

THE POTENTIAL OF THE TOURISM SECTOR IN MOZAMBIQUE TO IMPACT POVERTY

Should Tourism be an economic sector targeted under USAID's SO 2 "Labor Intensive Exports Increased" for 2004-2010? Will it contribute to the reduction of poverty in a labor-intensive way?

Background

The Government of the Republic of Mozambique (GRM) has developed an Action Plan for the Reduction of Absolute Poverty (PARPA) that serves as the guiding strategy for all of its development efforts. The international donor community is responding very positively to assist Mozambique in implementing this broad-based strategy, including USAID/Maputo emphasis on supporting development of an enabling environment for poverty reduction and economic growth as one of its Strategic Objectives.

Globally, USAID has begun implementing a Global Competitiveness Initiative that fosters growth in labor-intensive production and export trade sectors. USAID/RCSA was designated the Regional Competitiveness Hub under this global initiative. Also, USAID/Maputo is strongly supportive of labor-intensive export sectors, as part of aligning its bilateral assistance with the PARPA described above. USAID is particularly interested in sectors that may provide employment opportunities that contribute substantively to poverty reduction. Both RCSA and the bilateral Mission have shown interest in tourism as an economic sector with possibly high potential for export-oriented growth – with the tourism “product” actually consumed by other nations within Mozambique. The hard currency trade potential is comparable to textiles or other exports.

At the same time, USAID/RCSA and USAID/Maputo are conducting Strategic Planning processes to determine priorities for future support by USAID, including activities related to Global Competitiveness in the Southern Africa region, coordinated through the Regional Trade Hub. This analysis will assist both Missions in determining which export trade sectors should be supported, and in what way.

Two specific questions were asked:

1. Does the tourism sector demonstrate enough potential for labor-intensive export growth that USAID should invest in supporting the development of that potential?
2. If so, what types of activities should be developed to assist Mozambique in addressing current constraints that may inhibit realizing that potential? (The timeframes are 2004-2010).

The six criteria specifically being used to evaluate each labor-intensive export industry are:

1. Linkages to poverty
2. Prospects for success
3. Non-distortionary impact of removing constraints
4. Potential role for USAID
5. Fungibility of technology and skills of industry
6. Sustainable environmental management

This report will address:

- Current situation and potential opportunities
- Constraints to investment or other factors inhibiting realization of tourism potential
- Labor intensity and possible employment generation
- Tourism sectoral contribution to poverty reduction

In order to accomplish the objectives of this assignment, the Great Limpopo TBNRM Initiative undertook a multi-stage process, as follows:

1. Reviewed existing data on the tourism economy of Mozambique, whether in country or available from external sources (e.g., World Tourism Organization, RETOSA, World Bank, UNDP, KPMG, and others)

- to make a preliminary assessment of the range of opportunities and identify stakeholder groups or individuals whose perspectives might be useful for a sectoral analysis.
2. Drafted a plan of work, including tentative travel itinerary, necessary for gathering stakeholder views on the Tourism Sector in Mozambique, and submit for COP and/or USAID review and approval as appropriate.
 3. Conducted one representative field trip to view tourism attractions in Inhambane, Vilanculos, and Bazaruto.
 4. Implemented the plan of work to solicit a broad range of stakeholder perspectives from national, provincial and local government, private sector tourism operators, civil society, and experts within Mozambique as well as appropriate external input. Specific focus was on measuring tourism's impact on employment and poverty-alleviation, seeking potential opportunities for investment or partnership, and uncovering constraints to realization of those opportunities, including for nature-based tourism with community participation.
 5. The consultant analyzed the primary and secondary data (to the extent available) including sub-sectoral attention to the opportunities, constraints, possible employment generation, and potential poverty reduction provided by nature-based tourism, with local communities' participation.

Based on these steps, the data was put together with insights gained from the field trips and personal interviews with stakeholders, and an overall analysis was done. This report reflects a synthesis of those reports, interviews and field trips, with a critical analysis of the potential and constraints in Mozambique today. Please note that an attempt was made to avoid "re-inventing the wheel". Data was freely extracted from the World Travel & Tourism Council (WTTC), the World Tourism Organization (WTO), the World Bank Working Paper Series, the UK's DFID (Department for International Development), reports done by KPMG, Nathan Associates and other consulting firms. Broadly accepted conclusions and interpretations are reflected in the background overview of the worldwide travel and tourism industry, and the situational analysis of Southern Africa and Mozambique. South Africa's Tourism Growth Strategy was reviewed, as was a draft of the new National Tourism Policy for Mozambique, the original UNDP Strategic Planning Framework for Regional Tourism Development (1997), reports on tourism investment by CPI, and many other relevant studies and reports.

While there are different ways of accounting for the economics of tourism and its impact (including varying definitions of what constitutes a "tourist", satellite tracking of accounts, the combination of hospitality and tourism, and the ability to track direct and indirect jobs and spending in any given economy), there is no doubting the huge impact of the Tourism and Hospitality Industry, and its potential impact on Mozambique.

The Worldwide Tourism and Hospitality Industry

- The worldwide travel, tourism and hospitality industry is the largest industry in the world, representing approximately 11.7% of GDP worldwide (1999 figures), and approximately 10% of all employment (200 million employees), 10% of all taxation, and 10% of all capital investment worldwide, according to the World Travel & Tourism Council (WTTC). Currently, over 8% of all direct jobs worldwide depend on tourism and hospitality, and the tourism and hospitality industry is predicted to create over 5.5 million jobs worldwide per year over the next decade. While there are different ways of accounting for the impact of the tourism and hospitality industry and measuring its economic output, there is no doubt that Tourism and Hospitality is emerging as the dominant sector of economic activity worldwide for the 21st century.
- Tourism receipts reached US\$ 476 billion in 2000, which was an increase of 4.5% over 1999. The World Tourism Organization (WTO) forecasts that by 2020, there will be close to 1.6 billion international tourist arrivals worldwide. These international tourists will spend over US \$2 trillion. It is clear that a successful investment in tourism development can represent huge economic benefits in terms of jobs, investment and overall economic growth.

- WTTC/WEFA forecasts that jobs in tourism and travel in Sub-Saharan Africa will account for nearly 7.5% of total employment, with an annual growth rate of 3.4% during the next decade. Investment in travel and tourism in 1999 was estimated at US 51 billion or 11.7% of total investment in Sub-Saharan Africa. It is forecasted to grow annually at over 5% for the next decade.
- Typically, tourism receipts are a high proportion of GNP in island economies that have targeted tourism for an extended period, for example, the Seychelles (21%), Mauritius (13%), and the Comoros Islands (9%).

Worldwide Trends

- Historically, worldwide tourism flows have been west to east or vice versa. In 2000, Europe generated over 403 million arrivals, or 58% of global market share. The Americas generate 20% of international arrivals. East Asia and the Pacific generate approximately 15% of international arrivals, and Africa, the Middle East and South Asia contribute approximately 5% of international arrivals.
- In 2000, Africa received 28 million arrivals, or 4% of global market share.
- Over the past decade Africa has experienced an average annual growth of 6.6% in international tourism arrivals. Arrivals to southern Africa alone grew by 18.2 % per year during the same period.
- Globally, domestic tourism is much more important than international tourism in both activity and monetary terms. According to WTO, most industrialized countries will soon come close to their ceilings for domestic tourism growth. Thus it is predicted that the main growth areas for future tourism will be the developing countries of Asia, Latin America, Africa and the Middle East.
- There is also a demonstrated shift, albeit gradual, in the preferences of the consumer, away from the traditional patterns of east-west flows to north-south flows. This includes Asian country travelers to ASEAN countries, and European travelers to the Middle East and Africa. In general, developing countries are receiving an increase in tourism arrivals as transportation, communication and access improve. Thus tourist attractions, facilities, and services are increasing and improving, as is the desire for new and more exotic and pristine "natural" destinations.
- Leading sectors for growth are predicated to include beach holidays (which are expected to increase dramatically), and niche markets, such as adventure tourism, ecotourism, thematic tourism, cultural tourism, and cruise tourism.

Southern Africa Trends

- According to the WTO, tourism arrivals to SADC countries totaled 13.4 million in 2000, constituting 46.5% of all arrivals to Africa.
- The Republic of South Africa received 6 million visitors in 2001.
- The majority of these arrivals are intra-regional, followed by arrivals from Europe, the Americas, and the East/Pacific region.
- WTO forecasts 1.56 million new jobs (direct and indirect) will be created in the regional economy as a result of increased tourism flows.

- The predictions are that growth in Southern African regional arrivals is expected to greatly increase, improving its share of worldwide tourism arrivals from 4.2% in 2000 to 5% in 2020.
- A recent WTO ranking of the top twenty destinations in Africa ranked South Africa at the top, accounting for over 24% of all arrivals and 26% of receipts in Africa.
- The strongest growth is forecast to be in the Republic of South Africa, which is expected to receive approximately 30.5 million arrivals by the year 2020.
- Trends are increasingly towards “regional products” rather than single country arrivals.
- While there has been enormous volatility of demand in countries such as Zimbabwe and Ivory Coast, the Southern African Region as a whole is enjoying enormous growth.

Tourism is Pro-Poor

- According to DFID in 1999 “While poor countries only command a minority share of the international tourism market, tourism can make a significant contribution to their economies. 80% of the world’s poor (below \$1 a day) live in 12 countries. In 11 of these, tourism is significant and/or growing. Of the 100 or so poorest countries, tourism is significant in almost half of the low-income countries, and virtually all of the lower-middle income countries (accounting for over 2% of GDP or 5% of exports)”.
- According to the World Travel & Tourism Council, tourism arrivals to developing countries have grown an average of 9.5% annually since 1990, more than twice as fast as growth in tourism worldwide over the same period.
- The World Tourism Organization estimated that tourism accounted for 43.3% of all services in developing countries, and 70.6% of services in least developed countries.
- According to the WTO, in the last decade, tourism expenditures have increased in the world’s developing countries by 132.9%, and in the least developed countries by 154.1%, a much higher percentage increase than in the OECD (64.3%) and the EU (49.2%).
- According to the UN Commission for Sustainable Development’s Agenda 21, tourism absorbs more women and unskilled laborers than other sectors, and is economically significant in the vast majority of low-income countries. It is particularly important for women, as employment in the tourism sector is more flexible than traditional manufacturing or agriculture sectors, and there is an expanded “informal sector”, allowing for economic activity consistent with family life. Tourism jobs are often healthier and safer than jobs in sugar cane, mining, logging and manufacturing, and with the absorption of untrained and unskilled workers, there is a huge opportunity for training and the upgrading of skills and capacities, which creates great fungibility.
- Tourism is a huge economic catalyst, as visitors spend money directly in hotels and outside of hotels, generating direct and indirect employment and revenues throughout an economy. In terms of indirect impact, the IFC estimates that tourists will spend between 50%-190% of what they spend on hotels outside of the hotels in the local economy. Tourism impacts the construction industry, agricultural industries, craft-making and traditional cultural attractions, banking, fishing, manufacturing, insurance, telecommunications, medical, security and retail services. There are all kinds of small service industries, including information technology, printing, baking, transport, heating and air-conditioning, gardening, and all the other support services and businesses necessary for the promotion and development of a sustainable tourism economy.

- According to a collation by the IFC of several studies done by others, net foreign exchange earnings from tourism vary by country, but tend to be high relative to other exports. Net foreign exchange earnings from tourism can vary from 50% of gross expenditures in a country to as much as 90% in the most advanced developing countries.
- According to the IFC, tourism is labor intensive with an average 1.2 to 1.5 direct employees per hotel room in developing countries, depending on the type of hotel and local skill levels. It has been estimated that the indirect job benefit can be between 3 and 5 employees per hotel room. One estimate for Mozambique is that for every six tourist arrivals, one job is created.
- Finally, tourism is an agglomeration of sectors and therefore creates opportunities for small businesses throughout the economy. Little capital is required to get started in many types of small businesses, and a growing middle class is often the result of these small businesses. The informal or casual labor market can also grow quickly and have a major impact on an overall economy, creating income in many non-traditional ways. This kind of multiplier of businesses and service providers is particularly dynamic in a growing tourism industry, and leads to new skill sets and technologies spreading throughout an economy.

Tourism Myths

The volatility of tourism

While there are widely reported incidents of volatility of demand, in fact, tourism fluctuations are less severe than for most commodity exports on which most developing countries depend. For example, while it may be ironic today, in 1999 Zimbabwe's Minister of Mines, Environment and Tourism opened a tourism workshop by stating that while agriculture, mining and manufacturing had suffered declines in the past decade "tourism is the only sector that has continued to perform well even under a severe economic climate." This is true in most African countries today. Zimbabwe is currently an extreme example of disastrous political and economic policies impacting tourism in a negative way, rather than any other kind of traditional economic volatility.

Further, tourism demonstrates much greater elasticity of demand than most other sectors. Examples abound of countries recovering quickly from devastating tourism interruptions, including Egypt's quick recovery from the murder of tourists in Luxor. Most destinations rebound much faster when hit with calamitous interruptions of services or visitors than virtually any other commodity or product from similar calamities. While war and social unrest can wreak havoc with a country's international image, Jamaica is an example where organized crime, violence, and a flourishing drug trade have seemingly little impact on annual international tourism arrivals.

Paul Norman, General Manager of the Holiday Inn, Maputo, points out that when there is a considerable private sector investment in a facility such as the Holiday Inn, many resources are brought to bear dynamically to take direct action to counter negative perceptions of a country, and work to improve and expand a country's international image. This can create a multiplier effect for other sectors of the economy. Further, while other labor-intensive industries can briefly retreat when faced with calamitous events, a tourism investment dictates that ongoing tourism arrivals continue. There is no pulling back once a tourism infrastructure is developed.

"Leakage of the tourism dollar"

Similarly, while one often hears about "leakage" of the tourism dollar, in fact, evidence exists indicating there is similar leakages in most other sectors of the economy. While imported and luxury

goods can remove much-needed foreign exchange from circulation in a developing country such as Mozambique, statistics are only meaningful if compared for like industries at like times in any given country. Leakage is more an indicator of how open and developed an economy is than the activities in any given sector. A well-planned macro-economic framework can go a long way towards creating local businesses and industries that can absorb the various demands of a tourism economy. Indeed, this is one of the main opportunities USAID can exploit in moving to forward tourism development in Mozambique.

Foreign ownership of hotels

Finally, there is a perception that foreign ownership or management of a tourism attraction means that locals don't benefit. In fact, most hotels involve local capital, local management, virtually all local employment, and the purchase of local goods of all types. Local construction is always involved, and the benefits flow throughout a local economy. For example, in Mauritius today, small and large local investors took equity positions in many of the first hotel initiatives begun in that country, and today own or control many of the best hotels and sites. Further, many of the five star hotels have 100% Mauritian staff. With the cost of ex-pat salaries, it is compelling that corporations find, hire, and train local staff for even the most senior management positions.

South Africa's success story, and ramifications for Mozambique

- South Africa's is enjoying extraordinary success as a tourism destination, and has a dynamic strategy for increasing market share in the future. As Johannesburg is the largest hub in South Africa, and as Mozambique relies on South Africa for most of its tourism arrivals, this bodes extremely well for Mozambique it Mozambique can tap this enormous potential on its very doorstep.
- From 1994 to 2000 the compound annual growth rate of tourism arrivals in South Africa was 8%. This annual growth figure has decreased in the past few years, in part because the honeymoon of the "democracy dividend" ended a few years ago, partly because arrivals from Lesotho and Swaziland have declined, and partly because of the worldwide slowdown since September 11. In 2001, there were 6 million visitor arrivals in South Africa.
- South Africa has shown great sophistication in their recent "Tourism Growth Strategy", analyzing source markets carefully, looking at margins for revenue, targeting new niches in international tourism demand, and focusing on new products and images to project. They've shown a sophistication that is a significant step in transforming a governmental and bureaucratic tourism board into a dynamic marketing entity for the 21st century.
- It is clear that in one way or another, Mozambique's future tourism success is tied to that of South Africa. There are huge markets to tap in South Africa for travel to Mozambique, and Johannesburg, Durban, Cape Town, and Kruger-Mpumalanga airports will be the main feeders of European and North American tourists to Mozambique.
- Thus Mozambique must capitalize on the resources that are available in South Africa to partner with both private and public sector for marketing and promotion purposes, in both Europe and North America.

The Big Picture

Mozambique can be considered the “sleeping giant” in Southern Africa’s regional portfolio of tourism attractions. Its 20-year future is extraordinarily bright, as long as it protects its coast and pursues appropriate conservation policies for tourism development. While cultural and wildlife tourism has great potential as well, nothing will compare to the potential of tourism development along the coast. Its coast is truly spectacular, and unique in all of Southern Africa.

There are over 2500 kilometers of coastline, with blue azure waters and white sand beaches, pristine coral reefs and mangrove fringed swamps, interesting and historic towns, and great game fishing, snorkeling, scuba diving and surfing. As most of the population lives near the coast and as Mozambique’s recorded history was first and foremost a sea-faring region, coastal tourism is the most appropriate entry point for the development of tourism in Mozambique.

Three parts of this coast are protected in national parks or reserves. Those three parks are Quirimbas National Park in Cabo Delgado, Bazaruto Island National Park in Inhambane and Inhaca Reserve in Maputo Province. The attractions of the coast include the biodiversity of the principal ecosystems, (over 1200 species of fish have been identified) spectacularly deserted broad white sand beaches, crystal blue water, and the aforementioned surfing, scuba diving, bird-watching and sports fishing. Deep water harbors such as Nacala and Pemba also have potential for cruise ships, providing additional direct access to what are now remote regional destination and attractions. The historic towns of Ibo and Ilha de Mozambique as well as Maputo itself could be added cultural attractions to the coast-based tourism industry. Great seafood, particularly shellfish, is a distinctive feature of the cuisine offered in most, if not all hotels.

A perception can easily be created that, similar to Victoria Falls, one simply must visit the wonderful coast of Mozambique. On a recent inspection tour, one of the location scouts for the US-based television program “Survivor” was looking around Bazaruto to see if he could establish a new location to base a program for the coming season. This is a sign of the unique draw of this coast, with white sand beaches, azure blue water, great diving and game fishing, and little development or coastal pollution (at this point).

If nature tourism has two components, wildlife viewing in Mozambique will have a much longer gestation period than coastal tourism, but the two can work hand-in-hand to support each other in the long run. To the extent that there’s a wildlife product in Mozambique, it will be sold in conjunction with the coastal attractions.

The good news is that MITUR was formed in 2000 in response to the challenge of tourism development, and the donor community is getting behind the idea of tourism development as a strategy for economic development of the country. The National Parks have been moved under the tourism ministry, and though this does not necessarily bode well for conservation, it is an indication of the focus of the government of Mozambique on tourism development. Tourism is clearly not a panacea for the economic development of Mozambique, yet it is one of the strongest sectors of the economy that could be supported, and perhaps the greatest asset Mozambique can call on for its long term future, both economic, and for all kinds of other social and environment benefits that would flow from this type of investment.

The donor community has jumped on board, with GTZ supporting various tourism initiatives in Vilanculos and other communities, and the Dutch overseas development agencies supporting certain initiatives in Mozambique, such as the new Flamingo tourist lodge being built near Barra Lodge in Inhambane Province. Funding was provided by the European Union in 1997 to create a strategic planning framework for regional tourism development plan. AUSAID has paid for KPMG to write a National Tourism Policy for Mozambique, and a National Development Strategy with a high-level action plan is in the works. The IUCN has created a Mozambique Country Program for 2003-2006 addressing economic incentives for stakeholder in natural resource management, which should provide some support for tourism investment in the nature-based sector. World Bank has a strong program supporting tourism initiatives, and is working on a TFCA “Secretariat”, modeled after Madagascar, called (roughly) the Elephant Coast Development Agency, and has

Dutch, UK and other Ambassadorial level people sitting on the committee. He would like USAID participation.

Transport and access is currently a problem for visitors, with the cost and difficulty of transport to and from Maputo and Inhambane, yet the new airport just outside Nelspruit (Kruger-Mpumalanga airport) can become another potential source of visitor arrivals to Southern Mozambique. South African Airways may one day actually better serve Maputo itself with greater frequency and more reasonable costs to Kruger-Mpumalanga than the current structure at Maputo's international airport. The long-term view is that travelers will be able to bypass Johannesburg and fly directly to Kruger, making a more direct connection to Cape Town, and opening up another potential gateway to Mozambique. Maputo and Mozambique's coastal attractions are much closer to Kruger/Mpumalanga than they are to Johannesburg, and the Mozambique product can become a relatively easy component or extension to add to a visitor's journey to Southern Africa, particularly with the expanding charter market between South Africa and Inhambane and Vilanculos.

Further, on November 21, CPI announced that the Ministry of Transport and Communications has launched a bid for the exploration of air routes between the city of Inhambane and Johannesburg, Durban, Cape Town, Lanseria, and Nelspruit. There is a twice a week charter already operating for Dave Law's Barra Lodge from Lanseria to Inhambane, and one can only imagine a strong increase in traffic to Inhambane province should the route open up to a commercial carrier for leisure and business traffic.

Finally, with South Africa's strength in marketing and RETOSA's approach to regional marketing, there is an enormous opportunity for Mozambique to attach itself to the marketing strategies of its many neighbors. Regional cooperation is the wave of the future, as Mozambique is really not competing with the other SADC countries, rather the countries of SADC are competing as a whole with other regions of the world such as North Africa, the Middle East, Southeast Asia, and the South Pacific. The dynamic partnerships that are available will only support Mozambique in establishing itself on the tourism marketplace in the future. Mozambique actually becomes an asset to other SADC countries in marketing the region, as its beaches are truly world class, and nothing in any of the other SADC countries approaches what is available in Mozambique.

Mozambique Tourism Data

The data gathered from sources in Mozambique is questionable. AUSAID has contracted KPMG to work with the Ministry of Tourism (MITUR) to write a national tourism strategy. KPMG asserts that there were 400,000 visitor arrivals in 2001, while South Africa received 6 million arrivals in 2001. Maputo Province received 60% of those arrivals, while the other 40% were spread throughout the other nine provinces. Of the 60% who arrive in Maputo, KPMG estimates that close to 90% are business travelers.

There are three prime written sources for the Mozambique data cited in this report. Two are in Portuguese, *Estatísticas do Turismo, Ensaio Piloto 2001* and *Projectos Autorizados Turismo & Hotelara, January 1999-November 2002*. The third is a compilation of Maputo City Luxury Hotels. All three are attached as an appendix to this report.

Interviews were conducted with some hoteliers, and those rough figures are included where appropriate.

Based on the CPI report, there is some kind of accumulation of data on hotel investments, employees, and number of hotels under construction. It is not clear how accurate or complete this data is, or how the figures projected actually match investments, employees, and accumulated assets in the hotel sector. A sample grid is listed below.

Hotel and employment data by Province 1997-2002

Province	No. of Hotels Functioning	No. Employees	No. of Hotels under construction	No. Employees
Cabo Delgado	10	533	6	3142
Niassa	3	249	0	0
Nampula	7	195	2	38
Tete	4	325	2	37
Manica	0	0	1	290
Sofala	4	184	1	25
Inhambane	17	716	8	101
Gaza	9	477	2	41
Maputo	27	1908	10	409
Zambese	0	0	2	49
TOTAL	81	4587	34	4132

Data from CPI: Projetos Autorizados Turismo & Hotelaria 1997-2002

According to CPI, the total foreign investment in hotel construction and improvements for the 12 years 1990-2002 was US\$118,859,472.72. Mozambican national investment in hotels for the same period was US\$128,511,397.07

According to *Estatisticas do Turismo*, the top six sources of tourists arriving by road in 2001 were:

- RSA
- Portugal
- Swaziland
- UK
- USA
- Italy

The top six nationalities of tourists arriving by air in 2001 were:

- RSA
- Portugal
- "Other countries"
- USA
- Italy
- UK

The Opportunity for USAID in Mozambique

There are three broad geographic or regional focal areas USAID might consider for tourism development. These areas have the most potential for expanded economic activity and increased tourism arrivals. To the extent that wildlife viewing in national parks is to become a strong economic activity, it will be to the extent that those parks are connected to coastal areas that draw the tourists. Those three main coastal areas (with mixed opportunities for wildlife viewing) are listed below. MITUR has also identified those regions as high priority regions to develop.

Maputo Province has several potential areas for tourism investment and development. These areas include Maputo City, Ponta D'Ouro and Ponta Malongane, the Maputo Elephant Reserve, Inhaca Island, Macaneta. One can also consider several of these attractions in the overall region of Matupaland, as described by James U. Blanchard III, in the proposal written by Blanchard Mozambique Enterprises Ltd, Bechtel, Wimberly Allison Tong and Goo, and Gouws Uys and White.

The Lebombo SDI is scheduled to upgrade the road linking northern Kwazulu/Natal and Maputo, which would link Maputo Province to Durban, and open up Ponta D'Oura and Ponta Malongane, the Greater St. Lucia Estuary and several provincial parks in Kwazulu/Natal with the Maputo Elephant Reserve, Inhaca Island, and the rest of Maputaland.

The newly opened International airport (Kruger/Mpumalanga International) is designed to allow 747s to arrive directly from Europe to see Kruger Park, and to allow for more efficient transfer of tourists directly from Capetown to the attraction in Kruger Park. There are rumors that Virgin Atlantic is negotiating to bring in a 747 charter once a week. The obvious circuit of the future would be to create an arrival in Kruger, and then a simple connection to Cape Town, Victoria Falls, and the opportunity to sell Maputo town as an important cultural attraction, or Inhambane Province as the perfect beach resort to conclude a safari in Southern Africa. Further, the new international airport will create a new potential gateway to Mozambique, and combine wildlife and beach tourism in a way that hasn't been achieved before in Southern Africa.

Inhambane Province includes the resort towns of Inhambane, Barra, Tofu, Xai-Xai, Maxixe and Vilanculos. It also has Bazaruto Archipelago, which consists of five main islands: Bazaruto Island, Benguera Island, Magaruque Island, Santa Carolina, and Bangué. The islands' flora and fauna include relic crocodile populations, rich ecosystems that provide habitat for numerous bird species, and leatherback and green turtles that nest on the Islands. Dugongs can be found between the islands and the mainland, in some of the greatest concentrations along the East African Coast, extending to the Save River estuary. Coral reefs can be found on Santa Carolina and Benguera Island, which provide excellent diving and snorkeling. Some of the best birding and sport fishing (sailfish, barracuda, tuna, and black, blue and striped marlin) in the world is available in the Bazaruto Archipelago.

The town of Inhambane is one of the more delightful coastal towns in Southern Africa, and appears to be a sleepy colonial-style town undisturbed by political and economic turmoil. It is surprising that more has not been done to upgrade the services and facilities in Inhambane, and develop a tourism industry with a focus on the cultural attractions therein. Colorful dhows are crossing to Maxixe, and there is a real sense of a unique destination when one visits the town. A cultural center could easily be developed to great effect, with so many tourists visiting Barra, Tofu, and other local hotels.

Dave Law has successfully developed Barra Lodge, and is a keen entrepreneur who helps forms the nucleus of the Inhambane Tourism Association. Dave has succeeded where many have failed in exploiting the beautiful beaches in Inhambane with a regular charter operation from Johannesburg in South Africa. The greatest market Mozambique can currently approach is that South African marketplace, and Dave has rightly focused on a more mid-range marketplace, which caters perfectly to the demand curve in South Africa. He currently operates twice a week charters, is investing in a second lodge on adjoining property (Flamingo Lodge) that will have twenty chalets and be more up-market than Barra Lodge, and has additional land he is planning to develop as tourism expansion continues.

This is perhaps the most successful model created yet to attract first world travelers in great numbers to the extremely desirable attractions in Mozambique. A similar strategy is in place in Vilanculos for the Bazaruto Archipelago for several properties, although there are scheduled flights arriving in Vilanculos as well.

Dave's larger strategy is to begin tapping into the market from Europe, as is the current strategy for those lodges in Vilanculos and Bazaruto. While there is a huge market for beaches in South Africa and this market can produce a huge number of travelers for Mozambique's spectacular beaches, a successful foray into the European or North American market for South African visitors can produce many more travelers on extensions or longer touring programs than those currently being offered. There is unlimited potential if one can successfully tap into the large South African market, and at the same time expand the market dramatically to include those European and North American visitors coming to Southern Africa on a regional tour.

A similar operation is in play in Vilanculos, and there are plans to begin larger tourism developments for both Vilanculos itself and Bazaruto. Vilanculos has a dynamic mayor who is extremely "pro-tourism". There is a new zoning law that is starting to be enforced, and there is every reason to believe that Vilanculos will surpass Inhambane as a tourism destination in its right, in addition to serving as the gateway to the Bazaruto Archipelago. The managing director of the Vilanculos Beach Lodge is a co-director of the Inhambane Tourism Association, and represents the needs of those lodges in the Vilanculos area and in Bazaruto. The Pestana Group is aggressively marketing the Bazaruto Island Lodge, and having great success, particularly in the European market. With Indigo Lodge coming on stream, it appears that the Vilanculos and Bazaruto group of properties will be making an aggressive push for European and American visitors. All properties in Vilanculos express a desire to work more closely with the community, and there is talk of working with GTZ to get local "guides" supporting tourists in getting around Vilanculos, and in trying to create more local cultural attractions, from music to craft making.

Northern Mozambique, comprised of Cabo Delgado, Niassa, and Nampula Province is a potential tourism circuit in its own right. With the combination of an outstanding airport (large enough for 747s) and one of the deepest harbors in Africa both situated in Nacala; the Niassa Reserve with its immense potential for wildlife; close proximity to the Selous Reserve in Southern Tanzania (linked by a wildlife corridor to Niassa); the impressive UNESCO World Heritage town of Ilha de Mozambique; Pemba, with its new grand Pemba Beach Hotel; and Ibu Island and the spectacular marine life found in the newly created Quirimbas National Park, one could certainly argue that the greatest potential in all Mozambique (albeit much longer term and requiring considerable planning, development and investment) is in a new, northern Mozambique tourist circuit.

The Wildlife Viewing Sector

There is evidence to suggest that a successful wildlife product can be developed in Mozambique. From James Blanchard's vision of a \$800,000,000 Maputaland destination attraction to the recent creation of the Great Limpopo Transfrontier Park, the potential has clearly been demonstrated. Whether appropriate infrastructure can be built, appropriate wildlife management put in place, and an efficient and effective re-stocking and protection regime begun, there is clearly an opportunity to develop a good wildlife product in Mozambique.

The problem is that South Africa is a well-developed, mature and efficient wildlife-based tourism destination and controls the long and short haul wildlife viewing market. Its long history of wildlife viewing, appropriate infrastructure and management, good transport and communication, and effective marketing make it difficult for Mozambique to compete effectively for the wildlife-viewing dollar. Simply put, wildlife viewing in South Africa is well developed, and tourism attractions show sophisticated understanding of the service needs of the tourism sector. Not only do they have a good understanding of marketing, practicing high service standards and appropriate wildlife management, they have a strong system of enforcement and security for the traveler

Further, Namibia, Botswana, Zimbabwe, and Zambia are all many years ahead of Mozambique in operating wildlife safaris, and in developing appropriate policy frameworks for future tourism development, investment and infrastructure. In order for Mozambique to compete in the wildlife-

viewing sector, it must overcome the many barriers to tourism development, including the lack of infrastructure, investment, and management capacity, and effectively market the products it does develop. It must also develop a strong wildlife management capacity to bear in re-stocking its parks, and building appropriate infrastructure for wildlife viewing. Finally, that product had better be connected to its outstanding coastal assets if it is to be effective in the short to medium run, and intertwined completely in order to make Mozambique a singular destination in the 15 to 20 year future.

While some will refer to as the high potential for Mozambique's nature reserves, mountains, lakes and lagoons, and explain that Mozambique's exceptional flora and fauna offer ample opportunities for tourism development, it must be clearly understood that this potential is a very long way off, and dependent on so many other factors, that it can't be considered a strong economic driver in short or medium term. Bird watching may be the one exception, but as it is limited in the number of visitors that can be drawn, its overall impact on poverty will be small.

The one compelling argument for USAID to invest in wildlife viewing or nature tourism is the fact that many of the country's parks and reserves are threatened, and sound conservation and management policies today will protect a great asset for development in the future. Should conservation and management efforts be successful, and should re-stocking take place and infrastructure and investment come into the country, in the long, Mozambique's wildlife viewing possibilities are great. Again, it must clearly be understood that this potential is a long way down the road.

The Cruise Ship Market

There is a strong argument for a cruise ship product to be created for Mozambique's coastal attractions. There is a history to cruise ships stopping at Inhaca and Ilha de Mozambique, and at least one cruise ship apparently still stops at Inhaca. The cruise industry is growing at an enormous rate, and always looking for new itineraries and destinations. With the Indian Ocean being one of the most desirable destinations for cruising, the fact that Ilha de Mozambique is a UNESCO World Heritage site, and the added attractions of deep water ports at Pemba and Nacala, there is sufficient reason for those ships visiting the Seychelles, Comoros, Madagascar, Mauritius, Mombasa or Dar es Salaam to considering making stops on the coast of Mozambique. If the ports can be sufficiently upgraded and appropriately marketed, is every reason to believe that Mozambique can develop a number of highly desirable and competitive cruise ports. Given Inhaca's historic appeal, there is even a case to be made for Maputo one day receiving cruise ships.

The Constraints

There are a considerable number of constraints to tourism development in Mozambique. Constraints can be approached from a structural, operational, and policy framework. Many of those constraints are widely understood and while the barriers can be oppressive, there are various approaches to begin to counter many of those constraints. USAID's actions can work to help ameliorate the barriers that exist to tourism development. Indeed, it is incumbent for any development agency to address those barriers when investing in any kind of intervention, as invariably those barriers will impinge upon the agency's own ability to contribute meaningfully in almost any sector of the economy.

Structural constraints include the current lack of infrastructure; inconsistent supply of electricity and gas; a poor road network including particularly treacherous access roads to potential tourism destinations; a poor, inadequate (low capacity) and expensive public transportation network; poor or non-existent security; onerous procedures and duties on imported goods, with a concurrent lack of supply of necessary staples to supply a tourism economy present in Mozambique. Communications and banking transactions are occasionally crippling slow and inefficient. There doesn't appear to be

widespread high-speed access to the Internet, consistently clear telephone lines (internationally and domestically), and there are many places where there is no cell phone signal. Calls placed on cell phone lines are frequently difficult to get through, as are international calls on national lines at many times during the day.

Air access is a major problem, with a limited number of seats available from Johannesburg, high airfares, and the lack of consistent and affordable domestic travel throughout the country. The cliché is that it costs more to fly from Maputo to Pemba than it does from Maputo to Lisbon. Unfortunately, it appears that this cliché is true! In an interview with the managing director of South African Airways in Maputo, it is easy to understand the difficulties of a regulated marketplace. The current bilateral agreement necessitates that LAM have the same number of seats to and from Johannesburg as South African Airways, and while SAA would prefer to double the capacity between the two cities, LAM doesn't have the capacity, and wants to protect their market share so that they carry a fair percentage of the passengers on this route. Thus it appears that a parochial concern to maintain market share (and survival?) for LAM is hurting the country's capacity (and therefore ability) to attract and carry more tourists. This lack of seats particularly inhibits the growth of Mozambique's leisure and recreation markets, as seats are bid up in an attempt to obtain the highest fares for business travelers who must take those flights. It is not clear how many more tourists would choose Mozambique if air access was more regular and affordable.

As LAM and TAP have a code share agreement for the Lisbon/Maputo market, it is not clear if there are constraints in place to marketing Mozambique in the European marketplace. Certainly the fares appear to be quite reasonable. The problem is the capacity of TAP to effectively market in Europe, or to partner effectively with other European carriers. They should be able to create many more products and packages for distribution in the European marketplace, but the strength of the carriers flying non-stop to Johannesburg is difficult to overcome.

Access to capital is also a concern, as rates are high, local investors can't borrow against or use land to secure loans, and the lending mechanisms are cumbersome and slow. Lending in rural areas is extraordinarily difficult. A letter of credit can take two weeks or longer to process, and this hinders the free flow of goods. Similarly, inspections that take two days in most parts of the world can take over two weeks in Mozambique, and create an environment where bribes or "rents" are demanded.

More general "operational" constraints include graft and corruption on both a local and national level; red tape that restricts action on many fronts with virtually no apparent reason (except possible graft); lack of legal clarity over development rights, including land tenure, lack of clear zoning laws, and multiple conflicting jurisdictions over any given development initiative; non-transparent tender processes; onerously high import duties on construction goods; harassment of specialist labor required for certain types of building and maintenance; weak judicial action and lack of enforcement; and many other problem areas.

Reservations for certain hotels along the coast cannot be made in Mozambique, as reservations for some properties are only taken in South Africa or Zimbabwe. It is clear that there must be a disincentive for entrepreneurs to accept payment for services within Mozambique if one establishes a system that primarily accepts payment and reservations for a facility outside the country. Even communication is difficult, as there are large parts of the country with no cell phone relaying stations, and international telephone lines are often down. Long distance calls within the country are exorbitantly expensive from the major hotels in Maputo.

On a personal basis, there are large barriers to free and easy travel throughout the country. Extortion of tourists (particularly drivers) is rife (this consultant experienced such extortion the first day while driving in Maputo); crime seems to be on the upswing with tourists targeted (there was a shooting and robbery within walking distance of the Polana Hotel during the tenure of this short consultancy); and general lack of security in many areas of the city is a major concern. The airport is antiquated and in great disarray (this consultant experienced a more than 100 meter walk from the airplane to the

entrance of the airport terminal after a two day journey, a forty minute wait in line for immigration, and an unnecessary gratuitously long search by customs agents). Anecdotally, there are stories about rent-a-car agencies always finding some minor infraction and charging renters huge amounts for reputed damage done to the rental cars by drivers. There doesn't even appear to be a simple city tour of Maputo that is clear and well presented. Finally, the lack of English is a major drawback to many tourists, for whom Portuguese is not at all easy to pick up. All of these barriers act as a constraint to individual travelers, as well as to tourism development and investment in general in Mozambique.

Immigration problems are one of the biggest issues that illustrate the government's ambivalence about the importance of tourism, and its general incompetence. The requirement to obtain a visa in advance of a visit to Mozambique is certainly disempowering if one is attempting to attract more tourists. While efforts to liberalize the process of obtaining a visa have been successful (one can now obtain a visa upon entry at least at two of the country's airports and at least at one road gateway), the procedures are more annoying and difficult than necessary, as are the lines for most tourists to be processed who already have a visa and are simply attempting to enter the country. Meanwhile, there is no apparent international knowledge of the fact that one can obtain a visa upon entry. The website for Mozambique insists one must obtain a visa before arrival, and the Mozambique Embassy in the United States similarly insists a visa must be obtained before arrival, as do all the guide books on Mozambique (even the 2002 guides, although the policy was apparently changed in 2001). It seems odd that no one in the business of communicating immigration or tourism policies about Mozambique seems to have heard about the possibility to obtain a visa at the airports or borders.

Another area of notable constraint is Mozambican legislation and regulations that restrict expatriate labor and seek to control foreign investment. Unlike most SADC members, Mozambique refused to make commitments on tourism services in their GATS (General Agreement on Trade in Services) schedule under WTO. Traditionally, in an open market seeking foreign direct investment (FDI), there would be no restrictions on the rights of foreign establishments in the tourism sector. Those businesses would have the right to employ expatriate labor, and the country could not limit the size of a tourism establishment, the number of service suppliers, the value of the investment, or foreign capital as a percentage of total investment. While Mozambique doesn't have restrictions in all of these areas, there are no guarantees that investors will be protected from a large variety of restrictions after they begin their investments. Without the kind of freedom and protection other countries offer, Mozambique becomes more problematic as a potential country in which to invest.

Finally, there are many anecdotal reports that a socialist mindset may be left over from the past, contributing to the failure of entrepreneurs to seize opportunities for new business development, or to seek or accept support, or invest what little money they do have in new business ventures. Paul Norman at the Holiday Inn describes the process of working with a local excursions operator outside his hotel, which was not selling many trips. Paul realized the prices were a bit high and tried to work with the individual to convince them to lower their prices. The businessman refused to try any other approaches, and ultimately gave up the business.

USAID CRITERIA

Linkages to Poverty

As described in the background section, there are compelling arguments that an investment in the Tourism and Hospitality sector can likely do more good than virtually any other sector in creating jobs, and in the multiplier effect it has on the local and national economy. One tourism operator estimates that for every six tourists who visit Mozambique, one job is created for a Mozambican.

According to Dave Law, Barra Lodge employs approximately 150 staff to operate the hotel under normal circumstances. However, Dave outsources so many needs that he estimates that

there are many more indirect jobs ascribable to Barra Lodge than direct jobs. He estimates that perhaps 450 individuals receive revenue from Barra Lodge indirectly. In any given month, he spends approximately \$40, 000 in the local economy, buying bread, fuel, paying for drivers and transport, buying dry goods and local fruit and vegetables, and many other needs that a successful tourism operation would have. He also points out that for every one employee he has, there may be 8 – 10 individuals dependant on that one salary.

Prospects for Success

While there are many serious constraints, there is every reason to believe that Mozambique will succeed in creating a greatly expanded tourism industry. As described above, the coast is a singular resource that is sufficiently unique that no other country in Southern Africa can approach the potential that Mozambique has. A visit to Vilanculos reveals that there are many new investments coming into the market. It is reported that many new investments are also occurring in and around Pemba. The future of travel indicates regional and multi-destinational tours are gaining favor the world over. Mozambique can become the lynchpin of an important bush and beach product, or provide an ocean/coastal component to any regional tour that one may create in Southern Africa.

The very fact that so many successful tourism enterprises have been created and that investment is continuing to flow into the country despite the extraordinary number of barriers is itself indicative of the great opportunity that exists for tourism development in the country. Notwithstanding the failure of the James Blanchard Maputaland initiative, Bechtel International, Wimberly Allison Tong & Goo and Gouws Uys & White all compellingly concluded (in the most thorough analysis undertaken of the overall potential of tourism in Mozambique) that the opportunity and potential for tourism development in Mozambique was outstanding. By all indications, this conclusion is still valid (even more so in the post 9/11 world and the collapse of Zimbabwe as a tourism destination), though the challenge expressed by Blanchard has not been fulfilled. The potential seen by all is still there.

There are many potential activities USAID can undertake to support the tourism sector, including investment initiatives, policy initiatives, microenterprise and microfinance initiatives, capacity building, and many other activities. While each and every initiative may not produce a singularly profound outcome, each component investment that USAID makes will contribute to the whole of Mozambique finding its way in a strong national tourism initiative.

Non-distortionary impact of removing constraints

There really is little in the way of distortion that an intervention in the tourism & hospitality industry would create. For example, USAID could adopt a strategy to leverage an investment conference to get the government to agree to an abatement of import duties for up to five years for a new tourism or infrastructure investment. While there is a small risk that such a program left unmonitored could result in many goods that are not eligible for such a waiver being imported duty-free, this is really a matter of enforcement and would be on such a small scale as to be negligible.

Potential Role for USAID

There are many activities and initiatives that USAID can undertake, that can have powerful impacts on many aspects of social, economic, and political life for Mozambicans. From investment forums that can be leveraged to create better government policy, to institutional strengthening activities for local NGOs that can be created, supported, or strengthened, USAID's activities in the tourism sector can play a major role in the development of

Mozambique. USAID can focus on institutional reform at governmental, non-governmental and publicly held corporations, and leverage its investments to make a difference on many fronts. USAID can support land reform, greater transparency in government, an end to corruption and red tape, and many other policy initiatives that will pay dividends not only for the tourism and hospitality industries, but also for the country as a whole. An SME or micro finance initiative can increase tourism exports and expand the private sector considerably, which can in turn put pressure on national and regional government bodies for greater transparency, efficiency, easier credit, and more open and appropriate legislation. These efforts help create better policies for all of Mozambique.

Fungibility of technology and skills of industry

The question of fungibility of technology and skill sets is one of the strongest arguments for tourism becoming one of the key export industries that USAID chooses to support. Tourism is unique in the number of skill sets that are required for a well functioning tourism and hospitality industry economy to exist. The industry can accept unskilled workers at an entry point and provide training in many aspects of a service economy, building skills that can be useful throughout an emerging or developing economy. The Canadian Tourism Human Resource Council has created standards and means-tested them for over 108 different specific jobs that are important throughout the tourism industry, and the skill sets required to fulfill all those different jobs runs the gamut of virtually any modern day skill set in a developed country today.

For entry-level workers, fungible skills include learning English, learning how to cook, serve, clean, use a computer, answer the phone, take messages, write, do accounts, garden, paint, make a bed, answer questions, and give directions. For more advanced workers, there is every aspect of running a business, from product development, marketing, invoicing, becoming (or managing) a supplier, training staff, building a business, writing or printing marketing materials, mastering information technology, and learning how to provide strategy or specific solutions to business problems.

Because the tourism industry relies heavily on many aspects of the overall economy to fulfill its mandate, there is a need for more skill sets in virtually every sector of the service economy. Tourism creates additional agricultural workers, food processors, construction crew, building suppliers, technicians of every kind, banking, accounting, and all kinds of other service and support businesses. Heating and air-conditioning technicians are in critical short supply through the country.

Further, one tourism business tends to create many others. Where there is a hotel, there will be an excursions desk, a hairdresser, a souvenir shop, one or more restaurants, a taxi stand, and many other types of tourism businesses. When there is one hotel, there will come another, and as another gets built, there will be increased demand for ancillary services and an entirely new support structure gets built.

Sustainability of Environmental Management

Critical to the well being of the tourism and hospitality industry is the need for environmental protection of its fragile coast and delicate ecosystem. Participation by USAID can help insure that proper environmental safeguards are built into every tourism development or initiative that is begun. Unlike other extractive industries, while there is potential for damage to be done by careless or reckless development, it is in no one's interest for those practices to occur. Undue exploitation of the natural resource base would ultimately destroy the industry's ability to survive. Thus conservation becomes more a question of appropriate

policy, safeguards, and enforcement, as it is in the interest of all players in the industry to insure that sound environmental management is built into any tourism initiatives undertaken.

Specific Projects and Initiatives within the three regions

- In Inhambane Province, there is a great opportunity to invest in supporting local tourism associations in marketing and developing more cultural attractions in coordination with local people. There is a proposal to create a craft market in Inhambane that would create business opportunities for the local community and become a tourist attraction in its own right. A copy of this request for funding is attached as an annex to this report.
- USAID could create linkages between the planners, developers and communities around tourism investment zones. For example, the World Bank has initiated projects such as the Elephant Coast Development Agency in the Lebombo TFCA, and is looking to support another two TFCAs with similar types of community involvement where there is threatened environment (North and South Quirimbas, and the Niassa/Selous corridor). Bringing stakeholders into the planning process early will support broader diversification of the tourism sector, and expand the local market for agricultural production, handicrafts, cultural and traditional entertainment, local food production and other services. Providing microenterprise and microfinance support to those small businesses with the potential to supply support services and products around tourism destinations within Mozambique will create local stakeholders in a newly developed tourism economy.
- USAID could create a major initiative to train and develop a tourism labor force for Mozambique on a regional basis. This would include a major thrust to learn English (a huge challenge, as basic literacy is not high in certain generations of Mozambicans). USAID could partner with private sector hoteliers requesting training, and develop or establish training and certification standards for the tourism and hospitality industry throughout Mozambique. Insuring private sector buy-in would make the standards and certification training programs both successful and effective, and help to assure employment for successful trainees after going through an appropriate training regimen.

Countrywide Strategic Interventions

- Provide technical expertise to market Mozambique international. This can involve partnership with the private sector, who should be consulted at all times about tourism development in Mozambique.
- Train wildlife management and bring some capacity to the Ministry of Tourism to oversee the National Parks under its mandate.
- Create an investment seminar to attract foreign investor to Mozambique, leveraging the opportunity to convince the government to grant a five year exemption from import duties, freedom for ex-pats to come in and work on tourism development projects, allowing foreign construction crews to come in and bring in building materials tax free, and waive import duties on all goods brought in for use at the hotel or development.
- Create a microfinance and microenterprise initiative on a nationwide basis to support private sector initiatives in the tourism sector

- Work with the CTA to strengthen its capacity to speak and negotiate for the private sector in Mozambique. Institutional strengthening activities with the CTA can help create much stronger tourism working groups and stakeholders in all the regions for tourism development
- Create a vibrant support sector for tourism in two or three cities or regions, focusing on that city or region's particular needs. In Vilanculos there is a need for cold storage and a more affordable supply of dry goods (although the Mayor would dispute this!). Inhambane could use a better abattoir, and the supply of fresh meat is not great throughout Inhambane Province. In Maputo there is no fresh dairy for milk, butter or cheese, only Parmalat, which makes yoghurt.
- Fresh vegetables and fruit are usually imported from South Africa. USAID could work with local communities to create value-added high-end fruit and vegetables to supply the local markets. It is not clear that anyone has stepped forward to fill this gap.
- Holiday Inn Maputo talks about the success it had training a local baker to produce the kinds of goods the Holiday Inn wanted to use. Skills transfer and technology transfer happen this way. Similarly, Holiday Inn wanted to buy as much local fruit and vegetables as they could, and there was only one woman they could find to supply them regularly. However, they could only purchase from her if she had a proper invoice and statement of accounts. Because of this relationship, she now has acquired new skills that will help her build her business. USAID can use this approach as a model and support similar projects. Private sector drive initiatives such as this projects such as this can work all over Mozambique.
- One of the great opportunities for tourism development is the city of Maputo itself. If there were a focus on creating Maputo as an outstanding cultural destination with a clearly delineated outcome in mind, great things can happen. The Portuguese Fort could be developed as an outstanding cultural attraction, including a sound and light show, with a regular canon blasts at 6:00pm each night. The central market could be upgraded, and local artists encouraged to perform there.
- Chopi Timbila Orchestras could be encouraged on a national basis, and hoteliers could use them at a particular time of the day.
- A general Maputo beautification project could be begun to create some life in the city such that tourists would want to roam around downtown at night.
- Restaurants could receive a rating service, and promote tourism through the gastronomy of Maputo.
- A high quality city tour with good historical interpretation and dynamic story telling could be created and supported.
- A bus could continually roam throughout town at night, taking tourists from one restaurant, bar, or nightspot to another, hitting all major hotels in sequence. Holiday Inn tried this once.
- USAID might work on institutional development with the Tourism Facilitation Committee, and work to create public/private sector partnerships.

- USAID might work with local communities in places like Macaneta or Ponta d'Ouro to strengthen local institutions to fight for better roads and infrastructure to support their tourism businesses.
- A small Ecotourism initiative can be begun, including one small lodge in Niassa, or support to a few small lodges in Maputaland. The World Bank is forming an Elephant Coast Development Agency that will work to support the Maputo Elephant Reserve in Maputaland. USAID could work to strengthen that institution and attempt to create some land reform and partnerships with local communities.
- USAID could even try to resuscitate the Blanchard Maputaland development initiative by hosting an Investment seminar focused on his master plans.

Perspective

An example of a great success story is USAID's support of a major tourism initiative in Ghana. Over ten years ago, planners saw the confluence of a situation where historic slave forts in Cape Coast Province were largely left unprotected, and at the same time, there was a large tract of virgin forest also left unprotected that was slowly being degraded. It was thought that there was great potential for tourism development and investment, and this could create recurrent income to fund conservation efforts. A decision was made to plan a major integrated tourism investment, and an agreement was made with the government to protect the threatened ecosystem (Kakum National Park was created with a unique canopy walkway) and set aside the historic forts for conservation and development. USAID created the Natural Resource Conservation and Historic Preservation Project (NRCHP). Over the course of ten years, approximately US\$ 10 million was spent on the project, and the results have been nothing less than spectacular. Over the course of the project, tourism visitations to Ghana increased dramatically, both to Cape Coast Province and to the country as a whole. The number of hotels increased from 12 in 1991 to 53 in 1999, total employment in the hotel, food, and beverage industry increased by 620%. Growth in infrastructure serving the region was enormous, as small villages became part of the electrification scheme, roads were improved, additional infrastructure built, and agriculture, livestock and fishing industries were greatly expanded. The economic impact of this investment in tourism was huge, and acted as large catalyst to the overall economy of Ghana.

Similarly, in a country like Mauritius, a propitious decision 20 years ago to invest in tourism with its requisite hotels and infrastructure have created an internationally renowned tourism destination that represents a large part of the economy and success of Mauritius today. Mozambique could similarly choose a path that could create the kind of success in Mozambique that Mauritius has enjoyed. They both tap the same market, and conditions for a somewhat "captive" market (those that can't afford to travel to Europe but desire a getaway or a beach holiday in a country nearby) are still present in South Africa.

The future for tourism development in Mozambique is similarly open for the future. USAID can help create the kind of enabling environment that will enhance and expand Mozambique's tourist product for the future, empowering local people to benefit, and supporting a major export industry for Mozambique, creating jobs and helping to eliminate poverty.