternative areas if their entire concession area is burnt in a single season?
<i>Problem animals</i>	What is the mechanism for dealing with problem animals in and around the facility or in the park or TFCA?
<i>Aircraft and airstrips</i>	Are these permitted, if so under what conditions? Construction of strip, approach and take-off, other tourist interference, aerial safaris, Special Species in flight paths?
<i>Resource use</i>	May local building materials be used? If so under what conditions and restrictions, any payment? Hunting or fishing, is this allowed, does it take place in the park currently? Are other users permitted to undertake these activities? Will they impact on concessionaire?
<i>Guest activities, staff safety and accommodation</i>	What of emergency procedures? Are there any special conditions people must be made aware of (heat, dangerous game, diseases etc)? What about staff accommodation, location and standards, must any special protection measures be applied such as fencing? Must concessionaire enforce park rules on guests? Any guiding standards or qualifications required; minimum requirements for vehicles or buildings to meet special requirements?
<i>Marketing</i>	What marketing is permitted, can logos and TFCA or park names be used? Any joint marketing of reserve and product?
<i>Supervision and monitoring</i>	Who will do this, and who is responsible for what? Are regular meetings required? How will concessionaire be managed? What about other concessionaires; will a forum be created to jointly agree on operations? Code of conduct and site development manual?

These parameters must form an integral part of the IDDP process and when developing overall strategic plans for the area, they should specifically be applied to ensure that the zonation and use is appropriate for what is anticipated. At a more detailed level they will

form the checklist against which an environmental impact assessment EIA will be done. The exact parameters which will apply must be defined in the IDDP process.

Annex 16: Incremental Cost Analysis

MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

1. Broad Development Goals and the Baseline Course of Action

The Government's Development and Poverty Reduction Strategy (PRSP) focuses on efforts to increase economic opportunities by generating poverty reducing and employment-creating growth through the private sector; improve governance and empowerment, through a more effective public sector, improved rule of law, and greater transparency and accountability; and improve human capabilities.

In 2000 agriculture, fisheries, mining and tourism-activities based on exploiting the environment-contributed about 45 percent of GDP and 70 percent of total exports. Ensuring that resource exploitation is sustainable is critical to long-term prospects for growth and poverty reduction. Although Government policy in this area is fluid and capacity limited, there is general movement towards integrating environmental aspects into all major policies and strategies, implementing programs for environmental management, and subjecting major economic activities to environmental impact studies. The Government will also participate in regional efforts to manage the environment, particularly in tourism, transportation, and water and wildlife conservation. 1997 the Government has adopted an Environment Framework Law and a new Land Law, a Forestry and Wildlife Law reforms followed by the year 2000. At present, key Government objectives include increasing capacity to ensure that regulations are properly implemented, formulating cross-sectoral approaches, and encouraging environmentally and socially sustainable private sector investment.

IDA's sectoral programs (e.g. PROAGRI, National Water I, and Municipal Development) will provide support, as will IFC programs (SEATIP, SME) that aim to support private sector investment in sustainable tourism development and related activities.

Tourism, natural resource management and small enterprise development are all areas that offer particular opportunities for employment, income and participation by women. In cooperation with NGOs, the Government is also supporting women's associations that assist women household heads with weak economic capacity.

Main natural resource management measures cited in the Poverty Reduction Strategy (PRSP) of 2001 - 2005 are:

- Operationalization of the national and local resources inventory system.
- Development and adoption of policies and programs for reforestation and the restocking of wildlife, with the participation of communities and the private sector.
- Re-establishment and rehabilitation of the hunting reserves, forestry and wildlife reserves and national parks.

Other activities with a more indirect impact include: compiling and revising legislation and regulations to enable communities and the private sector to participate in the sector; develop and adopt policies and statutory instruments for the exploitation of forests and wildlife; training technicians in management, monitoring and evaluation skills at the provincial level. Principal implementing measures include the National Council on Sustainable Development; drafting and adopting regulations on environmental standards, CFCs and marine pollution; draft and adopt legislation on (a) territorial planning and zoning and (b) environmental crimes.

Capacity-building in environmental management at local level are aiming to ensure the active participation of communities and local bodies of public administration and municipalities in the management of natural resources. Principal measures include capacity-building programs for communities in natural resource management, with priority given to rural areas at greatest risk from environmental degradation; programs of capacity building for municipal bodies and local state administration in the management of the urban environment.

2. Global Environmental Objective

The project aims to support the conservation and sustainable use of the biological diversity, in particular species and ecosystems of global significance, and of the wider natural resources within the three large transfrontier conservation areas (TFCAs) that constitute the target region. One specific objective is to increase the size, representativeness and connectivity of the network of PAs, by bringing additional priority areas under conservation management, either as official PAs or as community conservation areas (see Table 1 of main text).. The project adopts an integrated ecosystem management approach aimed at preserving large areas of intact natural habitat spanning altitudinal and climatic gradients and encompassing important ecological features such as wildlife migration routes and water courses.

The TFCAs include both core protected areas and areas which are not formally protected but provide essential ecological linkages as well as support for rural livelihoods through sustainable use of biodiversity resources. The inclusion of large, relatively intact tracts of land spanning ecological gradients will help facilitate climate change adaptation for terrestrial and freshwater biodiversity. The addition of the Lubombos marine protected area to the rapidly expanding network of marine protected areas along the East and Southern African coastline will similarly assist with climate change adaptation in the marine biome. Specifically, the conservation of several forest areas will help to address GEF's climate objectives. Reducing land degradation and preserving transboundary watersheds will help support GEF objectives for management of land & water, and international waters. The GEF support will enable the project to achieve specific global benefits such as effective international cooperation for protection and management of transboundary biodiversity and ecosystems, monitoring the impacts of tourism development and conservation activities on the global biodiversity value of the areas; developing and testing models for ecosystem scale biodiversity management; and communication and dissemination of results to a world wide audience. It will also

support the achievement of important GEF goals by enhancing aspects of the project such as community empowerment and benefits, improved management of PAs and incorporating biodiversity conservation into local land and resource management plans and practices (see following section for details).

3. GEF alternative

Enabled by GEF support, and in partnership with the private sector, IDA is helping the Government of Mozambique to develop a framework for conservation of globally significant biodiversity through forestry and wildlife management in the Transfrontier Conservation Areas (TFCA). The joint GEF-IDA project will develop and refine mechanisms to promote biodiversity conservation along with environmentally and socially sustainable development in the TFCAs. Integrated management of the TFCAs will help to mobilize the economic value of these landscapes and of their natural resources for the benefit of local communities and the nation at large while preserving their global biodiversity value.

The conservation aspect will be centered on improved management of Protected Areas - existing and new PAs, including community reserves- and the important ecological linkages between them (e.g. migration corridors and buffer zones). *There is still a weak on scientific understanding about the linkages in the Limpopo TFCA -on wildlife migration; the importance of Banhine wetland catchment area; the fact that the importance of the east-west linkage between Limpopo and Banhine National Parks may be overplayed-. Similar questions are valid about the important linkages in Lubombos, apart from the Futi corridor and the marine linkages? E.g. East-west linkages?* The incremental GEF funding will greatly enhance and expand the achievement of these objectives by providing essential resources for all aspects of establishing and managing PAs, including identifying and monitoring priority areas, species and functions, partnership with local communities, and restoration of damaged or depleted areas and populations.

The economic development aspect will be centered on attracting private sector investment in environmentally sustainable tourism, with joint ventures and other mechanisms to involve and ensure benefits to local communities. The selection of tourism reflects the natural assets and comparative advantage of the TFCAs, as well as the potential for synergies between tourism development and conservation objectives. The project will not provide general support for local development or community-based natural resource management. However, within the constraint of available resources, the project will also provide some targeted support for other types of community-based natural resource management and enterprise development that directly support the conservation and tourism development objectives of the TFCAs. This includes mitigation of potential negative environmental and social impacts of tourism (e.g. increased demand for fuelwood; reduced access to important livelihood resources), and measures to encourage and support community conservation of areas where tourism development is not likely to provide a sufficient incentive. Project implementing agencies will also encourage other donors and interested parties to provide

complementary support for broader community development initiatives that are consistent with these objectives.

As in the first phase project, institutional development and capacity strengthening will be an essential element. However, in this second phase, the main emphasis will be on capacity strengthening at the Provincial and local level. This is consistent with the decentralization policy of the GOM, and reflects the recognition that decentralization – when accompanied with appropriate empowerment and capacity building – is an important element in improving natural resource management and associated poverty reduction. Capacity strengthening for central government will emphasize its role in establishing a supportive and enabling environment, through appropriate, effective and transparent policies, regulations and incentives.

In addition to their biodiversity importance, the three TFCAs that collectively encompass the target area for this project²⁹ have strong potential for nature-based tourism development that enables sustainable non consumptive uses of biological diversity according to GEF's alternative program objectives in this focal area. They have been identified as Priority Areas for Tourism Development (PATI's) in the Mozambique Strategic Plan for Tourism Development. Two focus TFCA are considered to be of particular interest under the IFC's Southeast African Tourism Investment Promotion (SEATIP) program, currently under preparation. The tourism development and conservation objectives are intended to be synergistic. However, in order for the development to be environmentally sustainable and to contribute to local livelihoods and economic development, it must be planned and monitored, and the incentive and regulatory frameworks must support and favor responsible tourism and discourage exploitative tourism. Incremental GEF support will enable the government and other stakeholders to identify and implement actions needed to ensure that tourism and related development in the TFCAs follows this sustainable, biodiversity-friendly approach.

To help meet the conservation and sustainable development objectives of the target TFCAs, the project will provide strategic assistance for capacity building within the Ministry of Tourism and other government institutions, particularly at the local level where key decisions are made and actions are taken that either support or undermine biodiversity and ecological systems.

4. Project Description

Maintaining large, intact natural ecosystems and ecological linkages that span national borders is an important goal for biodiversity conservation in southern Africa. At the same time, GOM policies and objectives call for the rich natural resources of these areas to be used in a sustainable way to contribute to improving the livelihoods and economic development of communities living in these areas. The three TFCAs to be supported under this project will contribute to these goals by creating and managing large multiple-use conservation areas in Mozambique with significant transboundary biodiversity

²⁹ Greater Limpopo TFCA; Lubombo TFCA, and Chimanimani TFCAs are already declared through formal Heads of State agreements

linkages. Environmentally sustainable tourism development has the potential to link the conservation and development objectives of the TFCAs by providing an economic alternative to unsustainable, destructive use of natural resources, as well as a direct economic incentive to maintain the natural ecosystems and their biodiversity. The current project represents the second phase of a long term program to support the establishment of and management of TFCAs in Mozambique.

Component 1: Strengthening Policy, Legal and Institutional Framework for TFCAs (\$1.15 M) - IDA: \$0.50 M; GEF: \$0.65 M

Building on the achievements of the first phase, Component 1 will strengthen the enabling environment for TFCAs. It will help create the policy, legal and institutional framework for the GOM to implement its strategic choices: i.e. improve regional collaboration for management of transfrontier resources; promote interagency collaboration and vertical linkages between central and local governments; build the capacity of public sector institutions at all levels and communities to manage biodiversity and natural resources; and to form productive partnerships with the private sector. Community land and natural resource ownership and use rights will also be addressed.

The TFCATDP will finance consultation, workshops, and study tours, as well as the cost of producing, publishing and disseminating information materials available to all on the project: (1) a national conservation strategy and policy; (2) legal framework for TFCA, protected area and wildlife; (3) guidelines for tendering conservation concessions; (4) the protected area and wildlife institutional reform; (5) the regulation of the new tourism law; (6) guideline for tendering tourism concessions, and (7) four transfrontier agreements.

Component 2: Integrated District Development Planning (\$0.48 M) - IDA: \$0.29 M; PHRD \$0.19 M

The establishment and management of TFCAs is centered around participatory land use and economic planning that allow for a balance between tourism, the conservation of biodiversity and the sustainable use of natural resource assets in a defined spatial development context. The success of the TFCAs may depend on the degree to which: (1) these plans are mainstreamed into the GOM's economic development plans; and (2) the commitment and capacity of GOM and its partners at the local and central level to implement these plans. The TFCATDP will pilot in two districts under a proactive approach to integrated planning. The process identified is called *Integrated District Development Planning* (IDDP) and focuses on defining and implementing a series of practical steps to ensure that biodiversity and natural resource based assets are mainstreamed in *District Development Plans* (DDP).

Component 2 is divided into two Subcomponents: (2.1.) National capacity building and stock-taking, and (2.2.) IDDP per se. Subcomponent 2.2. will follow these steps: (1) Capacity building and initial consultation at provincial, district and local levels; (2) District diagnostic, including basic data gathering and consolidation with tourism and

conservation overlays produced by other component; and (3) Production, adoption and diffusion of the DDPs.

Component 3: Community and Private Sector-Led Tourism Development (\$12.96 M) - IDA: \$5.47 M; GEF: \$4.08 M; PHRD \$3.30 M

Component 3 is designed to both develop the capacity of the tourism sector (government, communities and the private sector) to participate in the preparation and implementation of tourism master plans for key tourism districts. This component will support MITUR to establish a comprehensive and clearly defined set of procedures to implement an A-Z process for land concessioning, from land identification to on the ground investment. It will also support MITUR to implement legislation allowing them to 'recuperate' land allocated for tourism investment where the investment period has expired so that this land can be marketed to appropriate investors.

Component 3 is divided in two subcomponents: (1) Unlocking opportunities for sustainable tourism investment and growth; (2) Community-led conservation and tourism development. **Subcomponent 3.1.** will support building capacity through MITUR in DINATUR, DPC, FUTUR, ECDA and targeted private sector and community associations to develop and implement; (1) tourism plans in the target TFCAs, (2) business development and financing, (3) the collection of tourism statistics and data, (4) strengthened capacity for licensing, inspection and grading, (5) the implementation of the DTMPs. **Subcomponent 3.2.** will support to communities through (1) Land demarcation; (2) a Community Enterprise Fund for organized communities to either proceed with the creation and management of community reserves in interstitial areas or enter into joint venture partnerships with private investors for tourism or conservation related investments such as creation of game ranches, lodges, etc.; (3) the participatory and compensation process to improved natural resource management and land acquisition.

Component 4: Protected Areas management (\$16.64 M); IDA: \$8.46 M; GEF: \$5.27 M; PPF and AWF: \$2.20 M

This component will support the identification, monitoring and protection of the most significant and vulnerable biodiversity assets within the three TFCAs, through the establishment/rehabilitation and management of a network of National Parks and Reserves under the direct management of DNAC. This will begin a long-term process of major improvement of the Maputo Special Reserve, including gazetting the Futi corridor and a new marine reserve; support to Banhine National Park and the Chimanimani Special Reserve. Modest support will be provided to Limpopo National Park, to supplement current Peace Park Foundation (PPF), KfW & AFD efforts, and to Zinave National Park.

Component 4 is divided in two subcomponents: (4.1) Capacity building and applied research; and (4.2) Biodiversity conservation in formal protected areas. Under Subcomponent 4.1., (a) DNAC's capacity will be reinforced; and (2) survey, inventories, conservation priority setting and applied research will be carried out. For targeted parks

or reserves, Subcomponent 4.2. includes: (a) improvement of park design and planning; (b) increasing the area under protection; (c) building or rehabilitating essential infrastructure; (d) procurement of essential equipment required for management; (e) deployment and capacity building of staff; (f) improvement of communication and information, (g) launching effective law enforcement; (h) carrying out research, monitoring and evaluation, and (i) increasing the PAs' revenue generation capacity.

Component 5: Project Management, Communications, and Monitoring and Evaluation (\$4.90 M) - IDA: \$4.68 M; PHRD \$0.22 M

This component will finance the project management costs including project procurement, accounting and monitoring as describe by their respective manuals. It will strengthen the capacity of the TFCA Unit to coordinate TFCA program, and will support its related operating costs. This includes recruiting a few additional long-term staff for the Unit, including TFCA Coordinators based in the field in order to support the shifting of planning and implementation to the Provincial and local level.

The component includes the implementation of an M&E system to track and assess project implementation and impacts, and a system for adaptive management based on this information; and the development and implementation of an information system and a communications strategy to ensure timely flow of accurate information among the implementing agencies, and to increase awareness and understanding about ecosystem management and TFCAs nationally, regionally and worldwide.

Component	Cost category	US \$ Millions	Domestic benefit	Global benefit
<p>1. Strengthen the institutional and policy framework for TFCA</p> <ul style="list-style-type: none"> Continued intern. collaboration Development of a national conservation policy and updating PA legislation Institutional restructuring of DNAC 	Baseline (B)	0.50	<ul style="list-style-type: none"> Improving tourism flow from South Africa to Mozambique Conservation policy and PA legislation serving national needs DNAC restructured for greater efficiency and sustainability; better able to develop partnerships with other stakeholders 	<ul style="list-style-type: none"> Modest degree of regional cooperation for conservation of biodiversity and transboundary ecosystems
<ul style="list-style-type: none"> Continued international collaboration Development of a national conservation policy and updating PA legislation Institutional restructuring of DNAC Guideline for concessioning on PA and guideline for 	GEF alternative (A)	1.15	<ul style="list-style-type: none"> Mozambique better able to participate effectively in international negotiations, agreements, and collaborative programs for management and conservation of transboundary natural resources; reduced conflicts DNAC effectively structured to support large scale ecosystem based management 	<ul style="list-style-type: none"> Development and approval of effective international conservation policies, agreements and protocols and supporting national institutional and legal frameworks for management of transboundary biodiversity assets and ecosystems Increased integration of biodiversity objectives in relevant sector policies. Promotion of the conservation of unique

Component	Cost category	US \$ Millions	Domestic benefit	Global benefit
concessioning tourism land • International agreements				endemic Southern Africa Flora and Fauna in large ecosystems
	Increment (A – B)	0.65		
2. Integrated District Development Planning. • Capacity building for the IDDP process • Preparation of IDDPs in two pilot districts • Participatory spatial planning at the district level	Baseline (B)	0.49	<ul style="list-style-type: none"> • IDDP process provides a framework to steer and support sustainable development in TFCA area districts. • Decentralized development planning process strengthened and improved • Increased capacity built within and outside government in various IDDP-related skills 	<ul style="list-style-type: none"> • Identification and reservation of zones containing globally significant biodiversity in two pilot districts
Same as baseline	GEF alternative (A)	0.49	Same as baseline	Same as baseline
	Increment (A – B)	0		
3. Community and private sector-led conservation and tourism development. • Participatory management planning in priority areas • Support to communities for tourism development • Community conservation (capacity building and incentives) • Improving the environment for private sector investment	Baseline (B)	8.87	<ul style="list-style-type: none"> • Local land and resource use plans developed to promote and support sustainable economic development in impoverished rural areas. • Rural communities empowered and welfare increased through demarcation and registration of community lands • Community associations formed for better management of natural resources and related economic development • Increase in community-based tourism enterprises and income • Promotion of private sector investment through improved business • Mitigation of negative environmental and socio-economic impacts of tourism development 	<ul style="list-style-type: none"> • Increased likelihood of conservation of globally important biodiversity and ecosystems as a result of increase in areas allocated for environmentally sustainable tourism
<ul style="list-style-type: none"> • Participatory management planning in priority areas • Support to communities for tourism development • Community conservation (capacity building and incentives) • Improving the environment for private sector investment 	GEF alternative (A)	12.95	<ul style="list-style-type: none"> • Improved information and capacity to incorporate biodiversity conservation, environmental sustainability and ecological restoration in local land use planning • Accelerated demarcation and management of priority community tourism areas • Improved incentives for private sector investment in ecologically and socially sound tourism development • Expanded community conservation program, involving and benefiting larger areas and numbers of communities 	<ul style="list-style-type: none"> • Reestablishing threatened and endangered populations of regionally and globally important species • Maintenance of transboundary ecosystems • Increased commitment by governments, rural communities and private sector to environmentally sustainable tourism as a land use in transfrontier areas • PA management more effectively incorporates transboundary elements

Component	Cost category	US \$ Millions	Domestic benefit	Global benefit
	Increment (A – B)	4.08		
4. Protected areas conservation and management <ul style="list-style-type: none"> • Development and updating of PAs • Direct investments to improve management of PAs • Biodiversity and ecological surveys, monitoring and applied research • Training and other capacity building for PA staff • TA for specific organizational development issues • Support for PA operating costs 	Baseline (B)	6.37	<ul style="list-style-type: none"> • Rehabilitation and construction of essential infrastructure, and provision of needed equipment for improved PA management • Monitoring of socio-economic and environmental developments. • Institutional and HR capacity of DNAC strengthened • Development of community conservation areas and activities to supplement formal PAs • Enhanced sustainability of DNAC 	<ul style="list-style-type: none"> • Basic environmental data collection (biodiversity inventories), • Addition of new protected areas that strengthen regional linkages • Increased effectiveness of Mozambique as a partner in trans-boundary conservation activities
<ul style="list-style-type: none"> • Development and updating of PA • Direct investments to improve management of PAs • Biodiversity and ecological surveys, monitoring and applied research • Training and other capacity building for PA staff • TA for specific organizational development issues • Support for PA operating costs 	GEF alternative (A)	16.60	<ul style="list-style-type: none"> • Effective monitoring of ecological and socio-economic impacts of conservation and development activities in TFCAs • Increased capital investment in infrastructure, equipment and operations for more effective and comprehensive PA management (including visitor centers, etc) • More effective operation of DNAC and greater progress towards long term sustainability 	<ul style="list-style-type: none"> • Maintenance of genetic resources including transboundary gene flow • Contributing to development of scientific based ecosystem management • Enhancing resilience of ecosystems to climate and other changes • Conservation of a unique marine habitat in terms of diversity, species richness, and uniqueness
	Increment (A – B)	5.27		
5. Project Management, Monitoring and Evaluation <ul style="list-style-type: none"> • Project coordination and management, including technical and administrative staffing and operating costs of the TFCA Unit • An information management system and a multimedia communication strategy • A monitoring, evaluation and adaptive management system 	Baseline (B)	4.90	<ul style="list-style-type: none"> • Strengthened institutional capacity for TFCA management • Smooth and efficient project implementation and effective management and accounting of project finances • Basic information on TFCAs available through website and publications • Adaptive project management through use of M&E results 	<ul style="list-style-type: none"> • Increased awareness of national and international benefits of TFCAs • Information on project objectives and information available to interested parties outside country

Component	Cost category	US \$ Millions	Domestic benefit	Global benefit
to track project implementation and results				
Same as baseline	GEF alternative (A)	4.90	<ul style="list-style-type: none"> Improved responsiveness and flexibility of project management through analysis of M&E results Pro-active communications strategy generates greater interest in and support for TFCAs among national and local stakeholders 	<ul style="list-style-type: none"> Increased awareness of biodiversity benefits and continuous monitoring of large scale ecosystem functions and linkages Worldwide dissemination of information and improved understanding of how to manage large scale, transboundary biodiversity resources and ecosystems Knowledge exchange benefiting the global conservation community
	Increment (A – B)	0.00		
PPF Project preparation	Baseline	0.61		
Same as baseline	GEF Alternative	0.61		
	Increment (A – B)	0.00		
Total Program benefits (Summary)	Baseline (B)	26.70	Enhance the sustainability of local livelihoods in the target areas	Maintain large, globally significant transfrontier ecosystems intact with their biodiversity and ecological linkages
	GEF alternative	36.70	Manage the Mozambique portions of these TFCAs as multiple-use conservation areas	Improved biodiversity conservation and maintenance of globally important assets.
	Increment (A – B)	10.00		

Annex 17: GEF STAP Review and Response to Review

MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

COUNTRY: Mozambique

PROJECT: Transfrontier Conservation Areas and Tourism Development Project (TFCATDP)

DATE: 10 May 2004

REVIEW BY: Janis Bristol Alcorn

COMMENTS BASED ON REVIEW OF: Project Brief, Technical Annexes 1, 3, 4, 6, Description of TFCAs, and TFCATDP Logical Flow Chart

SUMMARY: TFCATDP is an exciting, ambitious project that is based on excellent analyses, and has been well-planned for meeting realistic goals over the next five years as part of the 15 year cycle of work that will be required to reach the long term conservation goals. As a second phase project, it builds on the base and lessons learned from an initial five year project. Recognizing constraints, the need for resolving tenurial rights and boundaries of communities within TFCAs, and the demand for market-driven income generation, this phase two project takes the next logical steps without rushing toward overly ambitious goals. Rather than being a diffuse regional project, it wisely focuses on one country - Mozambique, and its collaboration with seven neighboring countries through transfrontier zones important for maintaining Mozambique's (and neighboring countries') biodiversity.

The project recognizes that conservation success depends not only on spatial corridors through which wildlife and marine species move during their lives, but also on the institutional and market relations between protected areas and their socio/political-economic environment. It realizes tourism is not a magic bullet and retains options for other types of assistance for communities where necessary. The attention to Monitoring and Evaluation framework for documenting and analyzing project impacts, as well as for promoting communication, is excellent, and well thought out.

The five components cover the full range of modalities necessary to reach achievable goals: policy and institutional strengthening; integrated land use planning (under IDA); linking community benefits to tourism development; protected areas management; and project management, communication and M&E.

Within this framework, special attention to cross-scale institutional linkages could improve the project's chances for success. The project faces endemic governance issues (mentioned tangentially in the documents) and should attempt to link with other Bank, UNDP, and donor projects that are addressing governance issues in Mozambique and its neighboring countries.

DETAILED COMMENTS:

1. Scientific and technical soundness of the project: TFCATDP is based on sound social and ecological analyses of the problems and feasible solutions for conserving biodiversity while achieving development in one of the world's poorest regions.

The project recognizes that conservation success depends not only on spatial corridors through which wildlife and marine species move during their lives, but also on the institutional and market relations between protected areas and their socio/political-economic environment. The second phase has been well-prepared by analyzing results from the first phase. It realizes tourism is not a magic bullet and retains options for other types of assistance for communities where necessary. The attention to Monitoring and Evaluation framework for documenting and analyzing project impacts, as well as for promoting communication, is excellent, and well thought out.

The documents do not provide sufficient information about the types of “contracts” that will be drawn up between communities and (Who? – project? Nation? Each other? The tourism company? the NGO?) that will bind the parties to meeting conservation objectives. So I could not evaluate the soundness of that element, but assume that the Bank will ensure that these covenants are drafted based on lessons learned from past attempts to use conservation contracts and on an analysis of options most likely to result in accountability of both/all parties in the Mozambiquan context.

My sole concern is that special attention to scale relations must to be built into the management TORs, and followed carefully by the indicators and M & E framework. The project area covers over 10 million hectares, crosses seven countries, and includes coastal and terrestrial situations. Project staff’s attention to the vast geographic scale of the project, the globalized market, and to their particular component’s scale, could overwhelm opportunities for paying critical attention to actions’ “fit” to the governance relations between nation-states and communities, and the “fit” to the local ecologies, and thereby fail to create long term sustainability. One size does not fit all and cross-scale links are not easy to maintain. Good two way communication across the scales is essential. Cross-scale communication needs to be bi-directional to be effective, and needs to have clear nodes that reflect broad knowledge of situation at that particular scale. The local nodes need to be nurtured, as they are often weak and marginalized voices. This will require the project to pay more attention to how local voices will share information upward and laterally. The recent "Bridging Scales" conference of the Millennium Assessment offered some insights into the problem as it was clear that even when a commitment to cross-scale sharing is shared, the vocabulary and the interests of voices from different scales make the translation difficult. One possibly interesting project idea from Alaska -- a knowledge cooperation network, by which local people and scientists share information about caribou herds with each other. The website is www.taiga.net This sort of "technical" sharing, if done right, can create new informal networks that cross scales.

Other lessons for cross-scale linking to improve local management would focus less on knowledge and more on strengthening civil society's role in collaborating for conservation. One example would be the Swedish efforts to build cross-scale links (see Carl Folke for details). Another example would be Field Museum’s efforts in Pando, Bolivia, to build cross-scale links to conserve biodiversity through similar set of project components in a similar situational context (low population density, poverty, high biodiversity regional corridor, tourism

potential, poor roads, etc). Field has initiated a bottom-up approach in a large region (over 60,000 km²) – nurturing local ownership and communication links by working with local governments, individual large landowners, farmers federations, and communities to do land use planning and development of local regulations, etc; and from there scale up to regional land use planning that incorporates local land use plans *already* developed with communities to fit national regulations for protecting the environment. This approach reverses the order of focus, from grassroots upward (but shaped by national regulations about conservation and land use) rather than developing broad plans that are not created consensually with landowners based on existing land use and options. The project includes similar components: clarifying tenure, land use planning and landscape management. The project might also learn from the governance challenges and lessons learned from the LIFE program with conservation areas in Namibia – a transitional democracy with governance issues and histories similar to those faced in Mozambique.

2. Global benefits &/or drawbacks. Although the project documents did not describe the global biodiversity values of the project areas, the protected areas linked by the TFCA matrix are among the most important in the world for maintaining wildlife, forests and marine biodiversity unique to East and Southern Africa. The project smartly embeds attention to these globally important marine and terrestrial protected areas in a broader business and governance matrix of biodiversity-friendly regulations, incentives, and markets, while maintaining attention to preventing negative social impacts.
3. Fit with GEF goals, strategies and priorities, fit with relevant conventions. The project fits well with GEF goals, strategies and priorities, as well as relevant conventions.
4. Regional context. TFCATDP is a transfrontier project based on a regional vision incorporating both biodiversity and the tourist market – both of which are in fact transfrontier in nature. It would be useful to include a map in the project documents, showing project area, national borders, known tourist routes, and protected areas – to quickly orient readers who are unfamiliar with the area.
5. Replicability. . The lessons learned from this effort to use private sector tourism to generate local economic and social benefits will support replication/adaptation in other areas of the world. Nature tourism is one of the few businesses that offer potential development benefits in remote areas that are marginal for agricultural and other sectors. And rural communities are generally eager to participate in tourism ventures but unfamiliar with how to manage the income flow and control negative impacts. The project documents recognize and make sound, good faith efforts to address the fact that investments must be targeted carefully so that tourism does not further marginalize local communities – making them the objects of tourism, depriving them of their existing resources, bringing disease, and straining the social fabric of communities. The particular institutional aspects of transborder park management will be replicable to other parts of Africa, but

generally will not be replicable in other regions due to major regional social, historical, political, demographic, and ecological differences.

6. Sustainability. The project includes an excellent set of components that cover the range necessary to support sustainability – policy reforms, institutional strengthening, capacity building, communication, links to private sector, and monitoring & evaluation.
7. Linkages to other focal areas. I do not have sufficient information to comment on whether this project contributes to other efforts to mitigate/prevent global climate change, etc.
8. Linkages to other programs and action plans at regional or subregional levels. The project is designed to complement other programs, projects and action plans at regional, national, and provincial levels.
9. Other beneficial or damaging environmental aspects. The land use planning will yield additional environmental benefits if the land use plans are incorporated into broader development planning and regulation as envisioned under the project.
10. Degree of involvement of stakeholders. Because the project is a phase two project, I assume that the first phase has provided adequate opportunity for identifying and sorting out how to best involve stakeholders. From the documents provided, I could not ascertain the degree to which a range of local and international tour operators and their representative organizations have been involved in the design, but they will be on significant committees during the project.

The project has involved government as a key stakeholder, at national, provincial and district levels. The role of local community governments (in their various forms in different places) is unclear, but they should also be incorporated as key stakeholders, as well as analyzed for their weaknesses when developing the project implementation strategy.

The project recognizes that good government institutions are essential for managing biodiversity, and for managing development so that biodiversity is not destroyed in the development process. However improved government agencies are not sufficient for achieving conservation. Rural people can be strategic allies for conservation, weak victims of development (and conservation) *or* threats to conservation. The project has the opportunity to develop positive policies and processes for recognizing the rights of thousands of people currently living inside protected areas, while protecting the rights of communities to regulate the activities and immigration of outsiders, and collaborate on conservation in ways that meet conservation and human development needs. This is one of the project goals.

The documents, however, mention that the community-level work was not successful during the first phase, and it is unclear to what degree the analysis of lessons learned included discussions in focus groups or other efforts to incorporate local opinions about improving local stakeholder involvement in this next phase.

Such efforts to incorporate the voices representing community interests and analysis of the issues need to be included in Component 1 (policy) as well as in project implementation committees.

In addition to "contracts" for communities, a formal and efficient process for lodging and handling complaints and recourse needs to be developed for the communities to use when they feel the tour company or the project has damaged them (as this is a potential risk for the project).

The role of, and interface with, influential international NGOs (conservation and others sectors) working in these same geographic areas is not addressed in the documents.

11. Capacity building. The project includes significant and appropriate focus on building capacity of DNAC (the agency responsible for protected areas in Mozambique).

Community capacity building is also mentioned, presumably this will include assistance and facilitation with decision-making and governance related to transparent income sharing, financial management, community-run projects, and accounting. Relevant lessons could be learned from Tanzania's experimentation (WWF, GTZ, DFID funded) in building community level governance capacity as part of their community-based programs to share tourism and hunting benefits on the east and west sides of Selous (which is part of one of the TFCA's in this project).

Capacity building will also result from training all participants in how to use M&E for adaptive management decisions and how to use M&E as a basis for the good communication flow that is essential for good project management.

It is not clear to what degree the private tour companies will receive capacity building to enable them to better interface with communities in ways that generate community cooperation and benefits.

Both communities and the tour companies need to be trained in the process (to whom, how, when, etc?) by which communities will have recourse to improve the situation if they are displeased with a tour company's conduct, or the project in general. This recourse element and training in how to use it should be added, in not already included in the project's plans.

12. Innovativeness. The conservation project, (with IDA funding) is innovative in its incorporation of large scale land use planning (IDDP in this case) recognizing that the landscape matrix incorporates protected areas as well as the "interstitial areas" around and between them. This is key to protecting the integrity of protected areas in the long term.

It is also refreshing to see the project's realistic approach to working with the tourism industry – as it attempts to build long term sustainability by harnessing market energy to *real* community benefits linked to community "buy-in" to conservation via attention to local capacity building and capital needs, and via targeting sites prioritized for their likelihood to generate the necessary level of tourist traffic to provide the profits that will keep business running.

RESPONSE TO STAP REVIEWER'S COMMENTS

1) While generally praising the project objectives and design, the STAP Reviewer's main concern was the need to indicate how the project's design (including monitoring and evaluation) will support cross-scale linkages. The importance of such linkages is clear, given the different scales at which project activities, decision-making processes and activities will occur. From an institutional perspective this ranges from the international (involving high level political committees and technical cooperation across national borders), to the community level; from a geographic perspective it ranges from national coverage (tourism and conservation policies and strategies) to protection, management and development of specific priority sites within the TFCAs. In response to these comments, the Project Brief has been revised to provide more information on the objectives of, and mechanisms for, ensuring two-way exchange of information and knowledge, communication and participation in decision-making. The principal mechanism for this is the Integrated District Development Planning (IDDP) process which lies at the heart of the project. The IDDP is a participatory planning mechanism through which local priorities and opportunities are identified in the context of, but not dictated by, national strategies such as the Strategic Plan for Tourism Development. For example, while the general locations of the TFCAs and the Priority Areas for Tourism Development (PATI's) have been identified at the national level, their actual boundaries and their internal zoning will be determined by local stakeholders through the IDDP process. The project includes a number of measures to empower and equip local stakeholders to play this role, and thus be responsible for directing their own development. At the same time, there is the need to incorporate larger scale issues such as ecosystem functions, globally important biodiversity assets and regional tourism routes within the planning process. Therefore, IDDP also involves national and regional stakeholders through mechanisms such as Strategic Environmental Assessment and targeted support and incentives for activities that are consistent with higher level objectives and strategies. The interaction among these different levels of stakeholders within the IDDP process provides the cross-scale linkage which the Reviewer rightly identified as essential to the success of the project. This will be supported by a communications strategy which provides for two-way flow of information among the stakeholders at different levels. As recommended by the Reviewer, the project's M&E plan will include indicators to ensure that there is a match between levels of decision-making and activities and the scale on which decisions and actions are needed. The project team has noted and incorporated Reviewer's point regarding the need to ensure that Component 1 (strengthening the enabling policy/legal/institutional framework for TFCAs) addresses community rights and interests.

2) The Reviewer noted the need for more information regarding the types of agreements that will be drawn up between communities and private sector tourism operators, and/or DNAC, to create binding commitments to meeting conservation objectives. While formal agreements are envisioned, the form of those agreements cannot be determined at this time. Ongoing preparation work is reviewing regional experience with such agreements to identify potential models and pitfalls. Component 3 of the project will include technical assistance for developing model agreements, as well as legal assistance

to communities to enable them to protect their interests and negotiate effectively with prospective investors. The Reviewer's point regarding the need for a mechanism for community groups to raise grievances, and to have recourse to mechanisms to have them addressed has been noted and incorporated.

3) The Reviewer noted that the project documents did not adequately describe the global biodiversity values of the protected areas linked by the TFCA matrix (while also noting that they are among the most important areas in the world for maintaining wildlife, forests and marine biodiversity unique to East and Southern Africa). While space constraints limit the specifics that can be provided, the appropriate descriptions have been expanded to better reflect the global biodiversity values.

4) The Reviewer indicated that the role of local community governments should be made clearer. It is not entirely clear what this refers to, as the project description emphasizes the involvement of Provincial and District administrations and local governments. However, this aspect will be made clearer when the Environmental and Social Management Framework for the project (currently under preparation) is completed.

5) In response to the Reviewers comments, additional information has been provided regarding the interface with international NGOs working in the same geographic areas.

6) The project team notes that the Tanzanian (e.g. Selous) experience with community-based programs to share tourism and hunting benefits has been taken into account in the project design, along with similar experience from other countries including Zimbabwe, Zambia, Namibia, South Africa, etc.

7) The Project Brief has been revised to better reflect the Reviewers' point that both communities and tourism companies will require training to enable them to develop and implement effective and mutually beneficial partnerships.

8) At the Reviewer's suggestion, an informal map has been added to the Project Brief to help orient readers. It should be noted, however, that the map in the Project Document will be a formal map provided by the appropriate unit within the World Bank.

Annex 18: Description of Targeted TFCAs

MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

Table A18.1: Mozambique Transfrontier Conservation Areas

Name of TFCAs: Total Surface Area (km ²)	Existing Formally Protected Areas in Mozambique portion/ km ²	Global Biodiversity Values*	Expected Targets (km ²)	
			TFCAs (“interstitial” area) in Mozambique **	New formal P.A. in Mozambique
Great Limpopo: 84,868 in Mozambique: 52,868 <i>(plus: Zimbabwe: 9,000 RSA 23,000)</i>	LimpopoNP/ 10,000 Banhine NP/ 7000 Zinave NP 3700 Total GLTFCA 20,700	Includes one of world’s largest fully protected areas (Great Limpopo Transfrontier Park, - 35,000 km ²) and three additional National Parks (Mozambique’s Zinave and Banhine, Zimbabwe’s Gonarezou); Very high species diversity in several higher taxa, including rare, near endemic and endangered species; transfrontier elephant migration routes	30,000	0
Lubombo: 4170 in Mozambique: 2550 <i>(plus: Swaziland: 900 RSA: 720)</i>	Maputo Special Reserve/ 700 Total LTFCAs 700	Varied mosaic of numerous terrestrial, freshwater, coastal and marine ecosystems; highly diverse coral reefs; turtle nesting grounds; includes Maputaland Center of Plant Diversity; numerous endemic plants, reptiles, amphibians and mammals, transfrontier fish and elephant migrations	950	900 for Futi Corridor 1 000 for Maputo Marine Reserve (the exact area will be determined during implementation)
Chimanimani: 7816 in Mozambique: 7500 <i>(plus: Zimbabwe: 316)</i>	Chimanimani National Reserve 7500 Total CTFCA 7500	Includes Chimanimani massif, known for species richness and high levels of endemism (e.g. 1000 spp. vascular plants including 45 endemic to TFCAs); endangered spp. (e.g. blue sparrow)	0	0
TOTAL TFCATDP	28500		30,950	1,900

ZIMOZA: 31,833 in Mozambique: 20,666 (plus: Zimbabwe: 7699 Zambia: 3468)	None	Important transfrontier riverine ecosystem with shared fish and wildlife resources requiring cooperative management; component of Great Rift Valley system	20,666	0
Niassa-Cabo Delgado: 67,000 in Mozambique 42,000 (plus: Tanzania: 25,000)	Niassa Special Reserve/ 15,000	One of Africa's largest remaining pristine natural areas; diverse ecosystems including mangroves, dunes, riverine, forest, Lake Niassa; heart of the 3.5 mill km ² Miombo Ecoregion (per WWF), and one of world's largest protected miombo woodlands; high species diversity and regional endemism; highest concentration of wildlife in Mozambique, and only location with viable populations of most large mammals, including large-tusked elephant (migrating between Moz. and Selous Reserve in Tanz.). Potential for eventual TFCA corridor from Lake Malawi to coast	17,000	10,000
TOTAL TFCAs program	33,200		70,784	11,900

** including areas which might become designated community conservation areas

The three TFCAs targeted by the TFCATDP are described in greater detail below.

Great Limpopo TFCA

The Great Limpopo Transfrontier Conservation Area (GLTFCA) comprises a matrix of land use systems centered on core conservation areas. The TFCA as a whole covers almost 90,000 km². Most of the attention to date has focused on the 35,000 km² section which comprises the Great Limpopo Transfrontier Park (GLTP). The GLTP links the Limpopo National Park in Mozambique, Kruger National Park in South Africa, and Gonarezhou National Park, Manjinji Pan Sanctuary and Malipati Safari Area in Zimbabwe, as well as two areas between Kruger and Gonarezhou (the Sengwe communal land in Zimbabwe and the Makuleke region in South Africa). It was established in December, 2002 when the three Heads of State signed an international treaty to establish the Great Limpopo Transfrontier Park (GLTP) at a ceremony in Xai-Xai, Mozambique. Shortly thereafter, part of the fence between the Limpopo and Kruger National Parks was removed to symbolize the creation of what is to intended become the world's largest

wildlife conservation area. One specific objective of removal of this fence is to re-establish historical dispersal areas for the growing elephant population and other large mammal species in Kruger NP.

The GLTFCA also includes the Banhine and Zinave National Parks in Mozambique, which are separated from the GLTP by substantial stretches of non-protected “interstitial” area. Realizing the vision for the GLTFCA requires that land and resource use practices in these areas are aligned with the principles of conservation and eco-tourism and are supportive of the objectives for the national parks that are constituents of the TFCA. While ecological connectivity is not yet fully understood for GTFCA, certain elements are known. For example, the exceptional wetlands to the north and east of Banhine National Park merit special conservation, as does their catchments area which extends into Gonarezhou National Park across the border with Zimbabwe. Development of the area including improved access roads for tourism needs careful management, including control of hunting, charcoal extraction, and harvesting of building poles from the extensive stands of *Androstachys johnsonii* (ironwood).

Lubombo TFCA

The Lubombo Transfrontier Conservation Area was formalized under the Lubombo Spatial Development Initiative in June 2000. It straddles the border between South Africa’s KwaZulu-Natal province, southern Mozambique and Swaziland, stretching from the Lebombo Hills in the west to the low-lying coastal plain of the Indian Ocean in the east. Altogether it measures 4,195 km², of which 2,783 km² (66%) is in Mozambique, 1,095 km² (26%) is in South Africa and 317 km² (8%) is in Swaziland. It includes the biologically rich southern section of the Mozambique Indian Ocean coast, from Inhaca to Punta do Ouro, which serves as an important refuge for harvestable, endemic and shared fish stocks. Coral ecosystems and turtle nesting grounds are typical examples of threatened biota found in this section of coast. These provide unique and substantial tourism opportunities some of which are being exploited to the extent that there are growing concerns for the sustainability. As this area adjoins a major coastal protected area in South Africa, the Greater St Lucia Wetland Park, that incorporates a Marine Protected Zone, there are good opportunities for regional collaboration in marine conservation and tourism development. This coastal plain supports an unusually high biodiversity by virtue of its position at the confluence of a number of biogeographic regions. A new Marine Protected Area is proposed under the TFCA, to link with that in South Africa. Together they will form part of an important and expanding network of marine protected areas along the length of the east coast of Africa, from Somalia through Kenya, Tanzania and Mozambique to South Africa. This network will help to conserve a good range of the habitats and species in this marine region, protect important breeding areas for fish and other species, and facilitate climate change adaptation for marine species through its north-south alignment coupled with patterns of prevailing currents.

Inland, the TFCA is centered on several existing reserves: the Maputo Special Reserve in Mozambique, Ndumo Game Reserve and Tembe Elephant Park in South Africa and the Hlane Wildlife Sanctuary, Mlawula Nature Reserve and Ndzinda Nature Reserve in

Swaziland. The Maputo Special Reserve lies about 70 km south of Maputo, stretching from the Machangula peninsula in the north, southward along the coast (through important sea turtle nesting sites) of the Mozambique Channel, with the Rio Futi serving as the western boundary. It is one of the most beautiful and unspoiled natural areas in southern Africa, with habitats including tall sand forest, riverine woodlands, open grassland, marshlands, freshwater lakes, lagoons and sea shore. Three large saline lakes support a wide variety of bird and fish life. The Maputo reserve is believed to be the core area for a coastal population of elephants that once ranged south across the international border into Kwazulu-Natal (the Tembe Elephant Park and Ndumbo Game Reserve) during the wet season, through the Futi Corridor. In the context of the TFCA, it is proposed to expand the area under protection (through a community-based conservation approach) to include the 900 km² Futi Corridor, securing this migration route and linking these important elephant habitats and populations.

The Lubombo TFCA is also globally very significant for botanical biodiversity, as it falls within Maputaland Center of Plant Endemism. At least 1,100 species of vascular plants have been identified in this area (estimates are that the total number may be as high as 3,000), including at least 4 endemic genera and 168 endemic species. The associated avifauna is also very rich, with over 472 species of birds including 47 endemic or near-endemic subspecies.

The Lubombo TFCA also includes the southernmost Priority Area for Tourism Investment (PATI) identified in the GOM's Strategic Plan for Tourism Development is referred to as the Elephant Coast Zone. It is incorporated as part of a tourist route, the Lebombo Circuit, which links Kosi Bay and the Ndumo and Tembe Reserves and Lake St. Lucia (South Africa), Punta do Ouro and the Maputo Special Reserve (Mozambique), and Namaacha (Swaziland)..

Chimanimani TFCA

The 2056 km² Chimanimani TFCA links the Chimanimani National Park in Zimbabwe and the Chimanimani National Reserve in Mozambique. The area forms part of the eastern escarpment of the Interior Continental Plateau of south-central Africa. Although relatively small, it is characterized by an exceptionally high diversity of habitats and species, including nearly 1000 recorded vascular plant species (of which 45 are endemic, including five Aloe species), over 160 bird species and 60 reptile species. The Chimanimani massif is recognized as an area of particularly high endemism within the region. Some bird species which inhabiting moist montane forests in Chimanimani are otherwise considered to be endemic to eastern Africa, highlighting connections between this area and the Eastern Arc Mountains of Tanzania.

Despite having a lower formal level of protection, the Mozambique portion is better preserved, representing a relatively intact Afro-montane ecosystem. The Reserve also contains distinctive landscapes, and numerous rivers, streams and waterfalls, which enhance its touristic value.

There are three distinguishable zones within the Reserve at present: a northern zone with relatively high population densities and use, a lowland zone with significant numbers of settlements, and a mountain zone which represents the “essence of Chimanimani” from both a biodiversity and a socio-cultural standpoint (sacred sites, a number of which have been designated as cultural protection areas). The total population of the area is about 66,000, with most people living alongside the main rivers and in the foothills. A workshop in 1999 proposed the establishment of a Core Conservation Zone and Outer Conservation Zone within the TFCA.

The Strategic Plan for the Development of Tourism in Mozambique identifies the Chimanimani as an important tourism destination in the ‘Central Eco-tourism Route’ that connects Beira, Marromeu Reserve, Gorongosa National Park, Gorongosa Mountain, Chimoio, Chimanimani, Lake Chicamba, Manica and Beira. The Chimanimani TFCA is incorporated into the Manica Tourism Zone as a Priority Area for Tourism Investment (PATI) in which emphasis is given to eco-tourism, adventure tourism with backpackers and ‘overlanders’ as the primary target, at least in the short to medium term.

Annex 19: Lessons learned and reflected in the project design

MOZAMBIQUE: Transfrontier Conservation Areas and Tourism Development Project

The project design has drawn upon experience and lessons learned during the first phase project (TFCA Pilot and Institutional Strengthening), as identified by the Implementation Completion Report (ICR) prepared in March 2004, and from many existing efforts in southern Africa and worldwide to achieve synergy between biodiversity conservation and economic development through community-oriented, nature-based tourism and other types of sustainable use of biodiversity.

Some important observations of the ICR relevant to the second phase project include:

- Component 1 (Institutional and Policy Development) was well designed and improved the policy and institutional environment for conservation. The subcomponent on private sector investment correctly identified the need to start by creating an enabling environment, but over-estimated the potential for such investment;
- Component 2 (Habitat and Wildlife Management) was also well designed; however the needs for infrastructure rehabilitation far exceeded the resources available under the first project and requires follow-up in the second phase;
- Component 3 (Community Mobilization and Pilot Programs) did not adequately take into account the very poor infrastructure in the three TFCAs, which makes marketing of goods difficult, and the lack of experience of the GOM and local NGOs for implementing community-based natural resources management
- Component 4 (Monitoring and Evaluation) was adequately designed but poorly implemented (treated as low priority).

The ICR also identified a number of specific lessons that have been incorporated in the design of the second phase project:

- Demarcating land for communities can be an effective way of establishing community rights over local natural resources in order to benefit from eco-tourism, putting them in a stronger bargaining position with private investors (over 70,000 hectares were demarcated under the first, pilot phase; this needs to be continued and consolidated in the second phase);
- Conservation and community development projects need to demonstrate clear linkages to economic objectives such as growth, income generation or poverty reduction; the importance of tourism in this respect should have been more emphasized from the beginning, at the level of GOM and local communities;
- Potential negative environmental and social impacts must be avoided through careful planning and regulation;
- Institutional development is a time consuming process that requires commitment from all stakeholders, and extensive capacity building (it took four years of implementation for institutional arrangements to reach their current form, and therefore for the project to function effectively);

- Sensitive issues such as communities living in future National Parks need to be dealt with up-front, with all stakeholders (the controversial “people in parks” issue did not arise in relation to the GEF-funded project, but has implications for the future);
- A trade-off may exist between the expedience and efficiency of delivering a project, and the inclusion and strengthening of provincial and district governments that is needed to improve sustainability (the first phase project developed the capacity of the park management units largely in isolation of local government)
- An advisor on private sector issues should be appointed early on, to deal with the challenge of creating an enabling environment for the private sector (including the establishment of a realistic role for the private sector, and up-front demand side assessment);
- An M&E system must be in place at project effectiveness;
- Transparency in concessioning is important (donors must support GOM to ensure that communities are not marginalized, and that the true values of the land are attained through auctions or tenders)

Other lessons derived from the first phase and related experiences include the need to:

- maintain a clear focus on a core set of objectives and activities;
- set concrete, results-oriented indicators and targets, together with the flexibility to adjust these targets based on experience and changing circumstances;
- to establish a clear legal and institutional framework for TFCAs themselves, and for communities and development within them (e.g.: the legal designation of TFCAs; establishing the legal status and rights of communities inside PAs);
- balance policy, institutional development and planning aspects with support for visible activities and investments on the ground;
- put in place a structured, participatory, spatial planning process to develop a agreed-upon common framework for the many different actors and interests;
- place local tourism initiatives within a broader context of regional development of markets, routes, circuits, and destinations that will generate a critical volume of tourist flow;
- ensure that tourism development is private sector-led and market-based (with feasibility studies, business plans, market development, etc.); and
- Manage expectations regarding the total probably levels and timeframes for tourism development and associated financial and economic benefits to communities.

These lessons have been incorporated into the TFCATDP design. The economic benefits of tourism development, and its linkage with conservation, are placed at the forefront, with support from all stakeholders. The IDDPs which will be prepared as a first step address the issues of proper planning for tourism development, and will be carried out under the leadership of Provincial and District governments. Institutional and implementation capacity developed under the first phase project will be utilized, and built upon with a considerable investment in technical assistance, training and institutional reform.

Based on these lessons, the project has also been designed to focus on a manageable set of priority sites and activities, based on the core objective of stimulating sustainable tourism development. Institutional analyses being carried out during project preparation will clarify the overall institutional structure for implementation and the strengths and weaknesses of the different actors, in order to develop realistic targets and identify specific capacity building requirements. The project includes early interventions to alleviate the regulatory and capacity constraints and perverse incentives that are presently limiting private sector investment, while at the same time taking immediate measures to ensure that communities are recognized as valued partners in tourism development instead of being displaced by it. The project time frame has been extended to allow for the needed capacity building to precede activities such as the IDDPs and community initiatives. Specific additions to existing technical and implementation capacity include long term advisors to facilitate private sector partnerships (including development of transparent and effective concessioning procedures at both national and decentralized levels), on-the-ground coordinators to support decentralized government bodies and NGOs, and an M&E coordinator.

The fact that TFCAs have been identified as priority tourism areas by GOM and in regional initiatives will help ensure both Government commitment (necessary to achieve effective cross-sectoral collaboration) and complementary regional and international support. The first phase project tried but failed to support a broad community-based natural resource management (CBNRM) program, due in part to a lack of implementation capacity and in part to poorly focused objectives and unrealistic expectations. The TFCATDP will adopt a more focused approach targeting only activities that directly support conservation and tourism objectives. It will also offer alternative types of incentives for communities to support conservation in areas which have high biodiversity value but low eco-tourism potential. Activities in the first 1-2 years of the project will emphasize policy and legal reform and institutional and individual capacity building, such as training IDDP coordinators and preparing stakeholders to participate in the IDDP process; mobilizing and organizing communities to be able to enter into business partnerships; strengthening basic tourism literacy and business skills at the community level; and restructuring DNAC to be more efficient and work more effectively with community, private sector and other partners. At the same time, the project will support the continuation of some ongoing activities on the ground within each of the TFCAs to maintain momentum and enthusiasm that have been built up during the first phase of the program.

The issue of people in parks is being addressed up front through a Process Framework and a Policy Framework as well as through policy development in Component 1 (see Section on Critical Risks and Possible Controversial Issues, below). Assurances have been sought from the Government who has registered the core principle of the Process Frameworks into a Letter of Sectoral Policy (see Annex__).

MOZAMBIQUE

TRANSFRONTIER CONSERVATION AREAS AND TOURISM DEVELOPMENT
PROJECT

PROJECT DOCUMENT

AFRICA

AFTS1

Date: September 9, 2005 Country Director: Michael Baxter Sector Manager/Director: Richard G. Scobey Project ID: P071465 Lending Instrument: Specific Investment Loan	Team Leader: Jean-Michel G. Pavy Sectors: Forestry (50%);General agriculture, fishing and forestry sector (40%);General industry and trade sector (10%) Themes: Biodiversity (P);Other environment and natural resources management (S);Environmental policies and institutions (S);Other financial and private sector development (S) Environmental screening category: Partial Assessment Safeguard screening category: Limited impact
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Global Supplemental ID: P076809 Lending Instrument: Specific Investment Loan Focal Area: B-Biodiversity Supplement Fully Blended?: Yes	Team Leader: Jean-Michel G. Pavy Sectors: Forestry (50%);General agriculture, fishing and forestry sector (40%);General industry and trade sector (10%) Themes: Biodiversity (P);Other environment and natural resources management (S);Poverty strategy, analysis and monitoring (S);Other trade and integration (S)
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Project Financing Data

Loan Credit Grant Guarantee Other:

For Loans/Credits/Others:

Total Bank financing (US\$m.): 20.00

Proposed terms:

Financing Plan (US\$m)

Source	Local	Foreign	Total
BORROWER/RECIPIENT	0.78	0.00	0.78
INTERNATIONAL DEVELOPMENT ASSOCIATION	19.04	0.96	20.00
GLOBAL ENVIRONMENT FACILITY	10.00	0.00	10.00
JAPAN: MINISTRY OF FINANCE - PHRD GRANTS	3.72	0.00	3.72
LOCAL SOURCES OF BORROWING	2.20	0.00	2.20

COUNTRY									
Total:				35.74	0.96	36.70			
Borrower:									
Responsible Agency:									
Estimated disbursements (Bank FY/US\$m)									
FY	2006	2007	2008	2009	2010	2011	2012	2013	0
Annual	1.41	1.33	2.00	3.37	3.24	4.00	3.14	1.51	0.00
Cumulative	1.41	2.74	4.74	8.11	11.35	15.35	18.49	20.00	20.00
GEF Estimated disbursements (Bank FY/US\$m)									
FY	2006	2007	2008	2009	2010	2011	2012	2013	0
Annual	0.37	0.55	0.77	1.35	1.61	2.21	1.95	1.19	0.00
Cumulative	0.37	0.92	1.69	3.04	4.65	6.86	8.81	10.00	10.00
Project implementation period: Start January 2, 2006 End: December 30, 2011									
Expected effectiveness date: January 2, 2006									
Expected closing date: June 29, 2012									
Does the project depart from the CAS in content or other significant respects? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No									
<i>Ref. PAD A.3</i>									
Does the project require any exceptions from Bank policies? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No									
<i>Ref. PAD D.7</i>									
Have these been approved by Bank management? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No									
Is approval for any policy exception sought from the Board? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No									
Does the project include any critical risks rated "substantial" or "high"? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No									
<i>Ref. PAD C.5</i>									
Does the project meet the Regional criteria for readiness for implementation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No									
<i>Ref. PAD D.7</i>									
Project development objective <i>Ref. PAD B.2, Technical Annex 3</i>									
Growth in community-private sector led environmentally and socially sustainable tourism in TFCA									
Global Environment objective <i>Ref. PAD B.2, Technical Annex 3</i>									
Increase the area, connectivity and effectiveness of biodiversity conservation in TFCA									
Project description [one-sentence summary of each component] <i>Ref. PAD B.3.a, Technical Annex 4</i>									
Component 1: Strengthening Policy, Legal and Institutional Framework for TFCAs: Building on the achievements of the first phase, Component 1 will strengthen the enabling environment for TFCAs.									
Component 2: Integrated District Development Planning: The TFCATDP will pilot in two districts under a proactive approach to integrated planning.									
Component 3: Community and Private Sector-Led Tourism Development: Component 3 is									

designed to develop the capacity of the tourism sector (government, communities and the private sector) to participate in the preparation and implementation of tourism master plans for key tourism districts.

Component 4: Protected Areas management: This component support the identification, monitoring and protection of the most significant and vulnerable biodiversity assets within the three TFCAs, through the establishment/ rehabilitation and management of a network of National Parks and Reserves.

Component 5: Project Management, Communications, and Monitoring and Evaluation

Which safeguard policies are triggered, if any? *Ref. PAD D.6, Technical Annex 10*

OP4.01 is triggered because of the potential impact of some local infrastructure--such as tracks, fencing, housing, offices, lodges in formal PAs, outside PAs and on the coastline--on the environment. OP4.40 on Natural Habitat and OP4.36 on Forest are triggered even though the project is expected to have significant positive impact on the country natural habitat and forest. Still, with the economic development triggered by the project and, some of the infrastructure built, there may be negative impact locally. Infrastructure which will be identified as part of the IDDP, will be built in Ponto do Oro and Vilankulo to increase these towns' basic facilities and make them attractive to tourism investors. The impact of such construction will need to be monitored. Still, the project is not expected to induce major or irreversible negative impacts. The development of Mozambique's coastline and interior is expected, whether or not the project is implemented.

The project is intended to mitigate that environmental and social impact by providing a framework for promoting sustainable development, through an ecosystem management approach: the IDDP. The ESMF proposes the IDDP has process to identify and avoid, or mitigate, negative impact of individual project investments.

OP/BP 4.12 related to Involuntary Resettlement and Land Acquisition: Two major factors have led to the triggering of OP/BP 4.12.

The first factor is the restrictions and the incompatibility of local communities' livelihoods activities with the objectives of the TFCAs and PAs. TFCATDP inprotecting the natural environment and supporting biodiversity conservation and natural resource management in the TFCAs include the establishment of boundaries, the potential for establishing new PAs, and the development of regulations, criteria, procedures and institutional structures for planning, management and development. These imply the restriction of access to natural resources by the local communities inside the PAs and in buffer zones. Communities living in TFCA interstitial areas are also potentially affected insofar as these multi-resource use areas will be included in zoning and development plans for sustainable resource use that may include community-based informal PA creation. To avoid such a negative effect on the population and avoid unnecessary conflicts, a Process Framework has been commissioned and completed. The purpose of the framework is to describe the process by which potentially affected communities will participate in resource planning and management. Once developed, an Action Plan should become part of the natural resources management plan.

The second factor that contributed to the triggering of OP/BP 4.12 is the objective to promote and link conservation and nature tourism activities to community participation and access to direct and indirect benefits, as well as to encourage communities' land delimitation to strengthen their rights bases. The growth of nature tourism activities may require land acquisition to build infrastructure, and buildings. The project may also cause displacement of people from their homes and areas as a result of the threat of wildlife. Because presently, the location, nature and scope of possible land acquisition and displacement are not yet known, a Policy Framework (PF), as a mitigation measure, has been completed. The PF establishes the policy principles to be used for the development of specific RAPs. During project implementation, when the details of land acquisition and involuntary resettlement are fully known, Resettlement Action Plan(s) (RAPs) will be defined, prepared, and implemented. Burial and sacred sites will be protected and documented and recorded in the management plans and the RAPs.

Significant, non-standard conditions, **if any**, for:

Ref. PAD C.7

Board presentation:

Loan/credit effectiveness:

Covenants applicable to project implementation: