

Document of
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Report No: ICR00003298

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(TF-54759, IDA-41300, TF-56038)

ON A

CREDIT FROM THE
INTERNATIONAL DEVELOPMENT ASSOCIATION
IN THE AMOUNT OF SDR 13.9 MILLION
(US\$ 20 MILLION EQUIVALENT)

AND A

GRANT FROM THE
GLOBAL ENVIRONMENT FACILITY TRUST FUND
IN THE AMOUNT OF US\$ 10 MILLION

TO THE

REPUBLIC OF MOZAMBIQUE

FOR A

TRANSFRONTIER CONSERVATION AREAS AND TOURISM DEVELOPMENT
PROJECT

December 30, 2014

GENDR
Mozambique, AFCS2
Africa

CURRENCY EQUIVALENTS

Exchange Rate Effective June 30, 2014

Currency Unit = MZN

US\$ 1.00 = MZN 31.45

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ANAC	National Conservation Areas Agency
AWF	Africa Wildlife Foundation
BioFund	Foundation for the Conservation of Biodiversity
CAS	Country Assistance Strategy
CBNRM	Community-Based Natural Resource Management
CEF	Community Equity Fund
CNR	Chimanimani Nature Reserve
CPS	Country Partnership Strategy
DANIDA	Danish Development Agency
DINATUR	National Directorate for Tourism
DNAC	National Directorate for Conservation Areas
DTMP	District Tourism Master Plan
ECDA	Elephant Coast Development Agency
GDP	Gross Domestic Product
GEF	Global Environment Facility
GEO	Global Environmental Objective
GOM	Government of Mozambique
ICR	Implementation Completion and Results Report
IDA	International Development Association
IDDP	Integrated District Development Planning
KfW	<i>Kreditanstalt für Wiederaufbau</i> (German Development Bank)
LNP	Limpopo National Park
M&E	Monitoring and Evaluation
MICOA	Ministry of Environmental Coordination
MITUR	Ministry of Tourism
MozBio	Mozambique Conservation Areas for Biodiversity and Sustainable Development Project (TFCA Phase III)
MSR	Maputo Special Reserve
MTR	Mid Term Review
NGO	Non-Governmental Organization
NP	National Park
PA	Protected Area
PARPA	Action Plan for Poverty Reduction

PATI	Priority Areas for Tourism Investment
PDO	Project Development Objective
PHRD	Policy and Human Resources Development (Japan)
PPF	Peace Parks Foundation
SEA	Strategic Environmental Assessment
SPDT	Strategic Plan for Development of Tourism
TFCA	Transfrontier Conservation Area
TFCAPISP	Transfrontier Conservation Areas Pilot and Institutional Strengthening Project (TFCA Phase I)
TFCATDP	Transfrontier Conservation Area Tourism Development Project
TPIS	Tourism Policy and Implementation Strategy
USAID	United States Agency for International Development
WB	World Bank
ZIMOZA	Zimbabwe-Mozambique-Zambia
ZNP	Zinave National Park

Regional Vice President: Makhtar Diop

Country Director: Mark Lundell

Practice Manager: Magda Lovei

Project Team Leader: Dinesh Aryal

ICR Team Leader: Andre Rodrigues de Aquino

ICR Lead Author: Michael Carroll

REPUBLIC OF MOZAMBIQUE
TRANSFRONTIER CONSERVATION AREAS AND TOURISM DEVELOPMENT
PROJECT

TABLE OF CONTENTS

Data Sheet	v
A. Basic Information.....	v
B. Key Dates	v
C. Ratings Summary	vi
D. Sector and Theme Codes.....	vii
E. Bank Staff.....	viii
F. Results Framework Analysis	viii
G. Ratings of Project Performance in ISRs	xvii
H. Restructuring.....	xvii
1. Project Context, Development and Global Environment Objectives Design	1
2. Key Factors Affecting Implementation and Outcomes	8
3. Assessment of Outcomes	15
4. Assessment of Risk to Development Outcome and Global Environmental Outcome	25
5. Assessment of Bank and Borrower Performance	25
6. Lessons Learned.....	29
7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners.....	32
Annex 1. Project Costs and Financing.....	33
Annex 2. Outputs by Component	36
Annex 3. Economic and Financial Analysis	58
Annex 4. Bank Lending and Implementation Support/Supervision Processes.....	67
Annex 5. The MozBio 1 project and its link to the TFCATDP	69
Annex 6. List of Supporting Documents	72
Annex 7. Map of TFCATDP targeted areas	74

A. Basic Information			
Country:	Republic of Mozambique	Project Name:	Transfrontier Conservation Areas and Tourism Development Project
Project ID:	P071465,P076809	L/C/TF Number(s):	IDA-41300,TF-54759,TF-56038
ICR Date:	12/22/2014	ICR Type:	Core ICR
Lending Instrument:	SIL	Borrower:	REPUBLIC OF MOZAMBIQUE
Original Total Commitment:	XDR 13.90M,USD 10.00M	Disbursed Amount:	XDR 13.88M,USD 9.97M
Environmental Category: B		Focal Area: B	
Implementing Agencies: Ministry of Tourism (MITUR)			
Cofinanciers and Other External Partners: N/A			

B. Key Dates				
Transfrontier Conservation Areas and Tourism Development Project - P071465				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	02/06/2003	Effectiveness:	04/13/2006	04/13/2006
Appraisal:	06/20/2005	Restructuring(s):	08/01/2011	08/01/2011
Approval:	12/01/2005	Mid-term Review:	06/15/2009	09/17/2009
		Closing:	06/30/2013	06/30/2014

Transfrontier Conservation Areas and Tourism Development Project - P076809				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	02/06/2003	Effectiveness:	04/14/2006	04/13/2006
Appraisal:	06/20/2005	Restructuring(s):	08/01/2011	08/01/2011
Approval:	12/01/2005	Mid-term Review:	06/15/2009	09/17/2009
		Closing:	06/30/2013	06/30/2014

C. Ratings Summary	
C.1 Performance Rating by ICR	
Outcomes	Moderately Satisfactory (MS)
GEO Outcomes	Moderately Satisfactory (MS)
Risk to Development Outcome	Moderate (M)
Risk to GEO Outcome	Moderate (M)
Bank Performance	Moderately Satisfactory (MS)
Borrower Performance	Moderately Satisfactory (MS)

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)			
Bank	Ratings	Borrower	Ratings
Quality at Entry	MS	Government:	MS
Quality of Supervision:	MS	Implementing Agency/Agencies:	MS
Overall Bank Performance	MS	Overall Borrower Performance	MS

C.3 Quality at Entry and Implementation Performance Indicators			
Transfrontier Conservation Areas and Tourism Development Project - P071465			
Implementation Performance	Indicators	QAG Assessments (if any)	Rating:
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Project at any time (Yes/No):	Yes (2011)	Quality of Supervision (QSA)	None
DO rating before Closing/Inactive status	Satisfactory		

Transfrontier Conservation Areas and Tourism Development Project - P076809			
Implementation Performance	Indicators	QAG Assessments (if any)	Rating:
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Project at any time (Yes/No):	Yes (2011)	Quality of Supervision (QSA)	None
GEO rating before Closing/Inactive Status	Satisfactory		

D. Sector and Theme Codes		
Transfrontier Conservation Areas and Tourism Development Project - P071465		
	Original	Actual
Sector Code (as % of total Bank financing)		
Central government administration	33	33
General agriculture, fishing and forestry sector	35	35
Other industry	20	20
Sub-national government administration	12	12

Theme Code (as % of total Bank financing)		
Biodiversity	29	29
Environmental policies and institutions	29	29
Other environment and natural resources management	14	14
Rural non-farm income generation	28	28

Transfrontier Conservation Areas and Tourism Development Project - P076809		
	Original	Actual
Sector Code (as % of total Bank financing)		
Central government administration	16	16
General agriculture, fishing and forestry sector	42	42
Other industry	27	27
Sub-national government administration	15	15

Theme Code (as % of total Bank financing)		
Biodiversity	29	29
Environmental policies and institutions	29	29
Other environment and natural resources management	14	14
Rural non-farm income generation	28	28

E. Bank Staff		
Transfrontier Conservation Areas and Tourism Development Project - P071465		
Positions	At ICR	At Approval
Vice President:	Makhtar Diop	Gobind Nankani
Country Director:	Mark Lundell	Michael Baxter
Practice Manager/Manager:	Magda Lovei	Richard G. Scobey
Project Team Leader:	Dinesh Aryal	Jean-Michel G. Pavy
ICR Team Leader:	Andre Rodrigues de Aquino	N/A
ICR Primary Author:	Michael Carroll	N/A

Transfrontier Conservation Areas and Tourism Development Project - P076809		
Positions	At ICR	At Approval
Vice President:	Makhtar Diop	Gobind Nankani
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ICR Team Leader:	Andre Rodrigues de Aquino	N/A
ICR Primary Author:	Michael Carroll	N/A

F. Results Framework Analysis

Project Development Objectives (from Project Appraisal Document)

To achieve growth in community-private sector led environmentally and socially sustainable tourism in TFCA.

Revised Project Development Objectives (as approved by original approving authority)

N/A

Global Environment Objectives (from Project Appraisal Document)

To increase the area, connectivity, and effectiveness of biodiversity conservation in three TFCAs.

Revised Global Environment Objectives (as approved by original approving authority)

N/A

(a) PDO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1	Increase number of local residents employed, formally and informally, in conservation & tourism in target districts			
Value (quantitative or qualitative) <i>Number</i>	75	3,500	2,000	2,027
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	The revised target was achieved. At Mid Term Review (MTR), the target was judged overly optimistic and adjusted down by 43%. This indicator only measured the employment generated by the activities financed by the Community Equity Facility (CEF), not employment by private sector / community business linked to tourism, given the lack of available data on the latter.			
Indicator 2	Number of visitors and bed-nights in tourism facilities in the target districts			
Value (quantitative or qualitative) <i>Number</i>	15,000	100,000	220,000	196,149
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	Target 89% achieved. At MTR, the target was revised to only measure 'bed nights' as they were perceived better indicators of tourism growth than 'visitor'. Although the target was not fully met, there was significant growth, with the numbers differing widely between the parks and reserves.			
Indicator 3	Percentage of tourism ventures (in target districts that have adopted a District Tourism Master Plan-DTMP) that are in conformity with DTMP			
Value (quantitative or qualitative)	-	80	80	N/A

qualitative) <i>Percentage</i>				
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	Target not achieved due to the fact that the preparation of DTMPs was dropped from the Project, at restructuring. The DTMPs were judged not necessary, as the Ministry of Planning and Development was supporting the targeted Districts in preparing their District Development Plans, which also encompassed tourism.			
Indicator 4	Amount, in \$ million, of new private tourism or conservation-related investment leveraged as joint-venture with communities in target districts			
Value (quantitative or qualitative) <i>Amount in Millions \$</i>	-	2.0	2.0	3.286
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	The target was significantly exceeded by 64%.The TFCA Unit increased its capacity on procurement, costing and planning and was able to mobilize private tourism investment. The supported tourism joint ventures also had a demonstration effect within MITUR / ANAC, which is important as ANAC attempts to scale this type of partnerships in the future.			
Indicator 5	Amount, in thousand USD, of total annual revenues generated by targeted formal PAs (MSR 180, BNP 40, LNP 500, ZNP 10, CSR 20)			
Value (quantitative or qualitative) <i>Amount in \$ Thousand</i>	75	850	573	427
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	Target partially achieved (72%) mainly due to the lower than envisaged number of visitors to the TFCA's. Despite significant growth in revenue generation, targets were overly optimistic since the tourism assets in these PAs were not fully developed (poor infrastructure, low stock of wildlife, difficult access), which reduced the number of tourists and expected investments.			

(b) GEO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 6	Km² of new priority areas formally designated and managed for biodiversity conservation			
Value (quantitative or qualitative) <i>Km²</i>	0	1,400	1,400	1,910
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	The target was exceeded at 1,910 km ² , particularly due to revised boundary demarcation in Zinave and Banhine National Parks. Especially, important to the achievement of the GEO was the creation of the Futi Corridor in the Maputo Special Reserve (MSP) which creates a corridor for elephants from the MSP to the Tembe National Park in South Africa.			
Indicator 7	Increase in bio-indicator species (2 species/area) in formal protected areas			
Value (quantitative or qualitative) <i>Number (and Index for CNR)</i>	LNP: Elephant 297 Zebra 194 BNP Oribo 51 Ostrich 210 ZNP Impala 150 Nyala 143 MSR Elephant 329 Reedbuck 797 CNR Dulker 3 Sable 0.97	10% increase (MSR, BNP, CNR); 20% increase (LNP)	No change	710 (197%) 375 (93%) 399 (682%) 519 (150%) 457 (204%) 260 (81%) 452 (37%) 1212 (52%) 8.6 (186%) 3.4 (250%)
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2012
Comments (incl. % achievement)	Targets achieved for all species and for most by large margins. Despite constraints of infrequent census due to cost, and of changed methods, the target achievement largely reflects introduction and improved control over poaching (e.g. patrols have become more formal and frequent.)			
Indicator 8	% of area with agriculture habitation of incompatible land use in all areas zoned for biodiversity conservation			
Value (quantitative or qualitative) <i>Percentage</i>	0	<10	No change	3.5
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014

Comments (incl. % achievement)	Target achieved. Although the analysis of the percentage land use within each of the protected areas in 2005, 2007 and 2012 varied, all showed that land use accounted for less than 3.5% of the total land area within each PA.
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(c) Intermediate Outcome Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 9	Number 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)			
Value (quantitative or qualitative) <i>Numbers</i>	0	5	No change	4
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	Target achieved; four were concluded and approved and one (the regulations of the Conservation Law) is currently under way, following the gazetting of the new conservation law.			
Indicator 10	Degree of establishment of the new conservation management institution or PPPs as defined in the policy & law as measured by point system			
Value (quantitative or qualitative) <i>Point</i>	0	25	20	17.5
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	Target partially achieved (88%). A new conservation management institution (ANAC) was successfully established in April 2011, following a process of inter-ministerial consensus building, but the point-based targets for financial feasibility analysis and preparation of statutes were only partially achieved. The Director General was appointed in July 2013.			
Indicator 11	International agreements/treaties & additional technical protocols for TFCA management signed			
Value (quantitative or qualitative) <i>Number</i>	0	4	3	3
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014

Comments (incl. % achievement)	The target was achieved.			
Indicator 12	Number of DDPs prepared with IDDP process that are endorsed at district and provincial levels = 1			
Value (quantitative or qualitative) <i>Number</i>	0	2	1	1
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	Target achieved. The Strategic District Development Plan for Matutuine was produced by the District authorities in 2006, and approved at district level. The plan was strengthened in 2007 and 2008, with the support of a Technical Advisor for the National Directorate of Planning (DNP) recruited by the Project.			
Indicator 13	In Matutuine District, % of new development activities (other than tourism-related), which as per national environmental legislation require EIA, comply with such legislation and with DDP = 50, 80 in 2013			
Value (quantitative or qualitative) <i>Percentage</i>	0	80	80	N/A
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
	The indicator could not be assessed during the life of the Project because the PIU did not have access to all development activities established in the Matutuine District.			
Indicator 14	Number of Tourism Plans prepared in conformity with regional tourism and conservation overlays			
Value (quantitative or qualitative) <i>Numbers</i>	0	4	5	5
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	Target achieved. The requirement for reporting tourism data led to a more formal and organized approach to data gathering and reporting by park managers and district services.			
Indicator 15	New tourism concessions in targeted districts that conform with new guidelines for tending concession			
Value (quantitative or qualitative) <i>Percentage</i>	0	20	Deleted at restructuring	N/A
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments	The MTR recommended that this indicator should be dropped because			

(incl. % achievement)	even though the Project had prepared draft regulations for concession in protected areas, the Government had decided that these would be incorporated into the proposed Concession Law, which was not expected to be finalized during Project life.			
Indicator 16	Beds of new tourism operations in targeted districts that are in conformity with Tourism Master Plans (TMP)			
Value (quantitative or qualitative) <i>Cumulative number</i>	-	1480	500	244
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	Target partially achieved (49%). The target at Project appraisal proved to be very ambitious, hence the significant downgrade at MTR.			
Indicator 17	New community organizations in targeted districts that are engaged in conservation or tourism activity in conformity with TPs			
Value (quantitative or qualitative) <i>Number</i>	-	20	20	24
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	Target was exceeded. A community facilitator appointed and the CEF Manual prepared in 2009 were both instrumental in establishing community enterprises in difficult locations, isolated from mainstream markets and where people have limited experience and capacity.			
Indicator 18	% increase in investor satisfaction in targeted districts			
Value (quantitative or qualitative) <i>Percentage increase</i>	0	50	55	62
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	Target exceeded. Investor satisfaction was assessed using a four point scale in 2006 (37%), 2008 (48%) and 2011 (60%), yielding a net increase of 23% which is a 62% increase in investor satisfaction.			
Indicator 19	Change in management effectiveness score for parks and reserves			
Value (quantitative or qualitative) <i>Score</i>	LNP: 43 ZNP: 24 BNP:31 MR: 33 Futi: 7 Ponta do Ouro: 1 CNR: 36	LNP: 72 ZNP: 49 BNP:69 MR: 78 Futi: 53 Ponta do Ouro: 36 CNR: 71	LNP: 65 ZNP: 58 BNP:45 MR: 60 Futi: 30 Ponta do Ouro: 45 CNR: 60	LNP: 69 ZNP: 47 BNP: 41 MR: 57 Futi: 25 P.Ouro: 50 CNR: 40
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014

Comments (incl. % achievement)	Targets were under-achieved (except for Ponta do Ouro Marine Reserve) mainly due to the delays experienced with procurement and construction and with implementing community projects.			
Indicator 20	Number 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			
Value (quantitative or qualitative) <i>Number</i>	0	3	3	0
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	Target not achieved, as system is not being adequately implemented in any of the PAs. The intention of this indicator was to internalize a culture of management assessment in the conservation agency. It was the responsibility of DNAC, rather than the TFCA Unit, to introduce and sustain performance-based management.			
Indicator 21	Number of planned structures completed in targeted formal protected areas			
Value (quantitative or qualitative) <i>Number</i>	-	80	45	31
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	Indicator was revised to read <i>Number of planned structures completed after MTR</i> . Despite good progress, target partially achieved (69%) due to cost overruns (arising from underestimation of infrastructure costs at appraisal) and capacity constraints that affected performance, particularly with procurement before MTR.			
Indicator 22	% of deliverables in annual work plans completed each year			
Value (quantitative or qualitative) <i>Percentage</i>	N/A	80	80	65
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	Target partially achieved (81%) due the complex multi-sectoral context of the TFCATDP. Effectiveness in completing annual work plans improved significantly the first years yet the non-achievement of target reflects the inherent complexities of the Project in terms of developing infrastructure in remote locations, working with communities and investors and limited staff capacity.			
Indicator 23	Project outcomes/outputs indicators updated accordingly to schedule and incorporated in management decisions			
Value (quantitative or qualitative)	N/A	100	100	N/A

<i>Percentage</i>				
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	This indicator was dropped at restructuring, as Project monitoring and evaluation were judged to be working well. Evidence at ICR indeed suggests that data was effectively collected and processed.			
Indicator 24	Number of hits on website of deliverables in annual work plans completed each year			
Value (quantitative or qualitative) <i>Number in Thousands</i>	N/A	35,000	20,000	166,355
Date achieved	April 13, 2006	April 13, 2006	August 22, 2011	June 30, 2014
Comments (incl. % achievement)	Target was significantly exceeded. The site has been accessed from a great diversity of countries, including USA (25%), China (21%) and Mozambique (12%).			

G. Ratings of Project Performance in ISRs

-						
No.	Date ISR Archived	DO	GEO	IP	Actual Disbursements (USD millions)	
					IDA	GEF
1	12/20/2005	S	S	S	0.00	0.00
2	06/30/2006		S	S	0.49	0.25
3	09/29/2006	S	S	S	1.54	0.25
4	06/24/2007	S	S	MS	2.58	0.32
5	12/12/2007	S	S	MS	3.47	0.59
6	05/30/2008	S	S	MS	4.25	0.90
7	12/02/2008	S	S	MS	6.55	1.49
8	12/18/2008	S	S	MS	6.87	1.49
9	05/26/2009	S	S	MS	7.88	1.84
10	12/02/2009	S	S	S	9.23	2.43
11	05/28/2010	S	S	MS	10.10	2.70
12	03/22/2011	S	S	MU	12.80	3.88
13	09/06/2011	S	S	MS	14.33	4.37
14	03/26/2012	S	S	MS	17.11	5.06
15	08/16/2012	S	S	S	18.79	5.58
16	02/21/2013	S	S	MS	20.26	6.75
17	10/30/2013	S	S	MS	20.68	8.16
18	05/05/2014	S	S	S	21.31	9.27
19	06/22/2014	S	S	S	21.31	9.42

H. Restructuring (if any)

In March 2009, a reallocation of GEF proceeds was approved to increase the allocation of funds for training from US\$ 400,000 to 700,000.

In September 2009, a mid-term review (MTR) of the Project was conducted and several changes were agreed. The PIU adopted these changes immediately after the MTR, including changes in staff, adoption of revised indicator targets and a revised work plan.

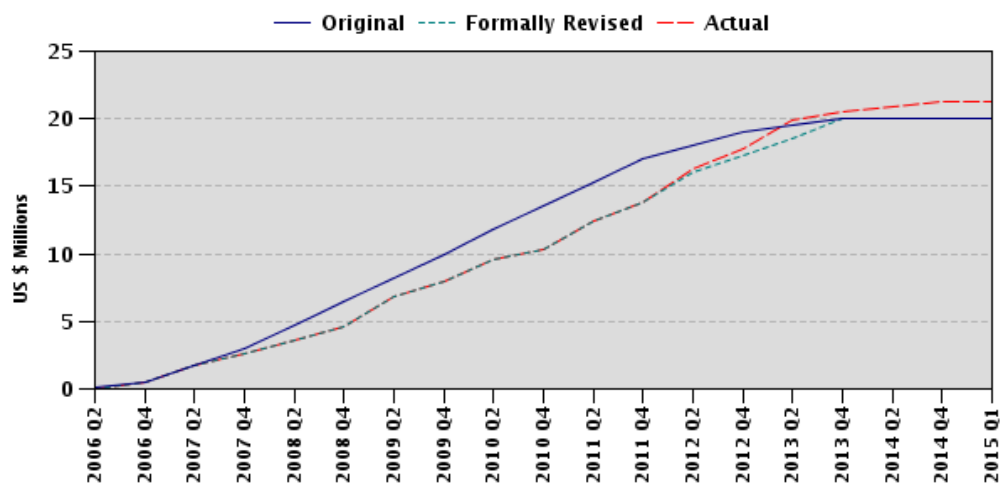
The corresponding formal restructuring (Level 2) happened in August 2011, due to Government's delays in officially sending the request for Project restructuring. At the time of restructuring, US\$12.8 million of the IDA Credit and US\$ 3.88 million of the GEF grant had been disbursed, and resulted in changes to the Project's indicator targets, reallocation of Grant proceeds and changes to some Project activities.

In March 2012, a second Level 2 restructuring was approved to allow some corrections in the disbursement categories of Consultant Services and Training of the IDA Credit and GEF Grant Agreements.

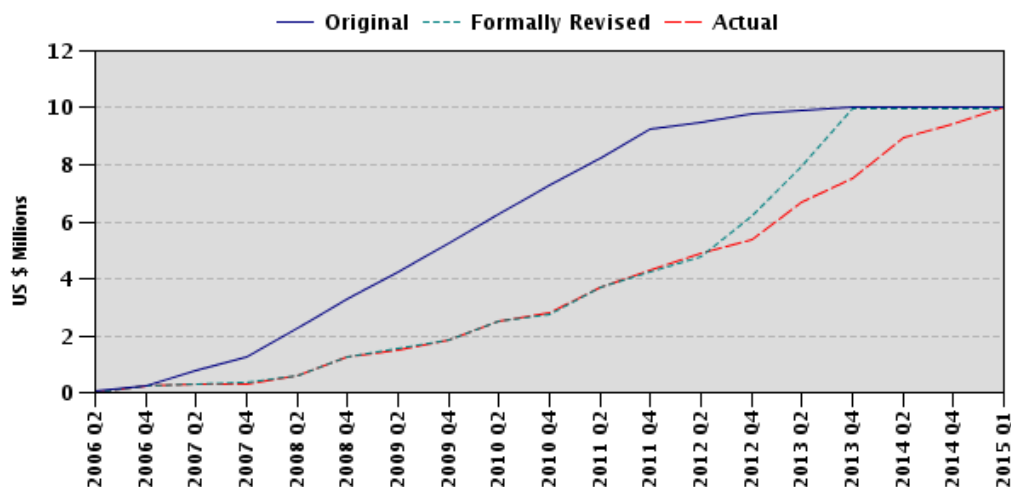
In March 2013, the closing date was extended from June 30, 2013 to June 30, 2014.

I. Disbursement Profile

P071465



P076809



1. Project Context, Development and Global Environment Objectives Design

1.1 Context at Appraisal

1. Mozambique is strategically located on the east coast of Africa, bordering six countries including South Africa. With an area of 800,000 Km², the country is richly endowed with natural resources (arable land, forests, water, gas and mineral resources). Despite this wealth, Mozambique is currently ranked as one of the poorest countries in the world with approximately 70% of its 22.9 million people living and working in extreme poverty (<US\$2/day). After emerging from a protracted fifteen-year civil war that ended in 1992, Mozambique achieved impressive economic growth rates, averaging 8.5% annually (annual GDP per capita growth averaging 6%) between 1995 and 2002. Although the benefits of this growth were mainly concentrated in and around Maputo and some other urban areas, over the 1996-2003 period poverty rate declined from 69 percent to 54 percent. Despite this progress, at appraisal the country's rural areas, where over 70 percent of Mozambicans lived and were mostly dependent on subsistence agriculture, continued to be affected by extreme poverty.

2. In terms of biodiversity, Mozambique falls within the biodiversity-rich Zambezian biogeographic region, and contains a wide diversity of habitats including mountainous, woodland, wetland and coastal/marine ecosystems. Its 2,700 km of coastline are unique in the East African Marine Region in terms of the species quality, diversity and richness.

3. Consistent with the country's overall economic growth pattern, tourism in Mozambique began to develop after the civil war. Between 1995 and 2001, arrivals had increased by 10-15 % annually, reaching a total of 400,000 tourists by 2001. Since tourism had become the third largest investment sector in the country, the Government of Mozambique (GMO) (i) created a separate Ministry of Tourism (MITUR) in 2001, (ii) adopted a Tourism Policy and Implementation Strategy (TPIS) in 2003; (iii) prepared a Strategic Plan for Tourism Development in Mozambique (SPTD, 2004-2008) and (iv) adopted a new Tourism Law that provided a framework for building regulatory capacity.

4. Within this policy framework, Transfrontier Conservation Areas (TFCAs) were considered as Priority Areas for Tourism Investment (PATIs). TFCAs, as described in the country biodiversity and tourism strategies, are large, defined areas which include both core Protected Areas (PA) and multiple-use areas where the primary management objective is to promote socially and environmentally sustainable development compatible with the area's conservation goals. The TFCA concept includes the participation of local communities and other stakeholders in PA management and the sustainable use of the natural resources by communities, particularly through sustainable tourism.

5. The GOM established a national TFCA Program in 1998 whose long-term objectives are to conserve the biodiversity and natural ecosystems within 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 Program

promotes GOM's adherence to international agreements aimed at coordinating activities across national borders, and promoting conservation activities in the portions of the TFCAs within Mozambique. This operation, within the context of the longer-term program, sought to increase the natural assets, especially wildlife, and improve the physical infrastructure within the TFCAs as a basis for encouraging and accommodating increased nature-based tourism in the Project area, thereby enhancing biodiversity while also stimulating greater and more sustainable local economic growth.

6. The World Bank has been supporting Mozambique's TFCA Program for 15 years now. An initial project (the Transfrontier Conservation Areas Pilot and Institutional Strengthening Project – TFCA I) was implemented by the Bank with GEF financing between 1998 and 2003, and launched the TFCA concept in Mozambique. Its achievements included the establishment of three TFCAs (Greater Limpopo, Chimanimani and Lubombo), improved policy and institutional development, and modest investments to strengthen the management of the PAs within those three TFCAs. The second Project, the Transfrontier Conservation Area and Tourism Development Project (TFCATDP), was implemented from 2006 to 2014, and its achievements are described in detail in this ICR. Building on the results and lessons of these first two projects, the third phase of the Program will be supported by the MozBio Project, approved by the Board in November 2014, and expected to become effective in early 2015, whose goal is “to increase the effective management of the Conservation Areas and enhance the living conditions of communities in and around the Conservation Areas”.

7. The TFCATDP was fully aligned with (i) relevant country strategies (Tourism Development, Biodiversity Conservation, and Poverty Reduction); (ii) the Bank's Country Assistance Strategy, (iii) GEF's global priorities, and (iv) assistance provided by several donors in support of conservation. The Project was also fully aligned with Bank and GEF global commitments, by addressing issues of global concern including ecosystem protection and management, species protection, and the enhanced management and protection of important transfrontier areas. Specific to GEF, the Project was fully consistent with the objectives of the Biodiversity Conservation focal area, and covered several Operational Programs due the variety of habitats within the TFCAs: Semi-Arid Zone Ecosystems (OP#1); Coastal, Marine and Freshwater Ecosystems (OP#2), Forest Ecosystems (OP#3) and Mountain Ecosystems (OP#4).

8. The TFCATDP Project area included the Mozambique portion of three TFCAs (Chimanimani, Lubombo, and Greater Limpopo). In these TFCAs, Project implementation was expected to be focused on 7 to 9 districts of 4 Provinces: Ihambane (Vilankulo District), Maputo (Matutuine District), Manica (Sussudenga District), and Gaza (priority 1: Chicualacuala, Massingir, Mabote, Massangena Districts; priority 2: Chigubo and Mabacane Districts). In the 3 TFCAs, the protected areas (PAs) targeted were Chimanimani National Reserve, Maputo Special Reserve, Limpopo National Park (NP), Banhine NP, and Zinave NP (see map).

9. Regarding TFCATDP's complementarities with other initiatives, several donors and international non-governmental organizations (NGOs) were also actively involved in

conservation-related activities in the Project area during the period of its implementation. Most relevant among these were *Kreditanstalt für Wiederaufbau* (KfW) and the Peace Parks Foundation (PPF), which supported the establishment of the Greater Limpopo Transfrontier Park; the Transfrontier Natural Resource Management initiative financed by the US Agency for International Development (USAID); the African Wildlife Foundation (AWF), which provided support for community land demarcation and capacity building in and around Zinave and Banhine National Parks (ZNP and BNP); and the joint DANIDA/GEF initiative on coastal zone management. The Project also provided a link to IFC-supported activities such as the Small and Medium Grants program and the Southeast Africa Tourism Investment Program (SEATIP), aimed at facilitating private sector investment and developing the regional tourism market necessary for community-based tourism to succeed.

1.2 Original Project Development Objectives (PDO) and Key Indicators (as approved)

10. The Development Objective (PDO) of the Project was to achieve growth in community-private sector led environmentally and socially sustainable tourism in TFCAs. The PDO's reference to "community-private sector led environmentally and socially sustainable tourism" should be understood in the context of the overall objectives of the longer-term TFCA program – i.e., "to conserve the biodiversity and natural ecosystems within 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."

11. Key indicators and targets for the PDO were:

- 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 have adopted a conforming District Tourism Master Plans (DTMP);
- US\$2 million of new capital in investment in private tourism and/or conservation-related joint-ventures with communities in target districts; and
- Total annual revenues of US\$0.85 million generated by targeted formal PAs.

1.3 Original Global Environment Objectives (GEO) and Key Indicators (as approved)

12. The GEO included in the PAD was "To increase the area, connectivity, and effectiveness of biodiversity conservation in three TFCAs." However, the objective stated in the GEF Grant Agreement is identical to the PDO, i.e. "To achieve growth in community-private sector led environmentally and socially sustainable tourism in TFCAs."

13. Key end of Project indicators for the GEO were:

- 3,400 km² of new priority areas formally designated and managed for biodiversity conservation;

- 10% increase in bio indicator species (2 species/area) in formal PAs; and
- Less than 10% of area with agriculture, habitation or incompatible land use in all areas zoned for biodiversity conservation.

1.4 Revised PDO (as approved by original approving authority) and Key Indicators, and reasons/justification

14. The original PDO, GEO and Components remained unchanged throughout the life of the Project. However, as part of the first restructuring (Level 2, August 2011), the scope of each component was revised and the target values of five key indicators and most intermediate indicators were revised to adjust to more realistic and measurable values and implementation capacity (see further details in datasheet, and sections 1.9 and 2.2).

1.5 Revised GEO (as approved by original approving authority) and Key Indicators, and reasons/justification

N/A

1.6 Main Beneficiaries

15. The Project had direct and indirect beneficiaries. Among the direct beneficiaries were the local households and communities living within the three supported TFCAs, particularly within and in the buffer areas of the targeted PAs the Project's revised target for formal and informal employment generation in conservation and tourism in the target districts (at least 2,000 local residents) was achieved. Local communities also benefited from employment in civil works during Project implementation (such as construction of infrastructure), as well as from technical training on horticulture, water management and irrigation, conservation agriculture, carpentry, construction, electricity, financial management and accounting. The formalization of community associations and the community-private enterprises promoted by the Project have also strengthened local-level communities' and individuals' capacity to undertake new businesses. Community enterprise projects (e.g. chili production and marketing, horticulture, honey and community lodges) also created jobs and generated meaningful revenue for local communities. Other community projects had widespread benefits within the community, such as boreholes in semi-arid Banhine and Zinave NPs areas. Communities around the PAs likewise benefitted from higher fees collected by the PA administration, as 20% of those fees were redistributed to them.

16. Other direct beneficiaries included management and technical staff at the national level (i.e., at MITUR headquarters) and at the level of the PAs who received training and improved working conditions (infrastructure and equipment).

17. Indirect beneficiaries included formal and informal business owners who benefitted from the construction phase through temporary jobs and new business opportunities (retailers), District management and staff, tourism industry in the PAs

(particularly in Ponta do Ouro). Although difficult to assess the extent of these benefits, indirect beneficiaries also included those households that benefitted from the increased value of local environmental services, such as better preserved forests and water flows, resulting from improved management of the TFCAs under the Project.

1.7 Original Components (as approved)

18. The Transfrontier Conservation Areas and Tourism Development Project (TFCATDP) is a US\$35.1 million Project financed by an IDA Credit of US\$ 21.4 million equivalent, a US\$10 million Global Environment Facility (GEF) Grant, and co-financing from a US\$3.72 million PHRD Grant, (100% allocated to Technical Assistance) Parallel financing for management of targeted PAs was also provided to GOM by Peace Park Foundation (PPF) and African Wildlife Foundation (AWF) in the amount of US\$ 2.2 million.

Component 1: Strengthening Policy, Legal and Institutional Framework for TFCAs (\$1.15 M) - IDA: \$0.50 M; GEF: \$0.65 M. Component 1 was designed to build on the achievements of the first phase and further strengthen the enabling environment for TFCAs by helping create the policy, legal and institutional framework for GOM to 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 form productive partnerships with the private sector. Community land and natural resource ownership and use rights were also to be addressed.

Component 2: Integrated District Development Planning (\$0.48 M) - IDA: \$0.29 M; PHRD \$0.19 M. This component was aimed at piloting a proactive approach to integrated planning in two of the Project's 7 to 9 districts, through the development of the Integrated District Development Plans (IDDPs) which focused on defining and implementing a series of practical steps to ensure that biodiversity and natural resource-based assets are mainstreamed into *District Development Plans* (DDPs). This component was divided into two Subcomponents: (2.1) National capacity building and stocktaking, and (2.2) Production, adoption and dissemination of the two IDDPs.

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 was designed to develop the capacity of the tourism sector (government, local communities and the private sector) to participate in the preparation and implementation of tourism master plans for key tourism districts (Matutuine and Vilankulos). This component intended to support MITUR to establish a comprehensive and clearly defined set of procedures to implement the process for land concessions, from land identification to on-the-ground investment. It was also intended to support MITUR to implement legislation allowing it to 'recuperate' land previously allocated for tourism investment where the investment period had expired, so that this land could be marketed to appropriate investors. This component was also divided into two subcomponents: (3.1) building capacities in National Tourism

Directorate (DINATUR), Elephant Coast Development Agency (ECDA) and targeted private sector and community associations to unlock opportunities for sustainable tourism investment and growth; and (3.2) Community-led conservation and tourism development through the establishment of a Community Equity Fund (CEF).

Component 4: Protected Areas management (\$16.64 M); IDA: \$8.46 M; GEF: \$5.27 M; PPF and AWF: \$2.20 M. This component aimed to 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 administration of the National Directorate of Conservation Areas (DNAC). This was intended to initiate a long-term process of major improvement of the Maputo Special Reserve (MSR), including gazetting the Futi corridor and a new marine reserve; and supporting BNP and CNR. In addition, modest support would be provided to Limpopo National Park to supplement current PPF, KfW and AFD efforts and to ZNP.

Component 5: Project Management, Communications, and Monitoring and Evaluation (\$4.90 M) - IDA: \$4.68 M; PHRD \$0.22 M. This component would finance Project management costs, including procurement, accounting and monitoring and evaluation (M&E) activities. This included strengthening the capacity of the TFCA Unit to coordinate the TFCA program by recruiting additional long-term staff for the Unit, as well as field-based TFCA Coordinators to support decentralization of planning and implementation to the Provincial and local levels. The component included: (i) an M&E system to track and assess Project implementation and impacts; (ii) a system for adaptive management based on the M&E information generated; and (iii) an information system and 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.

1.8 Revised Components

19. The Project components remained unchanged throughout the life of the Project. Their scope was revised after the MTR, and the targets for five key indicators and most intermediate indicators were adjusted upwards or downwards to more realistic values and the borrower's implementation capacity (see details in the datasheet, and sections 1.9 and 2.2).

1.9 Other significant changes

20. The Project was declared effective on April 13, 2006. It was approved to be implemented for a period of 7.5 years and was scheduled to close on June 30, 2013. In March 2013, the Project was extended through June 30, 2014 to allow for completion of ongoing construction contracts and community subprojects, as well as to ensure overlap with preparation of the third phase of the TFCA Program (the MozBio Project). As a result, actual Project implementation was 8.5 years.

21. As mentioned in Section 1.4, the MTR resulted in a number of changes to the scope of the components and subcomponents. Although none had significant impacts on Project outcomes, such changes were needed to revise some of the initial targets. Component revisions were aimed at addressing implementation problems identified by the MTR regarding: (i) GOM decisions to drop some of the institutional development instruments envisaged under Component 1, particularly the Integrated District Development Plans, for which an alternative funding source was found; (ii) delayed and under-budgeted infrastructure construction due to problems to retain contractors/engineers qualified and willing to operate in the remote areas of the Project; and (iii) limited engagement of communities, resulting mainly from complex operating procedures for the “Community Equity Fund”, as well as the PIU’s lack of expertise in community development. Original and revised PDO and GEO indicators can be summarized as follows:

Table 1: Objectives and Indicators in the PAD and after Restructuring

PDO/GEO Indicators	Outcome Indicators at Appraisal	Indicators following Restructuring
Numbers of local residents employed in conservation and tourism target districts	3,500	2,000
Numbers of visitors and bed-nights in tourism facilities in the Project sites	100,000	240,000
% of tourism ventures in Project sites that have adopted a Tourism Plan (TP) are in conformity with such a plan	80	70 (2012) and 80 (2013)
New private tourism or conservation-related investment leveraged as joint-venture with communities in target districts	\$2 million	\$1,2 million (2012) \$2 million (2013)
Total annual revenues (U\$S 000s) generated by targeted formal PAs	850 (MSR 180, BNP 40, LNP 500, ZNP 10, CSR 20, Z 100)	573 (MSR 150, BNP 3, LNP 400, ZNP 10, CSR 10)
Km ² of new priority areas formally designated and managed for biodiversity conservation	1,400 (Futi: 700, Marine Reserve: 700)	1,400 (Futi Corridor: 700, Maputo Marine: 700)
% Increase in bio indicator species (2 species/area) in formal PAs	10 (MSR, BNP, CNR); 20 (LNP)	No change
% of area with agriculture, habitation or incompatible land use in all areas zoned for biodiversity conservation	<10	No change

22. In addition, with greater emphasis given to community development and infrastructure following the MTR, it was necessary to reallocate funds between disbursement categories of both the IDA credit and the GEF grant.

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design and Quality at Entry

23. The PDO and associated GEO were defined based on the underlying assumption that nature-based tourism could contribute to economic growth and poverty relief in adjacent rural areas while also promoting biodiversity conservation. As such, the main strategic directions were to: (i) leverage private sector investment in association with conservation activities; (ii) develop tourism-related opportunities for greater community participation in rural economies, particularly those associated with protected areas; (iii) strengthen conservation areas and institutions; and (iv) expand and connect conservation areas to increase opportunities for tourism.

24. Building on the experience and lessons learned from the previous TFCAPISP, the design process of TFCADP was largely responsive to GOM's development priorities, and recognized the need for five interrelated and co-dependent pillars linked to the Strategic Plan for Development of Tourism (SPDT):

- Strengthen capacity and institutional arrangements for conservation from community scale upwards to the international scale of the TFCAs, supported by *Component 1: Strengthening Policy, Legal and Institutional Framework for TFCAs*;
- Incorporate conservation and protected areas into planning processes at local, district and national levels, supported by *Component 2: Integrated District Development Planning*;
- Integrate conservation into the tourism economy to provide opportunities for investors and local communities, supported by *Component 3: Community and Private Sector-Led Tourism Development*;
- Introduce a professional approach to conservation management, supported by *Component 4: Protected Areas Management*; and
- Improve the capacity of the TFCA Unit so that it performs its facilitation function efficiently and effectively through *Component 5: Project Management, Communications, and Monitoring and Evaluation*.

25. The components were designed as an integrated set to achieve both the PDO and the GEO while also seeking to address capacity constraints within the MITUR / TFCA Unit and GOM. Both IDA and GEF resources were allocated to finance tourism-related infrastructure improvements in the Protected Areas (PAs), for example. The envisaged duration, resources and approach were considered reasonable to achieve the desired outcomes. Together, the five components present a logical and comprehensive approach to meeting the objectives of the SPDT. However, Project design was lengthy (2.5 years)

and complex given the scope and interdependence of the components, and, in retrospect, underestimated the capacity limitations of the TFCA Unit and GOM in general, the difficult conditions the Project started from, and that some of the variables to achieve the PDO were outside the scope of the Project, such as the overall tourism demand for Mozambique destination and infrastructure development outside the PA to ensure access to the PAs.

2.2 Implementation

26. While initial Project implementation was relatively slow, it improved steadily as procurement and financial management capacity was strengthened. During Implementation Support, the likelihood that the Project would achieve its development objective was consistently rated Satisfactory and implementation progress was Moderately Satisfactory. However, at the time of the MTR (September 2009) the Project was experiencing considerable implementation delays resulting from: (i) infrastructure construction which was under-budgeted and suffering delays due to difficulties to retain suitably qualified contractors/engineers capable and willing to operate in the remote Project areas; and (ii) very limited progress with the community support activities, due to complex operational procedures to implement the CEF and lack of appropriate capacity within the Project team.

27. The comprehensive MTR was conducted in two stages during the second semester of 2009, and concluded on September 17, 2009. Its main conclusion was that: *“While tourism remains the economic driver on which the project is based, the project’s main focus will be on product development through all facets of management of Conservation Areas. This requires a stronger focus on protected area development including community support and tourism through joint community-private investment in tourism accommodations.”* In line with this, the original targets for most key and intermediate indicators were assessed as having been overly ambitious, and/or difficult to measure, and were adjusted accordingly.

28. In addition, Project-financed activities were revised, funds were reallocated between disbursement categories, and arrangements for Project implementation were modified. The perceived high cost of Project management relative to product delivery was addressed by closing the three regional offices (in Xai Xai, Chimoio and Matundo), a reduction of staff and the implementation of tighter control systems on operating costs and travel. To achieve greater focus of resource allocation and improve return on investment the following measures were taken: (i) financing for infrastructure development was concentrated in the protected areas most likely to deliver economic or conservation benefits, namely the Maputo Special Reserve, the Zinave National Park and the Chimanimani Reserve; (ii) the proposed pilot Integrated District Development Plan in Vilanculos District was cancelled, as it was financed by other sources; and (iii) the capacity of the Project team to support infrastructure development in PAs and community subprojects in and around protected areas was strengthened.

29. Regarding Project activities supporting communities, the MTR observed that, although all service providers (Community Brokers) had been recruited, implementation was not proceeding as planned. Population surveys had been conducted for each PA; however, each site presented different, often modest, approaches to organizing communities, socioeconomic surveys, if done, were superficial, awareness building was very limited in coverage, and community plans had not been developed. As a result, there was a delay in approving subprojects. The main reasons identified were related to challenges in the design of the subproject cycle, the inadequate approach and capacity of the Community Brokers, the operational instruments used (Process Framework and CEF Manual) and the structure of the TFCA Unit. Corrective measures were identified by the MTR for each of these issues and implemented during the remainder of the Project.

30. **Revised Costs** – Project costs were revised at the MTR. The changes in cost allocation appear in the table below. As most tourism and community activities that occur in Protected Areas were moved to Component 4, the substantial decrease in Component 3 is accompanied by a parallel increase in Component 4.

Table 2: Changes in Cost Allocation

Components	PAD	MTR	Variance (%)
	<i>Planned (US\$)</i>	<i>Actual (2006-08) Planned (2009-11)</i>	
C1. Strengthening policy, legal and institutional framework	1,140	1,035	-105
C2. Integrated District Development Planning	430	47	-383
C3. Community and Private sector led Tourism Development	13,050	3,437	-9,613
C4. Protected Area management	16,910	26,848	9,938
C5. Project Management, Communication and Monitoring	5,010	6,613	1,603
TOTAL	36,540	37,980	1,440

31. From MTR to closing (4.5 years), the Project was implemented in accordance with the above-described modifications formalized in the restructuring. Overall Project implementation improved considerably, although the implementation period was longer than originally scheduled. Procurement and Financial Management capacity were strengthened, and Project instruments were improved. In particular, the scope of support to communities was improved through the revision of the Process Framework and the CEF Manual to facilitate subproject selection and implementation. In addition, the Project management team was reorganized to improve delivery and efficiency while adding new critical skills such as community extension and infrastructure specialists.

2.2 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

32. The M&E framework adopted by the TFCA Unit was comprehensive, well operationalized, and fully consistent with the PAD in terms of PDO, GEO and Intermediate indicators and targets. The Results Framework was mainly founded on the assumption that the Project would attract investment in community-based tourism enterprises, although, in retrospect, the targets were not always realistic. Identified shortcomings included: (i) the PDO indicators were not sufficiently linked to the PDO (GEO indicators were better aligned); and (ii) the framework was comprised of an excessive number of indicators (5 PDO, 3 GEO, and 16 Intermediate).

33. In terms of utilization, the information generated by the M&E system was consistently used for progress reporting by the TFCA Unit and for Bank supervision, although the collection and processing of data for several of the indicators was costly, time-consuming and, in some cases, obtained from unofficial sources.

34. Complementing the indicator-based M&E framework, a Management Effectiveness Tracking Tool (METT) was adopted to assess the overall performance of all targeted PAs. It was implemented and reported in a consistent manner, as well as utilized by Bank supervision to assess progress by individual PAs. Its importance lied as much in its consistent application as in the scores achieved, but more particularly, in the management response to the score. Performance-based management systems were also adopted towards the end of the Project to assess performance of the TFCA Unit, and are expected to be further strengthened and expanded under the MozBio Project, thus contributing to the system's institutionalization and long-term sustainability.

2.3 Fiduciary and Safeguard Compliance

Procurement

35. An assessment of the TFCA's procurement capacity was carried out during appraisal, and it was concluded that the future implementing unit would require additional support in procurement, which took them time to implement. Thus, during the initial stages of implementation the Project unit experienced difficulties in areas such as procurement planning, record keeping, contract management, which led to delays in payments of the suppliers, contractors and consultants.

36. The implementation of the Project was challenging due to its nature, complexity and specificity, including: (i) the existence of many small transactions, requiring involvement of several stakeholders in the process; (ii) implementation in remote areas with difficult access; and (iii) procurement staff with limited exposure to complex projects and inadequate for dealing with technical aspects such as the drafting of TORs, specifications, evaluations reports, etc.

37. Over time, with dedication and interest of the TFCA Unit's procurement officer and the enhancement of the procurement function by an additional procurement officer and a procurement assistant, implementation showed considerable improvement.

Procurement training, procurement clinics, and hands-on support provided by the Bank also contributed to this positive turn of events.

38. During the life of the Project, several post procurement reviews were conducted by the Bank and none uncovered any misprocurement. Nevertheless, some minor deviations were found. As a result, the Project was rated Moderately Satisfactory (MS) during at least four consecutive years. Mitigation measures, action plans with the recommendations were prepared after each post procurement review exercise and closely monitored. Due to implementation of these recommendations, the Project was upgraded to Satisfactory (S) following the post-procurement review of April 2013 and continued to be so rated until the closing date.

Financial Management

39. The Project performed well with regards to financial management and fiduciary aspects, and no significant internal controls issues identified. It was adequately staffed throughout its life with experienced and qualified FM personnel, and all the required quarterly un-audited reports, as well as audited reports were generally submitted in a timely fashion. Audit reports under the operation had unqualified (clean) opinions. Overall, the Project had a satisfactory financial management performance.

Environmental safeguards

40. The World Bank's safeguard policies triggered by this Project were OP 4.01 Environmental Assessment; OP 4.04 Natural Habitats; OP 4.09 (Pest Management), OP 4.36 Forestry, and OP 4.12 Involuntary Resettlement; Three stand-alone safeguards instruments were prepared by the Borrower: (i) an Environmental and Social Management Framework (ESMF); (ii) a Policy Framework to deal with issues related to restriction of access in PAs; and (iii) a Resettlement Policy Framework (RPF). According to OP 4.01, TFCATDP was categorized as "B" - partial assessment - since its potential negative impacts were localized, site- specific and thus easily manageable. The Project was also required to be in compliance with applicable national environmental regulations, which are generally aligned in principle and objectives with the World Bank's safeguard policies.

41. The Project has shown a good record of compliance with both Mozambique's environmental requirements and the Bank's safeguards policies. Under Mozambique's requirements, those sub-projects which entailed construction activities for tourism infrastructure, such as the community lodges, required Environmental and Social Impact Assessments (ESIAs) to be prepared and consulted with local stakeholders, which was adequately carried out by the TFCA Unit. The environmental and social impact assessment studies were successfully conducted by specialized consultants, and disclosed following clearance by the Ministry of Environmental Coordination (MICOA) and the Bank. Reporting on the status of the implementation of the Environmental and Social Management Plans (ESMPs) as per MICOA's requirements and the approved ESMF, however, should have been carried out more systematically. Overall, therefore,

implementation of environmental safeguards within the Project was moderately satisfactory.

Social Safeguards

42. As stated above, two social safeguards instruments were prepared: a Policy Framework and a Resettlement Policy Framework (RPF)¹. To mitigate potential impacts caused by potential loss of access to livelihoods in the targeted PAs, Participatory Community Action Plans (PCAPs) were prepared in accordance with the principles and prerogatives of the Process Framework for all targeted PAs. The PCAPs were implemented through Community Management Committees. Several capacity building activities, such as training and community participation, were also carried for sub-projects financed by the Community Equity Facility (CEF), benefiting households and communities within the TFCAs.

43. Despite the lack of a social scientist in the TFCA Unit during Project preparation and the early years of Project implementation, the Bank was able to encourage the Government to ensure due consideration of social issues during Project design and implementation. Consultative and inclusive community consultation and participation workshops were organized during Project preparation, and most of the concerns of project-affected communities, including those from women and youth, were retrofitted in the Project design documents. Overall, social safeguards implementation was Moderately Satisfactory (see footnote 1).

2.4 Post-completion Operation/Next Phase

44. The third phase of the TFCA program, the Mozambique Conservation Areas for Biodiversity and Sustainable Development Project (MozBio 1), has been approved by the Board and is expected to start in early 2015, six months after the closing of TFCA II,

¹ Involuntary resettlement within the targeted TFCAs was not an objective of the TFCATDP, and no project funding was allocated to resettlement activities. However, the World Bank agreed to provide advisory services to involuntary resettlement activities funded by the KfW in Limpopo National Park, but outside of TFCATDP implementation and Bank supervision. Since the Bank was collaborating with other development partners in support of the TFCA Program, it agreed to supervise this resettlement as a way of helping to build capacity within the Government and of sharing best practices with the partners through the application of Bank's safeguards policies. The implementation of both RAPs faced some issues, mainly due to (i) the Government's lack of knowledge and commitment; (ii) KfW's lack of knowledge on Safeguards, particularly on Involuntary Resettlement, plus insufficient budget for implementation; and, (iii) on the Bank's side, the lack of a local Social Scientist, knowledgeable on Social Safeguards to guide the process. The involvement of Social Scientist, especially from TFCA II as well as the classification of TFCA II in the list of Corporate Risk Projects in 2011 helped to resolve the situation on the ground. The Bank's Social Safeguards Specialists offered a series of safeguards training workshops as well as on-the-job training to MITUR, Park wardens, the National Institute for Disaster Management (INGC) and local officials on the appropriate ways of implementing resettlement operations. These efforts were further expanded with joint supervision missions (3 times per year) encouraged by the Bank that involved all interested parties (The Government, KfW and the Bank) and supporting agencies (INGC, and Local Administrations). The Plans were implemented with enthusiasm and commitment was shown by the local government in collaboration with other relevant actors which ensured that the livelihoods of affected communities would likely be improved once the process has been duly concluded.

which will ensure a smooth transition between TFCA II and MozBio 1. MozBio 1 was structured as a four-year Project, and is part of a ‘Series of Projects’ (SoP) approach in support of the recently-prepared national MozBio Program, which will replace and scale up the TFCA Program in the years to come. TFCA II financed some of the preparatory work for MozBio, and ensured continuation of the project management/fiduciary team that will also be in charge of implementing MozBio, a significant asset in the face of the capacity constraints of the National Agency for Conservation Areas (ANAC), which was established with support from the present Project. In the context of the long-term support sustaining the TFCA program, post-completion aspects of the TFCATDP, including infrastructure operation and maintenance (O&M) and consolidation of technical, operational and institutional achievements, will be maintained and further developed by the follow-up operation.

45. The MozBio 1 Project is expected to consolidate and scale up the achievements of the TFCA Program by continuing to address the threats to conservation and to help reduce poverty among the rural population within and around PAs, including through tourism promotion. Key lessons from the TFCATDP have also been incorporated in MozBio 1’s design. The first is that MozBio 1 was structured as an SoP, which means that the World Bank recognizes the need to maintain its long-term engagement in the conservation agenda in order to ensure sustainable outcomes. MozBio 1 will also emphasize consolidation of the entities established with support from TFCATDP – ANAC and BIOFUND – so as to ensure a solid foundation for conservation in the country. In addition, MozBio has assessed the tourism potential of the PA network in Mozambique, and will targeted tourism development in those areas considered to have highest tourism potential, particularly the marine PAs. Annex 5 presents further information on the MozBio 1 operation, particularly how it fits in the long-term WB engagement in conservation in the Project area.

46. Engaging communities in the sustainable use of natural resources within and around CAs in MozBio 1 is in line with two lessons learned from TFCATDP: (i) nature-based tourism cannot be achieved before tourism assets, namely, well established and managed wildlife and infrastructure in the Conservation Areas is developed; and (ii) a broader array of integrated conservation development activities, particularly those related to sustainable natural resource management (such as conservation and climate-smart agriculture, community forestry and fisheries, and appropriate wildlife management) should be promoted among local communities surrounding the targeted PAs. As the enabling conditions to promote community tourism facilities is not yet present in Mozambique (including an adequate level of education of targeted communities, tourism potential in the short-term in the terrestrial CAs), MozBio 1 will promote a broader menu of integrated conservation-development interventions. It will also seek to improve implementation of the existing benefit sharing mechanism of PA revenues with local communities, as another way to ensure that they benefits from conservation.

47. Another important lesson derived from the present Project that has been incorporated into MozBio is the adoption of a landscape approach to PA management. In two of the targeted PAs by MozBio, sustainable landscape pilot projects will be launched

whereby support to CA management will be coupled with natural resource management (NRM) activities (i.e., agriculture, forestry, fisheries, wildlife management) outside the PAs, in the Districts wherein the PAs are found. This is expected to reduce the threats to the PA integrity including deforestation and associated carbon emissions and biodiversity loss.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

Rating: Substantial

48. The objectives of the TFCA program (and the TFCATDP Project) remain highly relevant to the objectives of GEF's Biodiversity Conservation Focal Area. They also support one of the major pillars (Competitiveness and Employment) of the Bank's 2012-2015 Country Partnership Strategy (CPS) for Mozambique, which specifically highlights increased employment and growth in the mostly nature-based tourism sector. In terms of the GEO, the Project was aligned with the renewed emphasis at the World Bank (and internationally) on: (i) wildlife management in the face of the poaching crisis in southern Africa; and (ii) climate change mitigation and adaptation, particularly with respect to rural land use sector (forestry and agriculture). The vision promoted by the Project, namely linking NRM to economic growth and to rural poverty reduction through nature-based tourism development, remains highly relevant to the World Bank's current NRM strategy. The relevance of design was also substantial, as the Project built on lessons from the TFCAPISP and drew on important analytical work (McEwen, D. 2005. Study of the Economic Potential of Tourism in Mozambique: Final Report, Ministry of Tourism, Maputo). The components design and results framework were well aligned, although some targets were high, and adjustments were subsequently made. Implementation was led by the Ministry of Tourism, in partnership with other entities actively engaged in the management of PAs, including NGOs. The MTR introduced changes to the Project which resulted in tangible improvement in performance and results. Thus, relevance of implementation is also deemed substantial.

49. Implementation of the broader TFCA Program remains a top priority within GOM's investment framework, as demonstrated by the recent regulatory and institutional reforms (including the new conservation law, the establishment and strengthening of ANAC, the creation of new PAs (such as Primeiras e Segundas in Northern Mozambique and the Magoé National Park in Tete province), bi-lateral agreements with South Africa to combat wildlife poaching), and the increasing technical and financial support being provided for conservation initiatives by several bilateral and multilateral development partners, including the Bank and GEF through the recently approved MozBio 1 Project.

3.2 Achievement of Project Development Objectives and Global Environment Objectives

The TFCATDP Project Development Objective (PDO) was to: achieve growth in community-private sector led environmentally and socially sustainable tourism in TFCAs (Substantially achieved).

50. As demonstrated by one of the key performance indicators - number of visitors in tourism facilities in the target districts - there was considerable growth in private sector-led tourism in the three TFCAs² (a total of 196,149 bed nights in 2013 compared to 66,182 in 2006, an increase of almost 200%). A large proportion of this tourism was concentrated in the beach destination of Ponta do Ouro, located within the Lubombo TFCA, to which the Project made relevant contributions through the improved tourism-related policy and regulatory instruments developed by the Project (Components 1 and 2) and, most importantly, by establishing the Ponta do Ouro Partial Marine Reserve.

51. Growth in terrestrial nature-based tourism in PAs within the TFCAs was lower than originally expected but still positive (a total of 10,811 bed-nights in 2013, representing a growth of 32% compared to 2008). This was largely due to the fact that the basic assets required for tourism development in PAs (park infrastructure, lodging facilities and, above all, wildlife populations) were slower to develop than anticipated in Project design. Project design was premised on the assumption that the concept of bush-beach tourist routes would gain traction within GOM and would become a priority for investment and marketing. This did not happen as quickly as anticipated. Without greater and more timely investment in infrastructure required to service tourism and encourage investment at bush locations, inland lodges have not yet been able to compete with coastal facilities, particularly when wildlife populations still need to be rehabilitated, a process that also requires time. In any case, the somewhat modest expansion of tourism within the PAs has been facilitated by the construction of lodges and tent camps under rigorous environmental standards and the active participation of private sector entrepreneurs in partnership with local communities. This growth was instrumental for achievement of the revised targets for the remaining key indicators of the PDO (leveraging of investments, community employment and PA revenue). It should be noted that the growth in tourism in the targeted TFCAs is, to a large extent, attributable to the Project, since it created the conditions (infrastructure, tourism facilities, better managed wildlife, etc.) to attract tourists. An evidence of this is that the number of tourists has increased more significantly in some of the TFCAs (particularly the Lubombos TFCA) than the national average. A detailed analysis of the specific contributions of each Project component to the achievement of the PDO is provided in Annex 2.

² Most data for this section comes from the Annual Project Implementation Reports and from the Borrower's Completion Report, prepared by the TFCA Unit. When a different source is cited, it is mentioned in the main text.

52. In this context, six new tourism ventures were implemented, but have not yet realized their potential in terms of visitors and income. At the present, Mozambique is still widely perceived, particularly by neighbouring South Africans, as well as by national tourists, as a 'beach tourist destination' rather than as a 'nature or wildlife destination'. This was acknowledged at Project appraisal. Although not explicitly stated, the assumption was that enhanced 'bush' tourist operations would draw on tourists whose principal motivation was to spend time at the coast, once wildlife quality and the hospitality experience offered could compete with other locations.

53. The Project has contributed to employment of local residents. Over 2,000 have been employed by the activities financed by the Community Equity Facility (CEF), including community lodges (the CEF-financed activities are detailed in Annex 2). This figure does not include tourism-related employment by private sector/community business due to the lack of available data. Hence, this figure understates actual direct and indirect tourism-related employment in the target districts.

54. Despite the slow start, the end-of-Project target of leveraging US\$ 2 million in private investments was exceeded by US\$ 1.2 million. A single private investment, the Chemucane Lodge (opening December 2014 in MSP/Libombo) contributed US\$ 2 million (or 82% of the total), enough to meet the target by itself. Together with two other investments (Covane Lodge in Limpopo) and Ndzou Lodge in CNR) these three facilities contributed almost 96% of the total funds leveraged. Excluding investment in lodges, the Project invested US\$ 794,695 in eighteen community projects that directly benefited local communities (including Chikwidzi Lodge). The ex-post analysis of costs and benefits (Rylance, 2014) shows that private sector investments did not start until the fourth year of the Project (2009), and reached US\$ 2,447,143 by the end of 2013. Funding provided by the Project to CEF initiatives totalled US\$ 2.1 million (52% of the PAD estimate); while the amount disbursed for technical assistance (Community Brokers) was US\$ 1.4 million. Despite these shortfalls, as the main indicators for achievement were measured in terms of the amount of funds leveraged and local residents employed (proxies to community revenue), the revised end-of-project (EOP) target was exceeded.

55. In terms of revenues generated by the PAs through visitor fees, annual revenue doubled from US\$ 187,400 in 2006 to US\$ 373,304 in 2012 and increased by a further 14% in 2013 (US\$ 426,977). Of the total, LNP raised 68 %, MSR 31% with less than 1% from BNP, CNR, and ZNP. The requirement for visitors transiting LNP to overnight in the park helped increase revenue generation but, on the other hand, also provided a disincentive to use this route to the coast. This, together with a general decline in tourists to neighbouring Kruger National Park in South Africa contributed to the slowing of growth in revenue generated by LNP between 2012 and 2013. This contrasts with MSR, where revenue increased by 53% between 2012 and 2013, providing justification for the decision made to invest additional resources in improving the MSR, establishing Ponta do Ouro Partial Marine Reserve, and developing tourist facilities and concessions in this TFCA.

56. The Project also achieved major policy and institutional accomplishments, including the approval of a new Conservation Policy and Conservation Areas Law and establishment of the *Administração Nacional das Areas de Conservação* (ANAC) as an autonomous public agency tasked with the management of all Conservation Areas. New Protected Areas, such as the Ponta do Ouro Marine Reserve and the Futi Corridor (part of the Maputo Special Reserve) were also established by GoM with Project support. MITUR together with civil society and private sector stakeholders, and with support from the TFCATDP, also facilitated the establishment of the Foundation for the Conservation of Biodiversity (Biofund), which will play a significant role in raising funds to support the long-term management of Mozambique's PAs through an endowment fund, and other mechanisms such as biodiversity offsets. The Project also supported the signature of three international treaties for cooperation on TFCA management. These institutional accomplishments lay the foundations for future conservation and nature-based tourism promotion.

57. In summary, despite the post-war context, the poor conditions of the PAs and the limited initial basis for business development, the Project put in place much needed infrastructure and equipment in the targeted PAs, established management processes at both national and PA levels and promoted innovative partnerships with private sector, other development agencies, NGOs and communities, hence significantly contributing to the conservation and tourism agendas in Mozambique.

The Global Environment Objective (GEO) was to “Increase the area, connectivity, and effectiveness of biodiversity conservation in three TFCAs.” (Substantially achieved)

58. The Project substantially achieved the GEO by providing significant Project resources, from both IDA and GEF, which resulted in:

- Increased area under conservation, including boundary realignment and establishing a new marine reserve (Ponto do Ouro Partial Marine Reserve), the first marine transfrontier conservation area (TFCA) in Africa, the Ponta do Ouro-Kosi Bay TFCA, part of the Lumbombos TFCA.
- Improved effectiveness of conservation through institutional reform, infrastructure and implementation of park management plans; and as evidenced in the increased scores in the “Management Effectiveness Tracking Tool (METT)”.
- Increased wildlife populations and diversity, including presence of species (such as giraffes in the Zinave National Park) long absent from the country.
- Better management processes and practices, and increased professionalism in PA management.
- Increased area under conservation management, and improved operational, managerial and conservation-related infrastructure and equipment;
- Increased connectivity, particularly through the establishment of the Ponto do Ouro Partial Marine reserve, and of the Futi Corridor, terrestrial corridor part of the Maputo Special Reserve (MSP), which connects the MSP to the Tembe National Park in South Africa and allows movement of elephants and of other species.

59. More specifically, the area under formal conservation increased by 1,910 Km² of which 679 Km² was due to establishment of the Ponta do Ouro Marine Reserve and the remainder by realigning the boundaries of three PAs within the Limpopo TFCA (ZNP, BNP and CNR). Regarding encroachment, remote sensing was used to map land use and determine incompatibility with biodiversity conservation. The analysis of the percentage of land use within each of the protected areas in 2005, 2007 and 2012 showed that inappropriate land use accounted for less than 3.5% of the total land area, well below the target of 10%.

60. Regarding the goal of increasing wildlife populations in the PAs, the Project financed a comprehensive reintroduction program which contributed to their numbers and diversity having exceeded the targets in all of the PAs. The counts indicate that populations exceeded targets in all cases, and in some cases by large margins (see Table in Annex 2). This likewise reflects improved control over poaching as Project records show that patrols have become more formal and frequent, and have perhaps also led to modifications in community hunting behaviour.

61. In terms of improving the management of the PAs within the targeted TFCAs (Zinave NP, Banhine NP, Limpopo NP, Maputo Special Reserve and Chimanimani Nature Reserve), the Project supported a number of investments in infrastructure, equipment and capacity building (see the table in Annex 2), including: (i) improvement of park design and planning (Management Plans); (ii) increasing the area under protection; (iii) building or rehabilitating essential infrastructure; (iv) procurement of essential equipment required for management; (v) deployment and capacity building of staff; and (vi) improvement of communication and information. This, together with the substantial increase in wildlife populations achieved through introductions, contributed to the development of the assets, namely, well managed wildlife and infrastructure in the PAs required for the establishment of a sustainable nature-based tourism industry.

62. In addition, through the achievements of Component 1 (***Strengthening Policy, Legal and Institutional Framework for TFCAs***) and Component 4 (***Protected Areas Management***), the Project contributed to the long-term sustainability of the GEO by:

- Improving the institutional foundations for conservation by supporting the drafting and adoption of a new Conservation Policy and Conservation Law;
- Establishing the new autonomous conservation agency (ANAC) and, together with civil society and private sector stakeholders, facilitating the establishment of the Foundation for the Conservation of Biodiversity (Biofund);
- Reducing the potential for adverse impacts on protected areas from local communities by providing access to resources (particularly water) outside the PAs, and by realigning park PAs to reduce the population living within some of them;

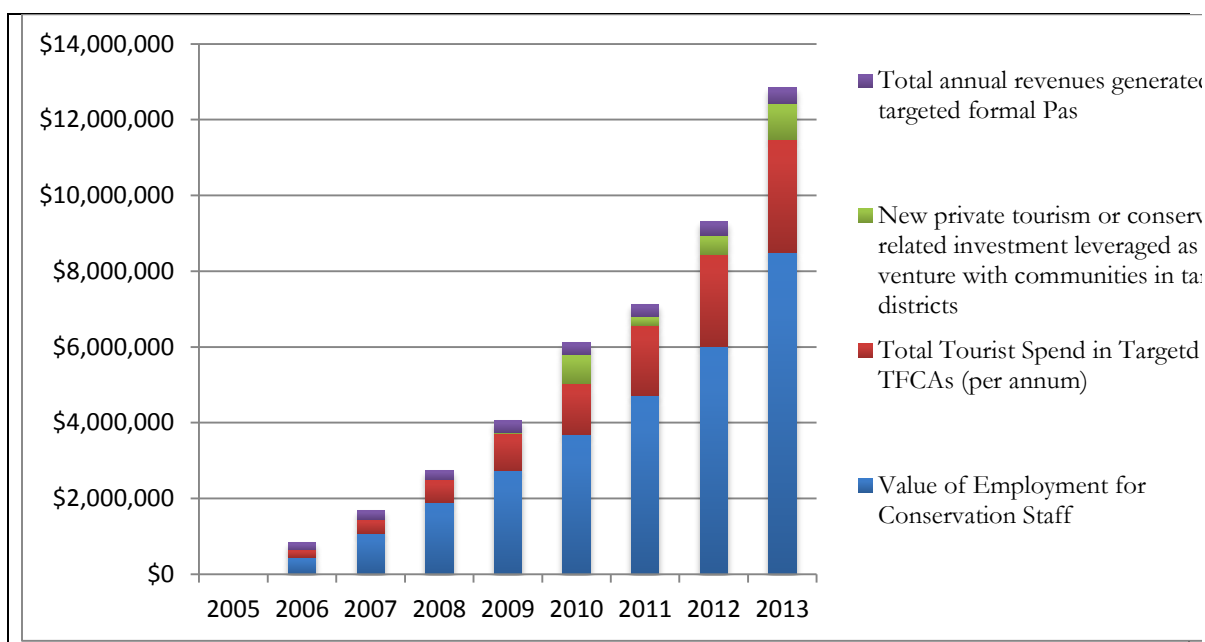
63. The adoption of the Conservation Law together with the establishment of ANAC and Biofund represent highly relevant instruments developed with Project support, as they provide the legal and institutional framework for the long-term management and sustainability of the PA network. Both institutions create an enabling environment to attract further private investments in or around the parks and reserves, thus strengthening the much needed tourism infrastructure in the country's PAs.

64. In assessing TFCATDP's achievements, it is also important to analyse the PDO and GEO both in the context of the Project's contribution to the longer-term objectives of the TFCA Program, of which the Project constituted the second phase, specifically: (i) the conservation of biodiversity and natural ecosystems within a number of large Trans-frontier Conservation Areas (TFCAs); and (ii) economic development within these areas based on sustainable use of their natural resources by local communities. Concerning the Program's objective 1, the substantial achievement of the GEO discussed above attests to the Project's contribution to the conservation of biodiversity in TFCAs. In turn, the moderately satisfactory achievement of the PDO, also discussed above, attests to the Project's contribution to the TFCA Program's objective 2.

3.3 Efficiency

65. The Project achieved the following benefit streams: (i) additional employment in tourism and conservation; (ii) additional income for previously unemployed local residents; (iii) additional visitation to TFCAs and money spent by tourists in the local economies; (iv) additional investment from the private sector and NGOs; and (v) additional government revenues from tourism entrance fees. The value of these streams throughout the Project period is displayed below:

Figure 1: Value of Benefit Streams (2005-2013)



66. The total cost of the Project by the end of 2013 was US\$ 36,165,500. The table below accounts for the accumulated costs and benefits and net benefits of the TFCATDP between 2005 (Y0) and 2013 (Y8).

Table 3: Benefits and Costs of TFCA TDP: 2005 (Y0) to 2013 (Y8)

USD	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8
BENEFITS	0	825,918	1,681,311	2,746,050	4,050,568	6,117,634	7,124,053	9,309,313	12,842,420
COSTS	0	2,620,420	3,113,300	5,297,175	4,846,180	5,199,032	5,717,022	6,000,518	3,371,811
NET BENEFITS	0	-1,794,502	-1,431,989	2,551,125	-795,612	918,602	1,407,030	3,308,795	9,470,609

67. The Project was economically desirable with returns above the 12% threshold, notwithstanding the factors that delayed and constrained progress of the Project and even with the assumptions and uncertainties applied in the analysis (see Annex 3). Although no economic analysis was conducted at appraisal, the ex-post analysis estimates an Economic Rate of Return (ERR) of 17.84% and a Net Present Value (NPV) equal to US\$ 2,205,726 (at a 10% discount rate). If the benefits after year 8 were taken into account, these values would be even higher. Thus, efficiency is assessed to be substantial.

3.4 Justification of Overall Outcome and Global Environment Outcome Rating

Rating: Moderately Satisfactory

68. Overall, the TFCATDP reached satisfactory levels of achievement in relation to the PDO and substantially achieved the GEO, as measured by the revised targets of the key performance and intermediate indicators, as well as, and perhaps more importantly

for the longer run, by the tangible strengthening of the institutional and regulatory framework supporting the country's PA system. Furthermore, the Project's PDO and GEO remain highly relevant to the conservation and tourism development priorities of MITUR, as well as within the broader development priorities of GOM and the Bank's current CPS with Mozambique. The Project also shows satisfactory levels of efficiency based on the positive net economic benefit flows resulting from Project interventions. The contribution of the Project to the long-term objectives of the TFCA program has been significant, both in terms of providing valuable lessons and establishing more favourable conditions for the implementation of the follow-on MozBio Program.

69. In spite of these achievements, the Project was affected by a number of design shortcomings and implementation delays that affect the overall assessment of outcomes, particularly in relation to a number of the original indicator targets, which, by the time of the Mid-Term Review had been recognized by both the Bank and the Borrower as having been too optimistic. In addition, it was also acknowledged at that time that insufficient attention had been devoted to human resource development of PIU and MITUR staff, and that higher level political support to the Project objectives was needed to ensure PDO achievement. These issues justify an MU rating for the Project outcomes prior to the MTR. However, the shortcomings were identified during the MTR, remedial actions proposed and immediately adopted by the PIU.

70. Consistent with OPCS Guidelines, the overall outcome rating of the Project has been determined using the evaluation methodology which takes into account the original and formally revised targets, weighing pre- and post-revision performance by the share of actual disbursements before and after the restructuring.

	Against Original Targets	Against Revised Targets	Overall
Rating	Moderately Unsatisfactory	Moderately Satisfactory	-
Rating Value	3	4	-
Weight (% of total disbursements)*	49.6%	50.4%	100%
Weighted Value	1.5	2.0	3.5
Final Rating (rounded)	-	-	Moderately Satisfactory

*Combined IDA Credit, GEF Grant and PHRD disbursements at restructuring

71. The team considers the overall outcomes as Moderately Satisfactory, given the significant contributions made by the Project to meet the PDO and the fact that the GEO was substantially achieved, combined with a number of additional achievements, including (i) significant contribution to strengthening the national institutional and legal framework for conservation and nature-based tourism, including establishment of ANAC, the new Conservation Policy and Law, the establishment of the innovative BIOFUND (conservation trust fund); (ii) the significant contribution to the objectives of the longer-

term “parent” program (the TFCA program), including the creation of new PAs (including the Ponta do Ouro Marine Partial Reserve and the Futi Corridor, part of the Maputo Special Reserve) and continued follow-up to international agreements; and (iii) the fact that the GEO was implicitly part of the PDO as reflected in the significant allocation of IDA resources to finance infrastructure improvements in the PAs. Finally, Project restructuring occurred *de facto* right after the MTR, i.e. towards the end of 2009, as the agreed changes were implemented by the PIU immediately, including changes to PIU staffing, use of revised indicator targets, new work plan; which resulted in Project’s disbursements to increase in the following years. Hence, it would have been more appropriate to use disbursement rate at MTR, rather than at formal restructuring, in this exercise, which would result in a higher final weighted value, further making the case for an MS.

3.5 Overarching Themes, Other Outcomes and Impacts

(a) Poverty Impacts, Gender Aspects, and Social Development

72. Project design was premised on a need for socio-economic interventions and while indicators such as revenue and numbers of beneficiaries were included in the design, an assessment of the social consequences of the proposed interventions was not made.

73. The Project was designed to influence the wellbeing of communities living in or adjacent to protected areas through the Community Equity Grant Facility (CEF) that made available technical assistance and additional funds for specific subprojects initiated by organized communities. To this effect, Project design included indicators of employment and revenue flow to local people. Despite not been designed as a Community Based Natural Resources Management (CBNRM) project, TFCATDP included interventions to address some of the key processes in CBNRM, including definition of land rights, development of conservation-based commercial enterprises, support to investments in productive assets, and strengthening of community governance through establishment of community associations. Due to the institutional, operational and capacity challenges mentioned in previous sections, the implementation of these relevant processes was not consistently applied during the life of the Project, nor in each of the TFCAs.

74. In terms of the Project’s impact on communities, the formalization of community associations and the resulting opportunities for community-partner enterprises have been foundational processes, but their impact has not yet been determined. Community enterprise projects within MSR, CNR, LNP and BNP (e.g. chili production and marketing, horticulture, honey and community lodges) nonetheless created jobs and generated meaningful revenue generation for local communities.

75. The Project was also structured on the assumption that improving the wellbeing of the communities would reduce their dependence and negative impact on resources within the protected areas, while encouraging support for conservation management. Although it

could be assumed that interventions that improve employment, revenue accruing to communities and access to basic services, such as potable water, would lead to community support for conservation management and sustainable use of natural resources, possible changes in beneficiary community attitudes towards conservation and the impact of the Project on these premises were not assessed.

(b) Institutional Change/Strengthening

76. The intention of both GOM and the TFCATDP was to strengthen the public and community-level institutional framework related to conservation in ways that would support conservation-based tourism. In the case of conservation, the impact can be measured by indicators such as the establishment of ANAC, the improvement of policies and legislation (including the Conservation Policy and Conservation Law), and the introduction of greater structure and discipline into PAs management. Undoubtedly, the most significant institutional achievement for GOM was the establishment of ANAC. The Project also supported the signature of three international treaties for cooperation on TFCA management. The TFCATDP has likewise had a substantial impact on MITUR's capacity and competence, as well as on national awareness in relation to conservation and its role in social and economic development. Although still somewhat limited, national competence was also strengthened through training, including master's degrees (3 persons), diplomas (one person) and attendance at wildlife management courses (13 persons).

77. Regarding communities, Project achievements can be measured by the establishment of community associations. While EOP targets were achieved (24 associations were established and supported), the effectiveness of these transformative interventions in improving the performance of community associations individually and in their interactions with the PAs has not been assessed. Creation of a Community Enterprise Fund at the start of the Project signalled the strong intention that communities should be targeted as beneficiaries. However, the lack of adequate operational instruments and the difficulties in establishing community enterprises in locations isolated from mainstream markets and where people have limited experience and capacity were underestimated. The challenges were partially addressed in 2009 when a community facilitator was appointed in the TFCA unit and a CEF Manual was prepared. As a result, the process gained the desired momentum. In addition, community brokers and commercial operations are required to link these enterprises with markets and to leverage additional financial and human resources.

(c) Other Unintended Outcomes and Impacts (positive or negative)

N/A

3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

N/A

4. Assessment of Risk to Development Outcome and Global Environmental Outcome

Risk: Moderate

78. In terms of institutional sustainability, the Project supported the establishment of two semi-autonomous institutions: the National Agency for Conservation Areas (ANAC) and the BioFund. These institutions, particularly ANAC, will be in charge of managing the PA network in Mozambique, often in partnership with other partners (including NGOs). ANAC's capacity is still weak given its recent creation, but has recently shown sign of strengthening (including through the appointment of a highly-qualified General Director). The consolidation of the culture of management by objectives and ongoing evaluation promoted by the TFCATDP will further strengthen ANAC. Moreover, the approval of the Conservation Policy and Conservation Law will further enhance the institutional sustainability of Project outcomes, as it clarifies provides a strong legal foundation for conservation management in Mozambique.

79. The sustainability of the community activities promote varies. Some have shown signs of financial sustainability, such as the chilli production project around the Maputo Special Reserve which is now being scaled up to a larger area and to encompass more households. The sustainability of the community lodges, such as the Covane lodge in Limpopo and the Chemucane lodges, are difficult to assess at this stage, as it will depend on the overall tourism industry and their capacity to attract tourists. It should be noted, however, that tourist arrivals to Mozambique are projected to continue to increase at about 8% annually to reach 3 million in 2017, and nature-based tourism is the sub-sector growing at the fastest rate.

80. Financing sustainability of the PAs is a major concern, not only in Mozambique but throughout the developing world. While the PA network in Mozambique continues to be critically under-funded by government sources, the prospects are better, as ANAC places a strong emphasis on income-generating activities, including the promotion of tourism (particularly in marine PAs) and sports hunting. In addition, the Biofund, which was established with TFCATDP support, will have its endowment fund capitalized by 2015 (with funds from KfW and WB/GEF through the MozBio 1 Project), and will be able to start disbursing funds to support the operational costs of PAs. It should be noted, however, that the expectation that all PAs, regardless of their geographical location, can become self-sustaining through tourism is unrealistic, at least in the medium term.

81. On the other hand, emerging threats to PAs create new risks to the TFCATDP outcomes. Two are particularly noteworthy: i) wildlife poaching in Mozambique, particularly of rhino and elephants, is on the rise in Mozambique (and throughout southern Africa); and ii) pressure for infrastructure development (including mining) in PA areas is likely to increase given the economic boom the country is going through, particularly in the extractive industry sector.

5. Assessment of Bank and Borrower Performance

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry

Rating: Moderately Satisfactory

82. The Bank participated actively and constructively in the design phase, ensuring that the Project took account of Bank and national government priorities, and built on the experience and lessons learned from the first phase of the TFCA Program (TFCAPISP). Among the lessons included in the design were: i) integrating communities into the design of the Project through sustainable projects with local benefits, such as private-communities partnerships around tourism; ii) approaches to involving communities in conservation and PA management, other than promotion of involuntary resettlement, should be favoured.

83. TFCATDP objectives were well aligned with the Government's *Tourism Policy and Implementation Strategy* (TPIS) and project components with the *Strategic Plan for Tourism Development in Mozambique* (SPTD, 2004-2013). The Bank encouraged modern business approaches through rigorous requirements for planning, monitoring, assessment and reporting, and recognized the need and challenges (despite overlooking some critical risks) of a multifaceted, complex Project. Overall, the components were designed as an integrated set to achieve both the PDO and the GEO while attempting to take into account capacity constraints within the TFCA and GOM. The design also correctly addressed the different aspects of conservation and tourism promotion – including strengthening institutions at national and local (District) level, building infrastructure and providing operational support to PAs' functioning, and promoting community-led businesses around tourism and other types of revenue-generating activities.

84. By placing emphasis on the promotion of “community-private sector led environmentally and socially sustainable tourism in TFCAs”, the Project promoted a business-oriented mind set within ANAC, which resulted in the attracting of new investments in PAs which would likely not have occurred otherwise. Some of the key indicator targets were too ambitious and later required adjustments to make outputs clearer and more realistic and no performance indicator related to the important legal and institutional objectives promoted by the Project was included at the level of the PDO. The Bank could have assessed more realistically the time requirement needed for improved natural asset development, particularly the sustained restoration of wildlife, as prerequisites for tourism development as well as the recipient's poor implementation capacity (i.e. training needs).

85. The institutional arrangements proposed at entry were also adequate. A well-staffed PIU within the Directorate of Protected Areas (DNAC) at the Ministry of Tourism led the technical, fiduciary, safeguards and management aspects of the Project, with the main office in Maputo and three regional offices (which were later closed to reduce operational costs). The PIU capacity could have been strengthened earlier on to deal with

community aspects, which led to delays in the implementation of the Community Equity Facility activities.

86. The safeguards instruments prepared, particularly the ESMF and Process Framework, were adequate to the country's and sector's reality, which allowed their smooth implementation during the Project. The M&E framework was also overall well-designed, and encouraged systematic data collection not only within the PIU, but at MITUR in general, including among the PA managers. In retrospect, the M&E Framework could have been simpler, with fewer indicators.

(b) Quality of Supervision

Rating: Moderately Satisfactory

87. Bank supervision/implementation support missions were frequent, regular and constructive, and actively contributed to improved Project performance. The Bank team was able to identify issues readily, extract lessons from practice and propose solutions to challenges proactively, including on technical, fiduciary and safeguard matters. A total of 33 formal and follow-up supervision missions were conducted during the life of the Project, averaging four missions per year from effectiveness to closing. Aide Memoires and internal reporting through ISRs were timely and detailed, with commendable efforts to maintain all indicators adequately updated. The Bank team included most of the expertise needed to supervise the Project. The initial lack of a Community Development specialist was later remedied through the active participation of a Senior Social Development Specialist. The frequent missions allowed the Bank to provide close technical assistance to the Project team (and MITUR more broadly) on conservation, tourism and natural resources management which contributed significantly to strengthening capacity. The transaction costs from these frequent missions were mentioned by the TFCA personnel as a downside. However, they also recognized that this assistance was needed given the innovative nature of the Project and the low capacity base that the Implementing Agency started from.

88. The Project team demonstrated great adaptive management capacity at the Mid-Term Review (September 2009), by thoroughly identifying the main challenges faced by the Project and proposing effective remedial actions. The MTR confirmed overall Project design, and identified changes to the results framework needed to improve the realism and measurability of indicators. The MTR also proposed institutional organizational changes that improved the focus on community-related activities and expedited these activities, and unblocked delays infrastructure construction. The MTR shifted some of the Project funds towards activities that would build the tourism assets, such as building infrastructure in the PAs or further promoting wildlife management (such as the reintroduction of some species in the Zinave NP), to ensure the pre-conditions for PDO achievement would be available. The MTR process resulted in the formal restructuring of the Project, approved by the Bank in August, 2011. The Task Team also actively followed up on the recommendations of the MTR, which were immediately implemented, even though formal Project restructuring happened in August, 2011. However, because of

the delay between the MTR and formalization of the first restructuring, quality of supervision is rated moderately satisfactory.

(c) Justification of Rating for Overall Bank Performance

Rating: Moderately Satisfactory

89. The Bank provided valuable support to the client during Project preparation and was able to translate a complex set of innovative interventions (given the complex and interconnected nature of nature-based tourism promotion) into a coherent set of components and activities. The Bank subsequently provided significant guidance and technical assistance during supervision, and was highly proactive in identifying and addressing implementation constraints, in particular through the revisions in Project scope and focus that resulted from the MTR, albeit their formalization was delayed.

5.2 Borrower Performance

(a) Government Performance

Rating: Moderately Satisfactory

90. Government supported the Project throughout its implementation, although with varying intensity during the period. Evidence of Government's support to the Project and to the conservation and tourism agenda more broadly, include: i) Government followed up on most of the commitments from the TFCA treaties they signed, and actively participated in the TFCA inter-country meetings and committees during the period. As a result, joint TFCA work plans were prepared and implemented; ii) Government's established an independent agency to manage the Protected Areas network in the country, ANAC; iii) Government passed a new Conservation Policy and a Conservation Law, which establishes a progressive vision for conservation in Mozambique; iv) Government established new highly relevant PAs, including the Ponta de Ouro Partial Marine Reserve and the Futi Corridor (part of the Maputo Special Reserve); and revised the limits of other areas (including Bahine and Zinave National Parks and Chimanimani National Reserve). On the other hand, government support has been less evident in: i) creating an enabling environment for tourism promotion in PAs, including delays in adopting new concession regulations; ii) in clarifying the type of development they wanted in some areas, resulting in a perception of possible threats to the integrity of existing PAs, particularly in case of a potential construction of the Dobela Harbour in the Maputo Special Reserve; and iii) in lack of leadership of the Project Steering Committee, which was not active in the final years of Project implementation, and resulted in lack of inter-sectoral collaboration for the management of the TFCAs.

(b) Implementing Agency Performance

Rating: Moderately Satisfactory

91. After a slow start in the first years of Project implementation, given capacity constraints and inexperience on WB procedures, the PIU within MITUR performed satisfactorily during Project implementation, particularly after the MTR (prior to that, its performance was moderately unsatisfactory). The PIU was managed with outstanding professionalism, counted on a good team of technicians during most of the Project implementation period, and had a very strong fiduciary team. The PIU team demonstrated enthusiasm, competence and commitment to the Project. The PIU developed not only its own capacity but that of other departments within MITUR (at headquarters and at the level of the PAs) and partner organizations (such as the National Tourism Institute), particularly on data-driven management of PAs. The PIU is now recognized in Maputo as a centre of excellence on conservation, and that knowledge will be mainstreamed into the recently-created ANAC with the help of the follow-up operation (the MozBio 1 Project).

92. The PIU was able to successfully implement recommendations by Bank missions which led to reorganization and tighter control systems that improved efficiency and effectiveness, particularly regarding procurement and financial management. It is noteworthy that the Project had one of the highest disbursing rates in the Mozambique CMU portfolio; and was closed with 100% of disbursement. In terms of M&E, Project staff was required to collect primary data, and reported according to the indicators. One weakness identified is that the PIU should have used the data collected in a more analytical way to guide their actions.

(c) Justification of Rating for Overall Borrower Performance

Rating: Moderately Satisfactory

93. The substantial institutional and regulatory reforms adopted by the Government, the demonstrated commitment and support to Project objectives by MITUR, the strong performance of the TFCA's Unit (after MTR), and the Project achievements on the ground outweigh the shortcomings, including delays in establishing an enabling environment to support Project objectives and in providing the necessary guidance through the Steering Committee. Hence, overall borrower performance is rated moderately satisfactory.

6. Lessons Learned

94. **Continued and high-level political commitment to conservation is needed to move the agenda forward, particularly when pressures from other sectors on protected areas are strong.** Government leadership was needed throughout TFCATDP implementation: enabling concessions for investment, fostering inter-sectoral collaboration, expanding and re-delineating PAs and following up on transfrontier collaboration. Government leadership varied during TFCATDP implementation, and failed the Project at times, as evidenced by the inability of the MITUR to have mining permits in the Chimanimani National Reserve cancelled. Interventions that seek to promote conservation goals in the face of pressure to the integrity of the CAs from other

sectors should guarantee that the institutional arrangements are well designed, so as to ensure cross-sectoral coordination and effective participation of policy makers. The plans and decisions from sectors less concerned with conservation, such as agriculture, mining, and infrastructure, with an impact on PAs should be discussed in a transparent way by a high-level inter-sectoral body (such as the Council of Ministers, in the case of Mozambique). The participation of non-governmental entities and of the private sector engaged in conservation in public discussions (e.g., tourism and safari operators) should also be promoted.

95. Long-term World Bank engagement in the conservation and tourism agendas. The TFCATDP is a flagship Bank operation that demonstrates the value of long-term programmatic engagement in national programs (such as the TFCA Program). Through a programmatic phased-approach, the World Bank was able to foster institutional changes, human capacity development and the establishment of partnerships in a way that a traditional short-term single Project cannot achieve. Given the Bank's intention to continue engaged in the conservation agenda in Mozambique, the follow-on MozBio Program has, appropriately, been structured as a "Series of Projects".

96. Develop nature-based tourism asset is a long-term process. Although not explicitly stated, the TFCATDP assumed that most 'bush' tourist operations would draw on tourists whose principal motivation to come to Mozambique was to spend time at the coast, at least until the quality of wildlife and hospitality experience offered could compete with other locations. This Project has shown that it takes much more than establishment of accommodation facilities and basic infrastructures to draw tourists in sufficient numbers to bush experiences in Mozambique. At issue is not the supply of accommodation, or even accessibility, but rather quality of experience (the 'tourism asset'). While coastal destinations carry a marketable brand, this is generally not so for bush destinations in Mozambique, as wildlife has been significantly reduced during the civil war and PA infrastructures are poor.

97. Tourism as a means to generate sustainable financing for PAs. TFCATDP also showed that not all PAs will be able to really generate tourism at a level to allow them to be self-sustaining, which means that public resources to maintain these areas (which provide local and global public goods and services) should be ensured. This also shows that not all PAs should be assessed by the national government against their capacity to generate tourism business, as not all have the same potential to do so. Governments and development partners should be realistic and business-oriented when assessing PAs' potential to generate tourism revenue, and they should also bear in mind that PAs generate other types of 'positive externalities' (environmental services) which calls for continued public financing.

98. Enhancing the benefits from PAs to local communities needs to go beyond the promotion of tourism, and encompass a broader array of integrated conservation development activities, particularly those related to sustainable natural resource management (such as conservation and climate-smart agriculture, community forestry and fisheries, wildlife management). Not all PAs have high tourism

potential, and yet surrounding communities expect direct benefits from the PA and are likely to support conservation goals more readily when they experience benefits directed linked to the PA. Community-led tourism businesses benefitted fewer people in the community than other types of NRM activities, such as boreholes and small commercial agriculture ventures, particularly when the US\$/beneficiary ratio is assessed. Tourism-related community development options need to be focused on the areas with real short-term tourism potential, while other income-generating activities should be promoted in other areas.

99. **Private sector investments in tourism and partnerships with communities.** Professional facilitation is needed for the public sector to be able to attract private investment into PA concessions. In the case of the Chemucane lodge in the Maputo Special Reserve, the role of IFC in facilitating the joint venture between the private sector and local communities was fundamental to create trust and common understanding about the terms and conditions of the undertaking, and to reduce the perceived risks by all parties. Other sites did not involve such professional facilitation services, and mistakes were made in dealing with the package offered to investors which resulted in their pulling out, such as the cases of in Zinave and Banhine National Parks. Agencies in charge of managing CAs should seriously consider engaging specialized support to deal with private sector investments, while also increasing in-house capacity to do so. As to community-private partnerships, an important lesson from TFCATDP is that such initiatives can shift the balance of power within the communities, and can hence support or disrupt property rights regimes and increase or decrease vulnerability of certain community members. As such, strong attention should be given to building community-based institutions (such as Associations and Cooperatives), in addition to strengthening the capacity of individual community members.

100. **Importance of innovative partnerships in conservation.** In order to mitigate the lack of local capacity and appropriate institutional coordination, the Project partnered with NGOs. The modality of these partnerships was innovative, as NGOs were required to provide technical and fiduciary staff and support as well as co-financing. Although the arrangement was not equally successful in all cases, it worked better than the classical Technical Assistance approach. The NGO partnership in the Maputo Special Reserve was fundamental to complement the support from the TFCATDP and ensure that the CA management could continue seamlessly. This was particularly important towards the end of the Project, as funds for some of the CA operational costs became scarce, and were completed by the partner NGO (Peace Parks Foundation). This lesson underscores the importance of the trend in southern Africa to develop partnerships with NGOs for the management of protected areas. In moving forward, Mozambique should clarify the scope of these partnerships as well as the respective rights and responsibilities of the Government and the NGOs in managing the PAs.

101. **Landscape approaches to conservation.** The TFCA concept is closely linked to the landscape concept, since TFCA's encompass areas with different types of land uses in addition to protected areas, and their management requires collaboration across several entities (such as local and provincial governments) and multiple stakeholders (including

communities, smallholders and large-scale private land owners). The TFCATDP focused most of its efforts on the strengthening of the CAs and gave limited attention to building the relationship between the CA and the broader landscape it is inserted in, including facilitating better relationships with the Districts where the CAs are located, and with other sectoral bodies, such as the forest services. Since significant threats to the integrity of the CAs and their biodiversity come from outside the PAs, adopting a more comprehensive ‘landscape approach’ to CA management is required for effective results.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(a) Recipient / implementing agencies

The report was shared with the counterpart (MITUR) on November 25, 2014. However, no comments were received before the ICR finalization.

(b) Cofinanciers

No comments were received.

(c) Other partners and stakeholders

No comments were received.

Annex 1. Project Costs and Financing

(a) Project Cost by Component (in USD Million equivalent)

Transfrontier Conservation Areas and Tourism Development Project - P071465			
Components	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions)	Percentage of Appraisal
Component 1	1,060,000	915,540	86.3
Component 2	480,000	42,700	8.9
Component 3	12,230,000	5,212,468	42.6
Component 4	15,210,000	23,730,799	156.0
Component 5	4,530,000	7,124,177	157.3
Total Baseline Cost	33,510,000	37,025,684	
Physical Contingencies	560,000		
Price Contingencies	2,630,000		
Total Project Costs	36,700,000	37,025,684	
PPA	610,000	626,020	
Front-end fee IBRD	0.00		
Total Financing Required	37,300,000	37,651,704	102.5

Source – TFCA Unit

(b) Financing

P071465 - Transfrontier Conservation Areas and Tourism Development Project				
Source of Funds	Type of Financing	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions)	Percentage of Appraisal
Borrower		0.78	0.78	100
International Development Association (IDA)		20.00	20.6	103
JAPAN: Ministry of Finance - PHRD Grants		3.72	3.69	99
Local Sources of Borrowing Country		2.20	2.20	100
P076809 - Transfrontier Conservation Areas and Tourism Development Project				
Source of Funds	Type of Financing	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions)	Percentage of Appraisal

Borrower		0.00	0.00	.00
Global Environment Facility (GEF)		10.00	9.87	98

(c) Breakdown by Financier and Disbursement Categories

(i) Total Disbursements (World Bank IDA Credit + GEF + PHRD)

Use of Funds by Category of Disbursement (August 31, 2014)			
Disbursement Categories and Expenditure Type	Disbursement	%	PAD Estimate
A. Civil work	9,682,205.60	111%	8,740,000.00
B. Equipment	3,140,628.63	193%	1,630,000.00
C. Consultant services	11,885,912.77	116%	10,230,000.00
D. Training and workshops	1,438,415.10	142%	1,010,000.00
E. Operating costs	5,355,805.30	119%	4,500,000.00
F. Community Enterprise Fund	2,066,495.98	52%	4,010,000.00
G. Refunding PPA	626,020.71	104%	600,000.00
H. Unallocated	0.00	0%	3,000,000.00
Total PROJECT COSTS	34,195,484.09	101%	33,720,000.00

Source – TFCA Unit

(ii) IDA Credit No 4130

Use of Funds by Category of Disbursement (August 31, 2014)			
Disbursement Categories and Expenditure Type	Disbursement	%	PAD Estimate
A. Civil work	7,411,105.30	85%	8,740,000.00
B. Equipment	3,140,628.63	193%	1,630,000.00
C. Consultant services	3,356,420.29	150%	2,240,000.00
D. Training and workshops	749,843.05	119%	630,000.00
E. Operating costs	5,355,805.30	129%	4,160,000.00
F. Community Enterprise Fund	0.00	0%	0.00
G. PPA Refund	626,020.71	104%	600,000.00
H. Unallocated	0.00	0%	2,000,000.00
Total	20,639,823.28	103%	20,000,000.00

Source – TFCA Unit

(iii) PHRD Grant No TF054759

Use of Funds by Category of Disbursement (August 31, 2014)			
Disbursement Categories and Expenditure Type	Disbursement	%	PAD Estimate
A. Civil work	0.00	0%	0.00
B. Equipment	0.00	0%	0.00
C. Consultant services	3,685,964.37	99%	3,720,000.00
D. Training and workshops	0.00	0%	0.00
E. Operating costs	0.00	0%	0.00
F. Community Enterprise Fund	0.00	0%	0.00
Total	3,685,964,37	99%	3,720,000,00

Source – TFCA Unit

(iv) GEF Grant No TF056038

Use of Funds by Category of Disbursement (August 31, 2014)			
Disbursement Categories and Expenditure Type	Disbursement	%	PAD Estimate
A. Civil work	2,271,100.30	0%	0.00
B. Equipment	0.00	0%	0.00
C. Consultant services	4,843,528.11	113%	4,270,000.00
D. Training and workshops	688,572.05	181%	380,000.00
E. Operating costs	0.00	0%	340,000.00
F. Community Enterprise Fund	2,066,495.98	52%	4,010,000.00
H. Unallocated	0.00	0%	1,000,000.00
Total	9,869,696.44	99%	10,000,000.00

Source – TFCA Unit

Annex 2. Outputs by Component

1. The Transfrontier Conservation Areas and Tourism Development Project (TFCATDP) was a US\$35.1 million Project with an IDA Credit of US\$ 21.4 million equivalent, a US\$10 million Global Environment Facility (GEF) Grant. Its implementation also benefitted from a US\$3.72 million PHRD Grant.
2. The Project area included the Mozambican portion of three Transfrontier Conservation Areas (Chimanimani, Lubombo, and Greater Limpopo). In these TFCAs, Project implementation was focused on 9 districts of 4 Provinces: Inhambane (Vilanculos District), Maputo (Matutuine District), Manica (Sussudenga District), and Gaza (priority 1: Chicualacuala, Massingir, Mabote and Massangena Districts; priority 2: Chigubo and Mabacane Districts).
3. In the 3 TFCAs, the protected areas targeted were Chimanimani Special Reserve (CSR), Maputo Special Reserve (MSR), Limpopo National Park (LNP), Banhine National Park (BNP), and Zinave National Park (ZNP). In addition, improvements in environmental infrastructure were envisaged for the beach tourism towns of Vilanculos and Ponta do Oro (see map in Annex 7).
4. The Project was implemented through five components:

Component 1: Strengthening Policy, Legal and Institutional Framework for TFCAs.

Component 1 was designed to build on the achievements of the first phase and further strengthen the enabling environment for TFCAs by helping create the policy, legal and institutional framework for GOM to 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 were also to be addressed.

Component 2: Integrated District Development Planning. This component was aimed at piloting a proactive approach to integrated planning in two districts, through the development of the Integrated District Development Plans (IDDPs) which focused on defining and implementing a series of practical steps to ensure that biodiversity and natural resource-based assets are mainstreamed into *District Development Plans* (DDPs). Component 2 was divided into two Subcomponents: (2.1) National capacity building and stocktaking, and (2.2) Production, adoption and dissemination of the IDDP.

Component 3: Community and Private Sector-Led Tourism Development. Component 3 was 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. This component supported MITUR to establish a comprehensive and clearly defined set of procedures to implement the process for land concessions, from land identification to on-the-ground investment. The component was

divided in two subcomponents: (3.1) building capacities in the National Tourism Directorate (DINATUR), the Elephant Coast Development Agency (ECDA) and targeted private sector and community associations to unlock opportunities for sustainable tourism investment and growth; and (3.2) the establishment of a Community Equity Fund (CEF).to support community-led conservation and tourism development

Component 4: Protected Areas Management. This component aimed to 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 the National Directorate of Conservation Areas (DNAC). This was intended to begin a long-term process of major improvement of the MSR including gazettement the Futi corridor and a new marine reserve; and supporting BNP and CNR. In addition, modest support would be provided to LNP (supplementing efforts by PPF, KfW & AFD), and to ZNP.

Component 5: Project Management, Communications, and Monitoring and Evaluation. This component financed project management costs, including procurement, accounting and monitoring activities. The design of the component included: (i) an M&E system to track and assess project implementation and impacts; (ii) a system for adaptive management based on the M&E information generated; and (iii) 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.

5. In order to monitor Project outcomes and outputs, a results framework was developed during Project preparation. This framework included 8 key performance indicators to assess compliance with the PDO and GEO, as well as 16 intermediate indicators linked to the individual components of the Project. The full set of indicators, together with the targets and achievements are summarized in the data sheet of this ICR.

6. At Project completion, the outputs produced by each components were as follows:

Component 1: Strengthening Policy, Legal and Institutional Framework for TFCAs

7. Component 1 was designed to develop an enabling environment for effective/sustainable management of biodiversity, including the institutional arrangements for conservation that would be required for consistency and integration, vertically from local community-based initiatives to international TFCAs and horizontally across the country.

8. Through technical assistance, consultation, workshops, training (master's degree programs (3 persons), diplomas (one person) and attendance of wildlife management courses (13 persons)) and study tours, as well as the production, publication and dissemination of available information materials. A total of 18 policy or regulatory

documents were prepared by the Project and adopted by GOM. Of these, four represent major Project outputs and have contributed significantly to the development of an improved policy and legal framework supporting tourism and conservation, as well as the establishment of a new institutional structure:

- **Conservation Policy and Strategy:** Approved by the Council of Ministers on the 18th of August 2009 (*Resolution 63/2009*) and gazetted in the *Boletim da República* on November 2, 2009 (*BR Série I, Nr 43*);
- **Conservation Law:** The Draft was approved by the Council of Ministers and by Parliament, and was gazetted in the *Boletim da República* on June 20, 2014 (*BR Série I, Nr 50 - Law 16/2014*) on June 30, 2014. Preparation of Regulations is underway.
- **Tourism Concession Manual:** The draft Manual was developed with Project support and is awaiting approval by MITUR. The Manual is intended to be applicable at all levels of government (Central to District).
- **New institution for management of conservation areas:** ANAC (Agency for Managing Conservation Areas) established in April 2011.
- Together with civil society and private sector stakeholders, the Project facilitated the establishment of the **Foundation for the Conservation of Biodiversity (Biofund)**, in August 2011 through approval for the Council of Minister, and a public utility status attributed to it on April 2012;

9. Regarding the institutional framework, a new conservation management institution (ANAC) was established in April 2011 (Ordinance 11/2011), following a process of inter-ministerial consensus building. Reports were prepared to support transition to and functioning of ANAC: Manual of Administrative and Financial Procedures for the National Administration of Conservation Areas; ANAC business plan and the plan of transition of DNAC and other relevant institutions to ANAC; Draft Statutes distributed to appropriate ministries; and Terms of Reference for staff recruitment. The first Director General was appointed in July 2013, and a new Director General took functions in August 2014. The Statutes and *Regulamento Interno* have been approved and adopted. Six technicians were moved from former DNAC to ANAC and the recruitment process for staff and advisors is underway.

10. In addition, the Project supported Mozambique in advancing a number of TFCA-related initiatives with neighbouring countries. International protocols for management have been agreed for Lubombo and Limpopo TFCAs. The target of 4 agreements was revised down to 3 at MTR because of slow progress with setting up collaboration among Zimbabwe, Mozambique and Zambia (ZIMOZA). A technical and ministerial meeting took place on May 26, 2009 to discuss the proclamation of the ZIMOZA TFCA. The Ministers requested changes and agreed that once suggested amendments were made the legal process would follow. Although the ZIMOZA Agreement was completely negotiated at technical level, the Ministers of Zambia, Zimbabwe and Mozambique did not meet to ratify the Agreement. On September 29, 2013 a MOU was signed by the

Mozambican Minister of Tourism and the Zimbabwean Minister of Hospitality with the intention of developing tourism and promoting economic growth, but the TFCA has not been established yet.

11. Also in 2013, a Joint Operational Strategy was adopted by park agencies in Mozambique, Swaziland and South Africa. This is intended to focus effort on PA administration, management of biodiversity, and law enforcement. In support of law enforcement, a draft MOU between Mozambique and South Africa was signed to provide an integrated, international approach to the control of rhino poaching.

12. The Project also supported the development of a series of management and operational instruments some of which have contributed to strengthen MITUR's administrative capacity, while others have provided improved tools for PA management and tourism development at the district level. A full list of instruments produced by the Project is presented in the table below.

Table 1- Documents prepared by the TFCA Unit and approved by Government

Nr	Document	Date	Observations
1	Procurement Manual	February 6,2006	
2	Financing Manual	February 8, 2006	
3	Monitoring and Evaluation Manual	April, 2006	
4	Principles of the Conservation Areas	June, 2006	
5	Vilanculos District Tourism Master Plan	July, 2006	
6	National Conservation Policy and Strategy	November 2, 2009	
7	Process Framework (revised)	September, 2009	
8	Community Enterprise Fund Manual	November, 2009	
9	Manica District Tourism Plan	February 2010	
10	Management Plan for Banhine National Park	August, 2010	
11	Management Plan for Maputo Special Reserve	2010	
12	Management Plan for Zinave National Park	February, 2011	
13	Sussendega District Tourism Master Plan	February, 2011	
14	Management Plan for Chimanimani National Reserve	August 2011	
15	Management Plan for Ponta do Ouro Partial Marine Reserve	October, 2011	
16	Conservation Law	May 21, 2013	Approved by Council of Ministers
17	Joint Operational Strategy	2013	Adopted by Park Authorities: Mozambique, Swaziland and

			South Africa
18	Tourism Concession Manual	January, 2014	Draft awaiting approval by MITUR and Council of Directors

Component 2 - Integrated District Development Planning (IDDP)

13. A specific indicator of the Project's result framework, the intention of supporting the preparation of two pilot IDDPs was to ensure that all developments in the selected districts (Matutuine and Vilanculos) were aligned with, and did not adversely impact, nature-based tourism. The District Development Plan for Matutuine District was produced, with Project support, by the District authorities in 2006 and approved at the district level. The plan was strengthened in 2007 and 2008, with assistance from a Technical Advisor for the National Directorate of Planning (DNP) recruited by the Project. The Mid Term Review did not change Component 2 although it formalized the decision of Vilanculos District to withdraw from the initiative and acknowledged the limited direct influence of the Project by not requiring the TFCATDP to be accountable for the IDDP process. As a result, the elaboration of IDDPs was limited to Matutuine district. Later, the Ministry of Planning and Development took the leadership in further preparing the IDDPs for Matutuine District.

14. The Elephant Coast Development Agency (ECDA) had responsibility to promote tourism in Matutuine district, along the Ponta do Ouro coast, and gather tourism data. Although it managed to gather some data on overall tourism for the district, it failed to deliver in a series of areas, and as a result the Agency ceased to exist in 2010. Attempts made by the TFCATDP to have the Instituto Nacional de Turismo (INATUR) continue the implementation of the ECDA tasks were not successful, due to lack of capacity of INATUR. As a result, the contribution of the overall growth in tourism has not been assessed.

Component 3 – Community and Private Sector-Led Tourism Development

15. The overall intention of Component 3 was to situate PAs within a broader planning process such that they would be protected from inappropriate development and income could be generated through increased tourism. The role of the Project was to support (i) building capacities in the National Tourism Directorate (DINATUR), the Elephant Coast Development Agency (ECDA) and targeted private sector and community associations to unlock opportunities for sustainable tourism investment and growth, including the preparation of tourism plans in the target TFCAs; and (ii) support community-led conservation and tourism development through the establishment of a Community Equity Fund (CEF). Although progress would be measured by the number of

plans prepared, how they were implemented and adapted would determine attainment of the intention to link conservation with tourism.

16. Regarding the **Capacity Building Subcomponent**, the Tourism Framework for the Maputo Special Reserve and Futi Corridor was produced and approved by MITUR in 2006, and was helpful in facilitating tourism in the Lubombo TFCA. In 2012, additional Tourism Master Plans (TMPs) were prepared for the Districts of Vilanculos, Sussundenga and Manica.

17. While the target output (increased from 4 to 5 Tourism Plans at Mid Term Review) was achieved, the anticipated benefits of integrated development planning (such as appropriate concessioning) were not fully realized due to the late preparation of the plans and the institutional problems described previously, except to some degree in the MSR. However, the TFCATDP requirement for reporting tourism data has generated significant improvements, as it has led to a more formal and organized approach to data gathering and reporting. Park managers and the District services for economic activities are responsible for data collection. This has become a routine activity that, in addition to providing regular updates, also makes conservation personnel conscious of the importance of visitors in park management.

18. One of the indicators in the results framework was the level of conformity of new tourism ventures with the new guidelines for awarding of concessions. The MTR recommended that this indicator should be dropped because even though the Project had prepared draft regulations for concession in protected areas, the Government had decided that these would be incorporated into the Concession Law. Consistent with this decision, the new Conservation Law (approved during the last year of the Project) provides a revised framework for awarding concessions.

19. In addition, investor satisfaction was assessed using a four point scale in 2006, 2008 and 2011. The determinants of investor satisfaction, or lack of, were consistent across the three TFCAs, as illustrated by the tables below. Level of investor satisfaction in 2006 was 37% increasing to 48% in 2008 and 60% in 2011 yielding a net increase of 23% which is a 62% increase in investor satisfaction. As a result, the EOP target of 55% was exceeded.

Table 2 - Problems that affect investor satisfaction in targeted districts

Main Problem		2006	2008	2011
Condition of access roads	Libombo TFCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Limpopo TFCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Chimanimani TFCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access to credit and funds	Libombo TFCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Limpopo TFCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Chimanimani TFCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Absence of commercial services	Libombo TFCA	<input type="checkbox"/>	<input type="checkbox"/>	
	Limpopo TFCA	<input type="checkbox"/>	<input type="checkbox"/>	
	Chimanimani TFCA	<input type="checkbox"/>	<input type="checkbox"/>	

Marketing	Libombo TFCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Limpopo TFCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Chimanimani TFCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Capacity in Tourism	Libombo TFCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Limpopo TFCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Chimanimani TFCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access to services	Libombo TFCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Limpopo TFCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Chimanimani TFCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Number of visitors/clients	Chimanimani TFCA			<input type="checkbox"/>

Table 3 - Investor satisfaction (% of respondents)

TFCA	Year	Distribution			
		0	1	2	3
Libombo TFCA	2006	38	35	26	`
	2008	5	26	69	`
	2011	5	14	67	14
Limpopo TFCA	2006	`	75	25	`
	2008	`	33	67	`
	2011	`	30	50	`
Chimanimani TFCA	2006	`	86	14	`
	2008	`	33	50	`
	2011	10	20	60	10

0 – Very dissatisfied with the investment environment;

1 – Not satisfied with the investment environment;

2 – Satisfied with the investment environment;

3 – Very satisfied with the investment environment

(Data from Annual Reports). Sample size varies across years. In 2013 assessment included 26 respondents from Libombo, 18 from Limpopo and 16 from Chimanimani TFCA

20. The **second subcomponent** focused on support to enable communities to develop enterprises and to partner with the private sector. To achieve his goal, the Project established a Community Enterprise Fund (CEF) at the start of the Project reflecting the strong intention that communities should be targeted as beneficiaries, and provided technical and financial assistance for the following activities: (i) increase in tourism operations in the target TFCA in conformity with environmental and social standards contained in TMPs; (ii) establishment of community associations; (iii) conservation and/or tourism-related community subprojects; and (iv) partnerships between private investors and communities for the construction and operation of tourism operations.

21. The Project monitored the growth in tourism operations in conformity with Tourism Master Plans (TMP) in the target districts. The target at Project appraisal was 1,200 beds in 2012 and 1,480 beds in 2013, which was considered unrealistic at MTR and was downgraded to 400 for 2012 and 500 for 2013. By the end of 2013, a total of 244 beds had been established. This shortcoming can be attributed to the delays in preparing,

approving and giving effect to the TMPs, and particularly because development of concessions for Milibangala and Ponto Dobela did not materialize.

22. Of the 244 beds established, 45 were located within PAs and developed with Project support mainly through the CEF (26 at Ndzou Camp, 10 at Tondo Lodge, and 19 at Covane Lodge). Additional 24 beds were added to the Chemucane lodge, in the MSR.

23. As illustrated below, the CEF, with support provided by contracted NGOs (performing as community brokers) established a total of 24 community associations (exceeding the original target of 20 associations). Because of the emphasis given to community development in the Project not only the number of beds was important but also that all operations had strong community involvement and have generated employment for community members. Despite the limited outputs generated by this activity, the establishment of lodges within PAs has provided an extremely valuable demonstration effect, as well as important lessons learned for MozBio to improve and expand the type of initiatives supported by the CEF.

Table 4 - Community Associations established with broker support in TFCAs

Protected Area	Name of Community Association	Year Established	Community Broker
Limpopo TFCA			
Banhine	Avestruz Association	2009	AWF
	Banama Community Association	2011	TFCATDP
Zinave	Vuka Zinave Association	2009	LVIA
Limpopo	Mapai Ngala Association	2010	LUPA
Libombo TFCA			
Maputo Special Reserve	Ahi Zameni Chemucane Association	2009	PPF
	Pfuka Guengo Association in Guengo Community	2010	PPF
	Matchia Community Association	2010	PPF
	Massuane Development Association	2010	PPF
	Phuza Development Association	2010	PPF
	Mabuloko Development Association	2010	PPF
Chimanimani TFCA			
Chimanimani	Moribane Community Association	2008	MICAIA & TFCATDP
	Verde Tsetsera Association	2006	TFCATDP
	Associação de Comunitaria Mussapa Wassimuca de Mussapa-Rotanda	2010	Ambero & KSM
	Associação de Apicultores Kubura Kushinga de Mussapa-Rotanda	2010	Ambero & KSM
	Associação Kpfeca Kwacanaca Mussapa-Rotanda	2010	Ambero & KSM

Protected Area	Name of Community Association	Year Established	Community Broker
	Associação Comunitária Kukura Kurérwa de Pheza	2010	Ambero & KSM
	Associação Comunitária Kubatana Chikukwa/Chimanimani	2010	Ambero & KSM
	Associação do Comité de Gestão de Recursos Naturais de Tsetsera	2010	Ambero & KSM
	Associação de Mulheres de Mupandeia Mohoa	2010	Ambero & KSM
	Associação de Apicultores Kudya Kunonaka de Sembezeia-Muhua	2010	Ambero & KSM
	Associação de Apicultores Ngatiite Zvedo Muoco in Dombe	2010	Ambero & KSM
	Associação Comunitária Budiriwo de Machire-Muoco	2010	Ambero & KSM
	Zomba Community Association	2011	MICAIA
	Nhabawa Nhaedzi Community Association	2011	MICAIA

24. In terms of specific subprojects, the CEF supported a number of initiatives in all three TFCAs. The formalization of community associations and the resultant opportunities for community-partner enterprises have been foundational processes promoted by the Project. In addition to supporting tourism development in community – investor partnerships, the CEF invested US\$ 794,695 in 18 community projects that directly benefited local communities. In total, CEF supported subproject provided benefits to almost 3000 community members and generated over 1100 jobs. Community enterprise projects within MSR, CNR, LNP and BNP (e.g. chili production and commercialization, horticulture, honey and community lodges) created jobs and generated meaningful revenue generation opportunities for local communities. The Project focused on creating employment through small-scale enterprises and. Three community enterprises dedicated to production of chilies (one) and honey (two) are linked to markets and are potentially viable. Craft projects have been less successful as beneficiaries were not connected to markets, either through local tourists or agents, so production has been supply- rather than market-driven. Tour guide and hospitality training to community members have improved economic opportunities associated with tourism ventures. Little attention was directed specifically at sustainable natural resource use projects and those to promote conservation agriculture and horticulture were not successful, mainly due to design deficiencies. In addition, community boreholes supported by the Project have made tangible contributions to improving living conditions of beneficiary communities.

25. The tourism subprojects supported have not yet generated meaningful outputs given that construction took place during the final years of the Project. Regardless, because of its beautiful beaches, Mozambique is widely perceived as a ‘beach tourist

destination’ rather than a ‘nature or wildlife destination’. Although not explicitly stated, the implied assumption is that most ‘bush’ tourist operations would draw on tourists whose principal motivation was to spend time at the coast, at least until the quality of wildlife and hospitality experience offered could compete with other locations. Even then, more aggressive marketing and incentives would be required to establish a compelling brand. Experience of this Project has shown that it takes much more than establishment of accommodation facilities to draw tourists in large numbers to bush experiences in Mozambique. At issue is not the supply of accommodation, or even accessibility, but rather quality of the bush tourism experience. While coastal destinations carry a marketable brand, this is generally not yet the case for bush destinations in Mozambique.

26. The types of CEF subprojects and number of beneficiaries are described in the table below.

Table 5 - Location, types, and beneficiaries of individual projects

Project	Community	Direct			Total		
		Beneficiaries			Resident		
		F	M	T	F	M	T
Libombo TFCA							
Chilli Production, MSR	Matchia	20	10	30	160	145	305
Honey Production, MSR <i>Gender issue- males only</i>	Madjadane		25	25	300	305	605
Arts and Crafts, MSR	Madjadane	12	13	25			
Chemucane Lodge	Chemucane	11	15	26	200	190	390
TOTAL		43	63	106	660	640	1290
Limpopo TFCA							
Covane Lodge LNP	Canhane	17	23	40	600	500	1100
Water supply in Canhane LNP <i>Benefits all</i>	Canhane			1100			
Tourism Promotion and GLTP Cultural Fair LNP	Canhane	8	12	20			
Curio Training BNP	Tchove	17	13	30			30
Conservation Agriculture BNP	Tchove				440	360	800
Horticulture Production ZNP	Zinave	30	20	50	230	200	430
Borehole for cattle ZNP <i>Gender issue - males only</i>	Zimane		100	100			
Community Borehole BNP <i>Benefits all</i>	Covane			650			650
Community Borehole ZNP <i>Benefits all</i>	Covane	320	270	600			600
Rehabilitation of Fish Eagle Tented Camp BNP	NPTChove		15	15	420	380	800
TOTAL		392	453	2605	1690	1440	4410
Chimanimani TFCA							
Ndzou Camp Lodge CNR	Moribane	10	15	25	580	520	1100
Additional Ndzou Camp CNR	Moribane		2	2			
Tourist guides training CNR	Mussapa		20	20	390	360	750
Honey Production, CNR	Mussapa	5	95	100			
Chikwidzi Lodge CNR	Mussapa						
Tsetsera Campsite CNR	Tsetsera	2	7	10	425	430	855
TOTAL		17	139	157	1395	1310	2705
GRAND TOTAL		452	655	2868	3745	3390	8405

27. In addition to the outputs described in this section, three key performance indicators are directly related to the achievements of this component.

28. Number of visitor and bed nights in tourism facilities in the target districts. The PAD indicator included two variables (visitors and bed nights) which created uncertainty. The Restructuring Paper increased the target from 100,000 to 220,000 and selected bed nights and the M&E Framework recorded bed nights in TFCAs. Project staff continued to record both bed nights in tourism facilities and visitors. Both statistics are considered relevant because they measure different things: bed-nights measures use of lodging facilities which is particularly pertinent for community employment, while the number of visitors measures use of the parks.

29. The Project contributed to considerable growth in private sector led tourism in the three TFCA's (a total of 196,149 bed nights in 2013 compared to 66,182 in 2006, an increase of almost 200%). Although a large proportion of this tourism was concentrated in the beach destination of Ponta do Ouro, located within the Lubombo TFCA, the Project made relevant contributions to this growth through the improved tourism-related policy and regulatory instruments developed by the Project (Components 1 and 2) and, most importantly, the creation of the Ponta do Ouro Marine Reserve. The total number of bed nights and visitors in TFCA districts and PAs is presented in the table below.

Table 6 - Total number of bed-nights and visitors in TFCAs and PAs

TFCA or Park	Total number of bed-nights 2008 - 2013	Total number of visitors 2008 - 2013
TFCAs		
Libombo TFCA	669 770	
Limpopo TFCA	58676	
Chimanimani TFCA	22 799	
Protected Areas		
Banhine National Park	254	416
Chimamimani National Reserve	872	753
Maputo Special Reserve	12 582	25 202
Limpopo National Park	17 636	327 782
Zinave National Park	264	1 495

30. Growth in terrestrial nature-based tourism in PAs within the TFCAs was significantly lower (a total of 10,811 bed-nights in 2013, nevertheless representing a growth of 32% compared to 2008). This was largely due to the fact that the basic assets required for tourism development in PAs (park infrastructure, lodging facilities and wildlife populations) were slower to develop than anticipated. Regardless, the expansion of tourism within the PAs was facilitated by the construction of lodges and tent camps under rigorous environmental standards and the active participation of private sector entrepreneurs in partnership with local communities. By generating employment, private sector investments and payment of park fees, this expansion was also instrumental for achievement of the revised targets for the remaining key indicators of the PDO (leveraging of investments, community employment and PA revenues).

31. **Percentage of tourism ventures (in target districts that have adopted a District Tourism Master Plan-DTMP) /';in conformity with the DTMP.** Although the Project had originally intended to establish Integrated District Development Plans (IDDP) in five TFCAs, during implementation it was decided to pilot only two District Development Plans: one in Matutuine (which was completed and approved), and one in Vilanculos. Other DTMPs were judged not necessary, as the Ministry of Planning and Development (MPD) was supporting the targeted Districts in preparing their District Development Plans, which also encompassed tourism.

32. This indicator was included in an effort to ensure that all tourism-related facilities and operations were developed in the context of wider district planning and met social and environmental and environmental standards. Conformity was measured against GOM legislation and the Tourism Framework that was developed for the Maputo Special Reserve and Futi Corridor as well as the Tourism Master Plans prepared for the districts of Vilanculos, Sussundenga and Manica. Project reports record that the four tourism ventures listed in the table below conformed to plans.

Table 7 - Tourism ventures conforming to plans

Name of Tourism Venture	District	Date
Ndzou Camp	Sussundenga	2010
Chikwidzi Lodge	Sussundenga	2013
Chemucane	Matutuine	2014
Tsetserra Lodge	Sussundenga	2014

33. **Amount of new private tourism or conservation-related funds leveraged as joint-venture with communities in target districts.** Despite the slow start, the Project exceeded the EOP target of US\$ 2 million by US\$ 440,000 (22%), as a result of the six tourism projects that were implemented with Project support through the CEF. A single private investment, the Chemucane Lodge (opening December 2014 in MSP/Libombo) contributed US\$ 2 million (or 82% of the total), enough to meet the target. Together with two other investments (Covane Lodge (Limpopo) and Ndzou Lodge (Chimanimani)) they contributed almost 96% of the total funds leveraged. In general, subprojects which did

not include a private sector partner, did not leverage significant funding, as most counterpart funding provided by communities was in kind.

34. Excluding major investment in lodges established through investor-community partnerships, the Project invested US\$ 794,695 in 18 additional conservation-related community projects (including Chikwidzi Lodge) that directly benefited local communities. Financial information and funds leveraged are described in the following table.

Table 8 - New private tourism or conservation-related investments leveraged as joint-ventures with communities in target districts (US\$).

Project	Project Investment	Leveraged investment	% of total leveraged
Libombo TFCA			
Chilli Production	49 715	70 000	58%
Honey Production	21 590	3 000	12%
Arts and Crafts	18 290	2 000	10%
Chemucane Lodge	500 000	2 000 000	80%
SUB-TOTAL	589 595	2 075 000	78%
Limpopo TFCA			
Covane Lodge LNP	500 000	250 000	33%
Tondo Lodge		836 000	100%
Water supply in Canhane	30 710	10 000	24%
Tourism Promotion and GLTP Cultural Fair	40 000		
Curio Training BNP	4 000	6 000	60%
Conservation Agriculture	12 000	8 000	40%
Horticulture Production	5 000		
Borehole for cattle	35 000		
2 Community Borehole	150 000		
2 Community Borehole	120 000		
Rehabilitation of Fish Eagle Tented Camp	143 000		
Hospitality Training	30 000	10 000	25%
SUB-TOTAL	1 069 710	1 120 000	51%
Chimanimani TFCA			
Ndzou Camp Lodge	205 000	85 000	29%
Additional Ndzou Camp	15 000	6 000	29%
Tourist guides training	12 330		
Honey Production	24 460		
Chikwidzi Lodge	33 000		
Tsetsera Campsite	50 000		
SUB-TOTAL	339 790	91 000	21%
GRAND TOTAL	1 999 095	3 286 000	62%
Initial Target 2012		2 000 000	
Revised Target 2012, 2013		2 000 000	
% of target achieved		164%	

Component 4 – Protected Area Management

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

36. **Component 4** was designed to develop a professional approach to management of protected areas in support of the conservation of biodiversity and included two subcomponents. The first focused on capacity building and the second on management, including improvement of facilities. With funding from the IDA credit and GEF, specific support provided by the Project included construction and/or rehabilitation of infrastructure, operating equipment and supplies, technical assistance and training, and introduction and management of wildlife. As a result of this support, PAs improved their basic assets and management, increased the area under protection; improved communication, information and law enforcement; and increased their' revenue generation capacity.

37. The area under formal conservation increased by 1,910 Km² of which 918 Km² is due to the establishment of the Ponta do Ouro Marine Reserve and the Futi Elephant Corridor, and the remainder to the realigning the boundaries of three PAs within the Limpopo TFCA (ZNP, BNP and CNR). The realignment of boundaries not only resulted in a significant reduction in the population living inside the protected areas (from 2,050 to 448 families), but also contributed to an increase in the total area under conservation in the target TFCAs. The first table shows the changes in area achieved due to Project supported activities, while the table below quantifies the reduction in population in the PAs due to demarcation.

Table 9 - Area (Km2) of new PAs formally designated & managed for biodiversity conservation.

Park	Target Km²	Hectares achieved	Km² achieved	Comment
Banhine National Park		Loss of 57 000	Loss of 570	Redefined boundaries
Chimanimani National Reserve		4 900	49	Redefined boundaries
Zinave National Park		151 300	1513	Redefined boundaries
Limpopo			None	

National Park				
Lubombo TFCA (FC and SMR below)	1400			
<i>Futi Corridor</i>	700		240	New
<i>Special Marine Reserve</i>	700		678	New
Total	1400		Net gain 1,910 136% of target	

Table 10 - Number of families resident in CNR, BNP and ZNP before and after the boundaries were redefined.

Park	Number of families resident in the park before and after new boundaries		Park area (ha) before and after new boundaries		Net gain/loss
	Before	After	Area before	Area after	
CNR	494	72	63 400	68 300	4 900
BNP	647	74	700 000	643 300	-57 000
ZNP	909	302	399 400	550 700	151 300
Total	2 050	448	1 162 800	1 262 000	99 200

38. In terms of incompatible land uses, remote sensing was used to map rural land use and determine the presence of uses incompatible with biodiversity conservation. The analysis of the percentage of land use within each of the PAs in 2005, 2007 and 2012 showed that incompatible land use accounted for less than 3.5% of the total land area, which did not result in any significant loss of natural habitat and was well within the Project target of 10%. This analysis also reflected Government concern about the impact of incompatible land use, as it was difficult to contain impacts when people live in the parks, including expansion of agriculture, grazing and poaching. This encouraged DNAC to consider ways of reducing the number of people residing in the parks by excising (i.e. re-demarcation) the more densely populated areas so that fewer people would have to be resettled while at the same time including new unpopulated areas with high conservation value into the parks.

39. The process of developing infrastructure experienced considerable delays during the initial years of Project implementation. At the time of the MTR these delays were attributed under-budgeting of cost estimates, problems in tendering due to capacity limitations in the TFCA Unit, and the absence of suitably qualified contractors/engineers capable and willing to operate in the remote Project areas. Because of these constraints, it

was only after the Mid Term Review, when targets were redefined and more funds were allocated to infrastructure, that progress improved. Based on the needs of each PA, infrastructure provided included office blocks, senior staff housing, dormitories, ranger posts, entrance gates, water supply, fences, crossings, and internal roads. Equipment included vehicles, solar panels and generators, pumps, and office equipment. The post MTR improvement is illustrated by the results summarized in the table below, showing that a significant portion (48 out of 53) of the structures were completed during the last three years of the Project. In addition to Project Bank and IDA funds, PPF also contributed to the provision of infrastructure at the MSR, including aircraft hangar and, airstrip, fencing, boreholes and ranger post.

Table 11 - Park infrastructure financed by the Project in the target Protected Area

Infrastructure	ZNP	LNP	BNP	MSR	CNR	Total
Office Block	1		1	1	1	4
Staff House			1	2	1	4
Ranger dorm	1		1			2
Fence						
Crossing				1	1	2
Road	1	1				2
Kitchen	1		1			2
Wildlife sanct.	1			1		2
Borehole	1		1	1	1	4
Gate				1		1
Solar panels	1 set					1

Table 12 - Comparison of planned and achieved infrastructure in target PAs

PA		2009	2010	2011	2012	2013
ZNP	Revised		1	4	10	10
	Achieved		1	1	5	7
LNP	Revised	1	1	1	1	1
	Achieved		1	1	1	1
BNP	Revised		2	2	5	5
	Achieved			1	4	6
MSR	Revised			5	11	15
	Achieved				6	12
CNR	Revised			2	10	11
	Achieved				1	5
Total	Revised	1	4	14	37	45
	Achieved		2	3	17	31

40. Wildlife reintroductions contributed to ensure that diversity and numbers increased above targets. The 2006 TFCA Annual Report identifies two bio-indicator species for each PA. The 2006 – 2009 targets were somewhat arbitrary because little was known of the status of these species in the PAs. Targets were revised to 10% or 5% increase in population depending on the species. Although standard practices were used for assessment, it is accepted that counts, particularly for smaller species, especially when populations are low, commonly show wide variation. Censuses were infrequent because of cost, and the changes introduced in surveying procedures, as improved techniques and equipment became available.

41. Within these constraints the counts indicate that wildlife populations exceed targets in all cases and in some by large margins (see Table below). This reflects introductions and possibly also improved control over poaching as patrols have become more formal and frequent. However the generally low numbers of wildlife initially and the wide confidence limits associated with wildlife estimates suggest the need for caution in drawing conclusions.

Table 13 - Increase in bio-indicator species in formal protected areas

PA	Category	Baseline	2006	2007	2008	2009	2010	2011	2012
LNP	Indicator 1: Elephant	297	630			693		710	N/A
	Indicator 2: Zebra	194	325			357		375	N/A
BNP	Indicator 1: Oribi	51	51	221		402		N/A	399
	Indicator 2: Ostrich	210	210	213		361		N/A	519
ZNP	Indicator 1: Impala	150				150		160	457
	Indicator 2: Nyala	143				143		150	260
MSR	Indicator 1: Elephant	329	329			348		350	452
	Indicator 2: Reedbuck	797	797			824		850	1212
CNR*	Indicator 1: Dulker	3	0			4.55		3.2	8.6
	Indicator 2: Sable	0.97	0	0		0.54		1	3.4

- Population Index

42. In terms of PA performance and management, two indicators were used to monitor Project outcomes: (i) Increase in PA revenues; and (ii) Change in management effectiveness.

43. **PA Revenues:** Although revenues differ considerably between the different PAs, overall, annual revenue generated by all PAs increased by more than 120% during the life of the Project, from US\$ 187,400 in 2006 to US\$ 426,977 in 2013. Of the total revenues, LNP raised 68 %, MSR contributed 31%, while BNP, CNR and ZNP combined generated less than 1%. In the case of LNP and MSR (both terrestrial and marine), the growth in revenues is not only significant for the operation of the PA, but also has contributed to increase the incomes of communities as they received 20% of the annual revenues generated by the PA.

44. Project design was premised on the assumption that the concept of bush-beach tourist routes would gain traction within GOM and would assume priority for investment and marketing. This did not happen to the extent anticipated. Without investment in infrastructure required to service tourism and encourage investment at bush locations, inland lodges would not be able to compete with coastal facilities, particularly when wildlife populations had still to be rehabilitated. Although there was encouraging growth in revenue generation, targets were overly optimistic and did not adequately take account of the remoteness, poor infrastructure, visitor preferences and the associated difficulty of attracting private investors. Infrastructure investments planned for MSR, LNP and Chimanimani were not realized and anticipated revenue generation was adversely affected. Also, most visitors from South Africa use coastal destinations (of which MSR is one of many) and transit through LNP and MSR to these locations. The requirement for visitors transiting LNP to overnight in the park helped increase revenue generation but provided a disincentive to use this route to the coast. This, together with a general decline in tourists to Kruger National Park in neighboring South Africa contributed to the slowing of growth in revenue by LNP between 2012 and 2013. This contrasts with MSR where revenue increased by 53% between 2012 and 2013, which justifies the decision made to increase investment in improving the MSR, establishing the Ponta do Ouro Partial Marine Reserve and developing tourist facilities and concessions at those locations. Revenue growth at CNR was adversely affected by the political unrest in Zimbabwe and Zimbabwe's weak commitment to establishing the Chimanimani TFCA as a tourist destination.

45. **PA management effectiveness:** In accordance with the requirements of the GEF, design of Project activities was largely configured by the Management Effectiveness Tracking Tool (METT). Scores were intended to largely be used as a strategic self-management instrument to identify areas requiring attention. The intention was that park authorities should regularly assess performance, not only when required to do so by the terms of reference for a particular Project. The table below shows that management effectiveness has been assessed consistently during the life of the Project, suggesting that the process has been internalized in the culture of park management and will be sustained beyond the Project and expanded to other PAs, partly due to the specific assistance allocated by MozBio to further improve management effectiveness .

46. At Mid Term Review most targets were judged to be overly optimistic and were reduced. However, with the exception of the Ponta do Ouro Partial Marine Reserve, none

of the others achieved the target. This is not surprising given the delays experienced with procurement and construction and with implementing community subprojects through the CEF. Although the relatively high score for the Marine Reserve can be attributed to promulgation of the reserve, it also reflects the commitment of the PAs management and staff to law enforcement.

Table 14 - Change in management effectiveness

TFCA	Year	Distribution			
		0	1	2	3
Lubombo TFCA	2006	38	35	26	`
	2008	5	26	69	`
	2011	5	14	67	14
Limpopo TFCA	2006	`	75	25	`
	2008	`	33	67	`
	2011	`	30	50	`
Chimanimani TFCA	2006	`	86	14	`
	2008	`	33	50	`
	2011	10	20	60	10

47. Park management cannot be effective if a PA does not have a management plan and a tourism management plan. While the 2013 Annual Report records that management plans with performance-based management systems were successfully completed and approved for all Project PAs such plans are not yet being fully applied to assess performance. Contributing factors for this are that the plans do not include business plans and approved performance indicators.

48. The intention of deploying this indicator was to internalize a culture of management assessment in the conservation agency, thereby improving professionalism in conservation practice that would have positive outcomes for tourism. That this has not yet happened is disappointing. It is the responsibility of ANAC, rather than the TFCA Unit, to introduce and sustain performance-based management and it would be helpful to see greater commitment to this. Including contribution to performance-based management as Key Performance Areas (KPA's) for staff would encourage commitment. The EOP target was that three PAs would have operational performance-based management. At present it is not being adequately implemented in any of the PAs.

Component 5 – Project Management, Communications and Monitoring and Evaluation

49. This component was designed to finance a team of technical and fiduciary staff to undertake Project management, including Project procurement, accounting and monitoring as described by their respective manuals. Inputs expected to be financed were aimed at (i) strengthening the capacity of the TFCA Unit to coordinate the TFCA program; (ii) support its related operating costs; and (iii) enable 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. However, the MTR concluded that rather than facilitating operations, the field coordinators were adding a level of complexity and inefficiency. The organization of Project management was restructured to increase specialist capacity and efficiency. The regional management office and positions were cancelled while the TFCA team added a community development specialist and an infrastructure specialist. In addition, the component included the implementation of an M&E system to track and assess Project implementation and impacts, a system for adaptive management based on the M&E information; and the development and implementation of an information system and a communications strategy to ensure timely flow of accurate information, and to increase awareness and understanding about ecosystem management and TFCAs nationally, regionally and worldwide.

50. The performance of the TFCA Unit was assessed based on the effectiveness in completing tasks included in annual work plans, which improved from 48% in 2006 to 80 % in 2008 (Table 23) reflecting the growth in capacity within the TFCA Unit. The EOP target was set at 80%, a value that would be difficult to achieve in the complex multi-sectoral context of the TFCATDP, which was characterized by multiple interdependencies and actors over which the Unit had limited control. The comparatively low score obtained in 2013 reflects both the delays of GOM with respect to legislation and concessioning, and the challenges of developing infrastructure in remote locations as well as of working with communities and investors.

Table 15 - Percentage of deliverables in annual work plans completed each year

Indicator	2006	2007	2008	2009	2010	2011	2012	2013
Revised	80	80	80	80	80	80	80	80
Actual	48	64	80	79	81	82	76	65

51. Although a Communication strategy was prepared it had only been partially implemented and relied largely on the web site and annual reports. Annual Reports were timely and comprehensive, with a detailed description of activities implemented, progress of indicators, and issues encountered. However, only two editions of the proposed Newsletter have been released. The Project also financed the design, operation and maintenance of the website. The target was originally set at > 10 000 hits at year 2, to be increased by 25% every year thereafter. As the site only became operational in 2008, this would have set an EOP target for 2013 at more than 30,000 hits. However, there has been rapid growth from 3,539 in 2009 to 86, 218 in 2011 and 166, 355 hits in r 2013. In 2013, the site was accessed from a great diversity of countries, predominantly the USA (25%), China (21%) and Mozambique 12% in 2013.

Annex 3. Economic and Financial Analysis

1. The TFCATDP PAD presented some economic analysis of tourism potential to generate foreign exchange, employment and contribute to GDP. It presented three scenarios for the tourism sector in 2015. The optimistic scenario estimated that tourism would contribute to around 3.4% of GDP, which has probably been achieved at present (2013 figures indicate that tourism contributed to 3.2% of GDP). An ERR for the Project was not carried out at Project preparation, probably because data on tourism was very scarce.

2. A cost-benefit analysis to calculate the TFCATDP's economic rate of return (ERR) and its corresponding net present values (NPV) was conducted during ICR preparation. It predominately focuses on the economic benefits generated within TFCA's in Mozambique as a result of the Project. The Project development objective (PDO) indicators provide the basis for determining which benefits to assess.

Methodology

3. Data collected by the Ministry of Tourism (MITUR) TFCA Unit was used but, where necessary, was supplemented with information from previous national reports. Assumptions (presented below) were made in collaboration with local experts and the TFCA Unit.

4. The cost benefit analysis was conducted for 8-year Project period (June 2005 to June 2013) with a discount rate of 10% (with 5% and 12% rates included for comparison). This could be considered a conservative discount rate for a public investment in conservation as it may undervalue the expected long-term benefits as well as additional ecosystem benefits not directly assessed here, but to which the Project contributed³.

5. Activities financed under this Project were expected to generate five main benefit streams (of which four are quantifiable):

- (i) Numbers of local residents formally and informally employed in conservation and tourism in target districts;
- (ii) Number of visitors and bed nights in tourism facilities in the target districts;
- (iii) Percentage of tourism ventures in target districts that have adopted a conforming District Tourism Master Plan (unable to quantify the economic impact of the indicator);
- (iv) Volume of new capital investment in private tourism and/or conservation-related joint-ventures with communities in target areas; and,

³ The value of ecosystem services is not quantified in this section, but can potentially represent significant indirect benefits from the project, especially in the long term.

- (v) Volume of total annual revenues generated by targeted formal Protected Areas (PA).

6. The level of benefits for each quantifiable indicator is annexed to this report. In addition, the following activities provided a benefit to neighbouring communities but are not quantified:

Table 16: Additional benefits resulting from the TFCATDP

Non-monetary Additional Benefits⁴	No of Beneficiaries
Water supply in Cahane (Limpopo)	1100
Curio Training (Banhine)	20
Borehole for cattle (Zinave)	100
Community Borehole (Banhine)	650
Community Borehole (Zinave)	600

Assumptions

7. Quantifiable benefits resulting from the Project are dependent upon the following main assumptions:

- (i) **Local residents employed in conservation and tourism in target districts.** The Mozambique Ministry of Tourism (MITUR) TFCA Unit reports the number of local residents employed each year. An average annual salary (2013 prices) was calculated for conservation staff working within the following National Parks and Reserves: Limpopo, Ponta do Ouro, Banhine, Chimanimani, Qurimibas, Gorongosa. The 2013 average salary was corrected annually by the average rate of inflation (8.4% between 2004 and 2013). In order to avoid double counting the salaries of tourism staff is not counted here as it is assumed that it is captured within the 'number of bed-nights' indicator (explained further in (ii)). Therefore, the aggregated total salaries of all conservation staff employed between 2006 and 2013 as a result of the Project are presented.
- (ii) **Number of visitors and bed nights in tourism facilities in the target districts.** The original Project Appraisal Document (PAD) recommended that bed-night data be collected for the districts surrounding TFCAs, rather than just the TFCA itself. However, this approach is based on the assumption that all people staying within accommodation in target districts are visiting TFCAs, which is not the case. As a result, this analysis uses the bed-night data from the National Parks that form the Mozambican component of targeted TFCAs, which is significantly lower

⁴ No data had been collected on livelihood improvements as a result of the interventions during the project period.

than the indicator-reported data. The value of the bed-nights is determined by multiplying the numbers of bed-nights by the average daily expenditures of a tourist. This is a proxy for determining the revenue generated by tourism in PAs (with the exceptions of tourism entrance and concession fees). Batey (2011:43) provided an “average daily expenditures” of a tourist visiting Vilanculos, which includes spending on accommodation, food and beverages, in-house activities, as well as goods and services. It excludes car hire and international flights, which would distort the average value. It therefore assumes that the money spent by tourists for accommodation and services include the salaries of local residents employed in the tourism sector, as salaries are funded from tourism expenditures.

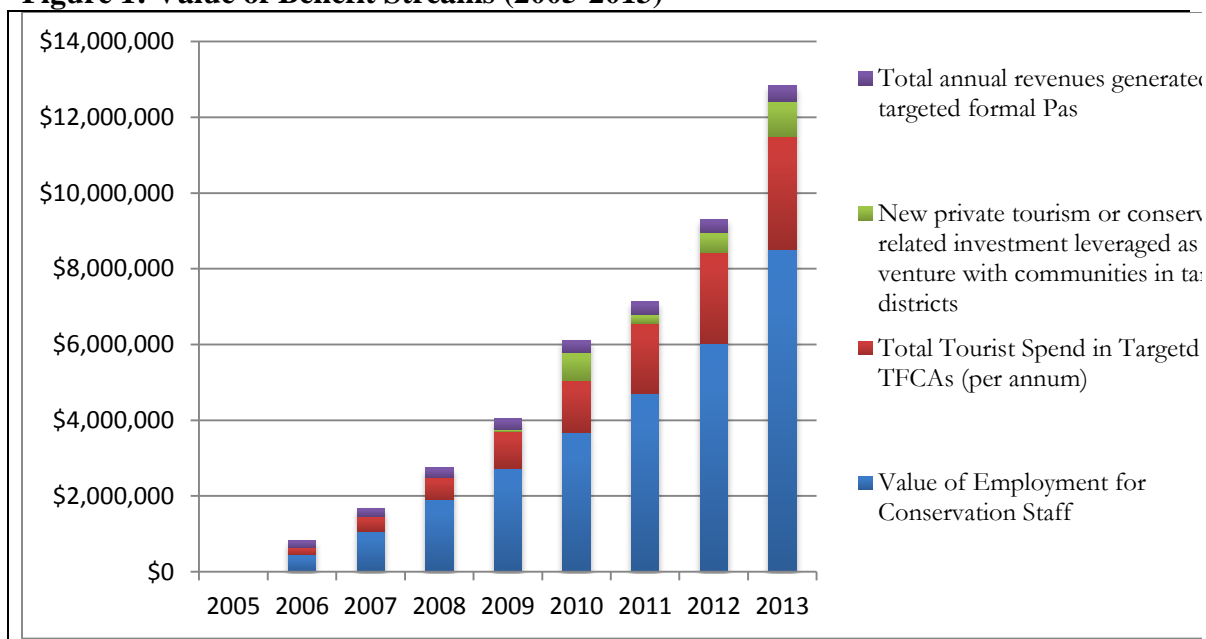
(iii) **New private investment in target districts.** As above only private investment within TFCAs is counted in order to avoid distorted figures, as not all investments within Districts are linked to PAs.

(iv) **Annual revenues from PAs.** Entrance fees paid by tourists and concession fees paid by private operators do not form a component of the tourist daily expenditure reported by Batey (2011), and therefore not double counted.

Benefits Stream and Project Costs

8. Based on the average exchange rate (2006-2013) of MTS 27.28 = USD 1, the Project achieved the following benefits streams: (i) additional employment in tourism and conservation; (ii) additional income for previously unemployed local residents; (iii) additional visitation to TFCAs and money spent by tourists in the local economies; (iv) additional investment from private sector and NGOs; and (v) additional government revenues from tourism entrance fees. The value of these streams throughout the Project period is displayed below:

Figure 1: Value of Benefit Streams (2005-2013)



The total cost of the Project by the end of 2013 was USD 36,165,500. Although costs accrued to the Project in 2014, monitoring of activities is only available until 2013.

The table below accounts for the costs and benefits from the TFCA TDP between 2005 (Y0) and 2013 (Y8).

Table 17: Benefits and Costs of TFCA TDP: 2005 (Y0) to 2013 (Y8)

USD	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8
BENEFITS	0	825,918	1,681,311	2,746,050	4,050,568	6,117,634	7,124,053	9,309,313	12,842,420
COSTS	0	2,620,420	3,113,300	5,297,175	4,846,180	5,199,032	5,717,022	6,000,518	3,371,811
NET BENEFITS	0	1,794,502	1,431,989	2,551,125	795,612	918,602	1,407,030	3,308,795	9,470,609

9. The total value of direct benefits equate to USD 44.7 million as compared with a total Project cost of USD 36.2 million between 2006 and 2013. The Project has budgeted an additional USD 2.1 million for Project costs in 2014 but data on the benefits accrued in 2014 have not been collected. Therefore 2014 is not reflected in this analysis. However, it is assumed, based on 2013 performance, that the benefits would significantly outweigh the costs.

10. The analysis has provided three scenarios based on discounts rate of 5%, 10% and 12%, representing a range of low to high rates. The table below displays the NPV depending upon the selected discount rate.

Table 18: NPV of TFCA TDP

Scenario	Discount Rate	NPV
Low	5%	\$4,665,060.70
Medium	10%	\$2,205,716.40
High	12%	\$1,490,562.77
ERR (NPV=0)	17.84%	

Sensitivity Analysis

11. The sensitivity analysis shows that the average annual wage of conservation staff have a significant impact on the ERR as well as the exchange rates. Private investment and tourism revenues are not assessed as they represent real numbers. Only the economic assumptions are scrutinised. The results of the sensitivity analysis are displayed in the table below:

Table 19: Standard Sensitivity Analysis of TFCA TDP NPV

Assumption	Scenario	New Value	ERR %
Daily spend of a tourist (US\$)	Decreases by 25%	207.21	12.45
Daily spend of a tourist (US\$)	Increases by 25%	345.36	23.12
Average Annual Wage (CA Staff) (US\$)	Decreases by 25%	2536.75	2.77
Average Annual Wage (CA Staff) (US\$)	Decreases by 25%	4227.92	32.13
Average Inflation Price (%)	Increase by 2%	10.43%	12.44
Average Exchange Rate (Conversion between MTS and USD) (MTS)	Increased by 10 MTS to 1 US\$	37.28	1.62

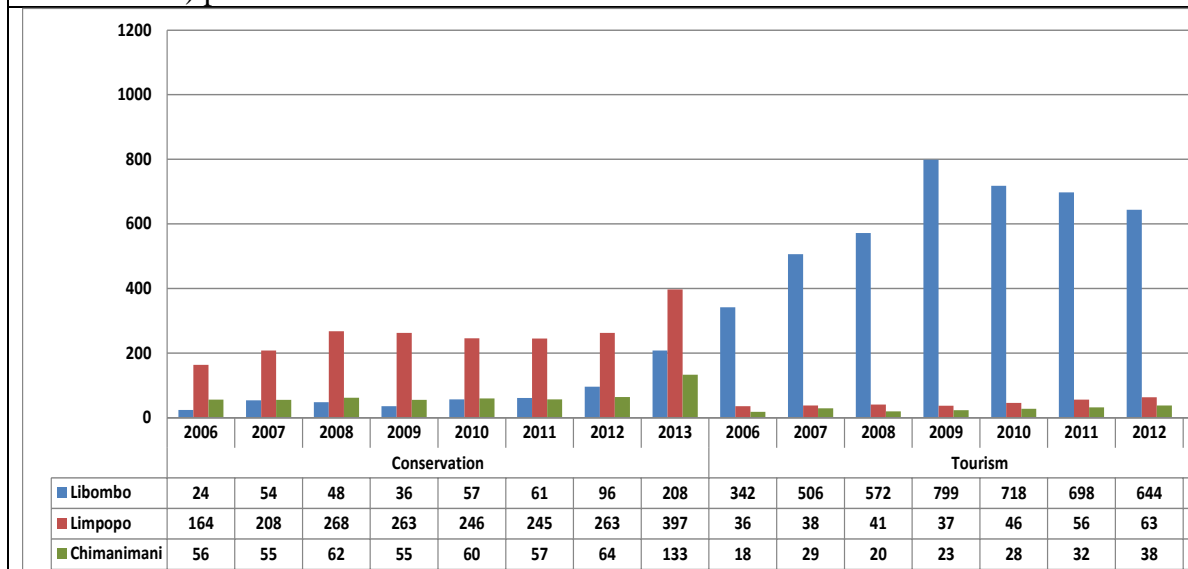
Conclusion

12. Subject to the above assumptions and uncertainties, results suggest that overall the Project was economically desirable (returns above the 12% threshold). The ERR is 17.84% and the NPV equals US\$ 2,205,726 (at a 10% discount rate).

13. Other benefits from this Project, such as improvement of environmental services, have also not been reported as no data was collected during the course of the Project. Had this been monitored it would have resulted in a significant increase in the NPV and ERR. The result of the economic analysis should therefore be considered within this context.

Indicator 1:

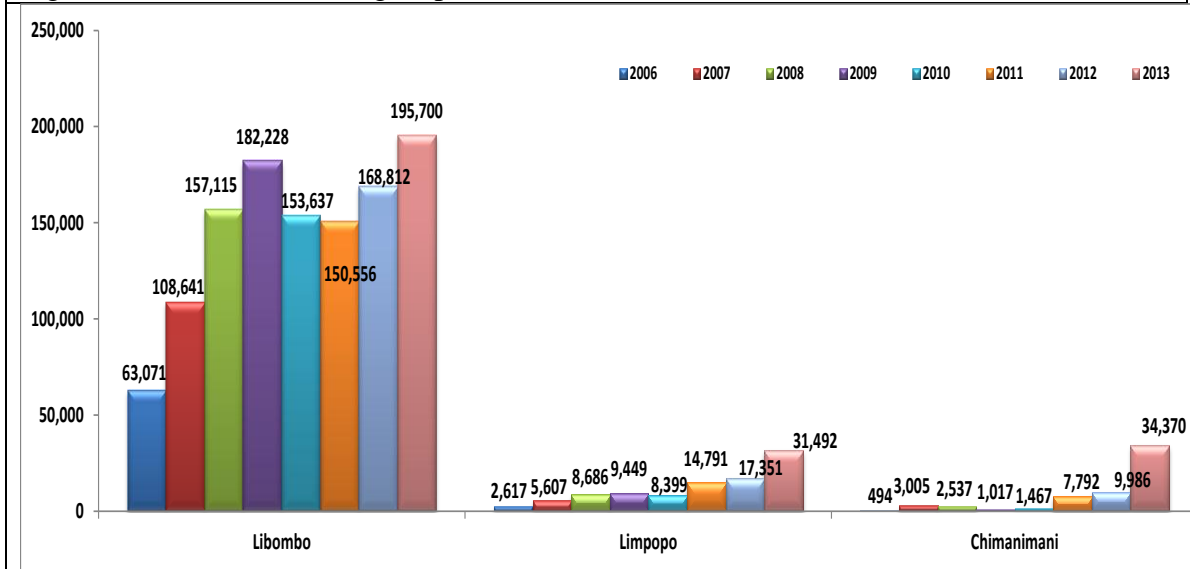
Figure 1: Number of local residents full-time employed per activity (tourism and conservation) per PA within TFCAs from 2006 to 2013.



Source: MITUR TFCA : 2013 Annual Report (2013 :23)

Indicator 2:

Figure 2: Number of bed-nights per TFCA from 2006 to 2013



Source : MITUR TFCA : 2013 Annual Report (2013 :25)

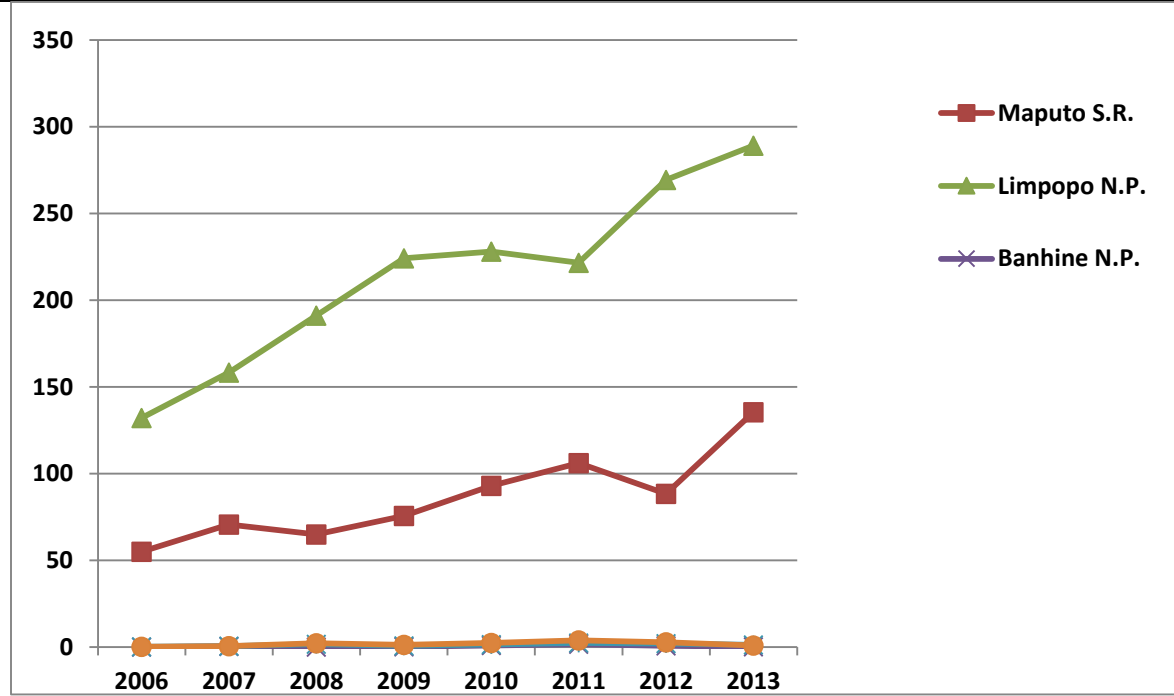
Indicator 4:

Table 20: New Investment leveraged during TFCA TDP							
TFCA	BROKERS/PARTNER	AMOUNT SPENT 2009	AMOUNT SPENT 2010	AMOUNT SPENT 2011	AMOUNT SPENT 2012	AMOUNT SPENT 2013	PROJECT
Lubombo	Bell Foundation/ Anvil Bay				167,127.91 USD	265.458,20 USD	Chemucane (salaries, wages, building materials, transport, fuel & consultancy fees)
	PPF			28.000,00 USD	180.000 USD	35.517,2 USD	Technical assistance (Matchia, Chilli, Chemucane project) and capacity building for Matsia and Chemucane communities
	FF/ASL/Barra		215.000 USD	30.500,00 USD	30,000.00 USD		Technical assistance and supervision (Chemucane project)
	LUPA			5.000,00	2,5000.00 USD	15.000 USD	Juridical and technical support to Covane and Madjadjane communities
	Comon Fund	-	-	-	-	61.871,8 USD	Chemucane hospitality training
		-	-	-	-		Feasibility studies for community projects in Matchia and Guengo

						414,918.4 USD	communities
Limpopo	ASL	-	-	25.200,00 USD	44,400.00 USD	67.775,50 USD	Covane-Chemucane route. Construction, training, establishment of CBT and employment
	Barra Resorts	-	-	10.300,00 USD	2,500.00USD	12.000 USD	Beach Bush Strategy & covane lodge furniture fees, water and marketing
	LVIA	-	448.500 USD	655.000,00 MZM	76,300.00 USD		Vuka Zinave
	LUPA	-	-	14.500,00	2,500.00 USD		Technical assistance to Madjadjane (Honey and Handcrafts)
	SNV	-	-	34.965,00	0,00USD	-	Advisory TFCA/Barra
	AWF	-	-	N/A	N/A	50.000 USD	
Chimanimani	ECO MICAIA	36.000 USD	83.600USD	38.500,00 MZM	6.800,00USD	-	Binga/ Moribane Community
	Associação. Mussapa			0,00MZM	2.857,14 USD	-	Matsia Project
	YAUNDRY Tsetserra	-	-	-	-	5.000 USD	Construction of Tsetserra campsite
TOTAL in USD		36.000	747.100	221.517,36	514.985,05	927.541,1	
Cumulative 2009/2013	2.447.143,51 USD						

Indicator 5 :

Figure 3: Annual revenues generated by PAs within TFCAs from 2006 to 2013('000s USD)



Source : MITUR TFCA : 2013 Annual Report (2013 :29)

Annex 4. Bank Lending and Implementation Support/Supervision Processes

7.1.2 (a) Task Team members

Names	Title	Unit	Responsibility/ Specialty
Lending			
Agnes Kiss	Lead Ecologist		Task Team Leader
Jean-Michel Pavy	Sr. Environment Specialist	AFTS1	Task Team Leader
Cedric Boisrobert	Operation Officer	AFTS1	
Mohamed Arbi Ben Achour	Senior Sociologist	AFTS1	
Judith Oglethorpe	Conservation Specialist	Consultant	
Luisa Moises Matsinhe	Task assistant	AFTS1	
Joao Tinga	FMS	AFTQK	
Slahedine Ben-Halima	Lead Procurement	AFTQK	
Rod De Vletter	IDDP Specialist.	Consultant	
Iain Christie	Tourism Specialist.	Consultant	
Supervision/ICR			
Jean-Michel Pavy	Sr. Environment Specialist	AFTS1	Task Team Leader
Dinesh Aryal	Sr. NRM Specialist	AFTN3	Task Team Leader
André Rodrigues de Aquino			Task Team Leader (ICR)
Amos Martinho Malate	Procurement Analyst	GGODR	
Aniceto Timoteo Bila	Senior Rural Development Sp.	GFADR	
Antonio L. Chamuco	Senior Procurement Specialist	GGODR	
Cheikh A. T. Sagna	Senior Social Development Sp.	GSURR	
Elvis Teodoro Bernado Langa	Financial Management Sp.	GGODR	
Emerson John Vasco	Team Assistant	AFCS2	
Joao Tinga	Financial Management Specialist	GGODR	
Jonathan Nyamukapa	Sr Financial Management Spec.	AFTME - HIS	
Jose Domingos Diogo Lopes Chembeze	Transport Specialist	AFTTR - HIS	
Karsten Feuerriegel	Consultant	AFTN1 - HIS	
Luisa Moises Matsinhe	Senior Executive Assistant	AFCS2	
Maria Isabel Nhassengo	Procurement Assistant	AFCS2	

Mohamed Arbi Ben-Achour	Consultant	GSURR	
Samuel Bruce-Smith	Consultant	AFTDE - HIS	
Shaun Mann	Senior Investment Policy Officer	GTCDR	
Michael G. Carroll	NRM Specialist	Consultant	ICR Author

(b) Staff Time and Cost

Stage of Project Cycle		Staff Time and Cost (Bank Budget Only)	
		No. of staff weeks	USD Thousands (including travel and consultant costs)
Lending	P071465	77	301,632
	P076809 (GEF)	36	283,754
Total:		113	585,386
Supervision/ICR	P071465	175	868,688
	P076809 (GEF)	43	321,886
Total:		218	1,190,574

Annex 5. The MozBio 1 Project and its link to the TFCATDP










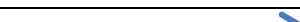


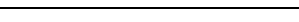





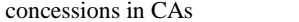
1. Building on the TFCA I, and II the GoM has requested WB assistance to implement the Mozbio Program – an ambitious long-term Program that brings biodiversity conservation, tourism development and poverty reduction together. The Mozbio Program will continue to serve as a platform to address the threats to the conservation of Mozambique’s natural capital, take full advantage of the potential tourism growth in Mozambique, and contribute to the reduction of the high poverty levels around CAs. Mozbio will be financed with GoM’s resources and support from various donors (WB, AFD, KFW, USAID, international NGOs, among others).
2. The objective of the Mozbio Program is to sustain and improve the progress made during TFCA I, and II, by further strengthening Mozambique's institutions and policies for CAs and tourism development. The institutional and policy framework for tourism development to manage Mozambique's CAs system, built with the support of TFCA II, are still quite new and require significant technical assistance and support to ensure that the new laws, policies and institutions are fully implemented. Furthermore, most terrestrial CAs do not yet have sufficiently attractive products, or a level of public infrastructure, to scale up tourism. Tourism development requires improved basic infrastructure and access to areas with potential tourism attraction, improved tourism investment promotion and facilitation and clear and simplified tourism licensing and registration procedures.
3. The Mozbio Program will address challenges through six strategic pillars (Table 1). The WB will provide support to the MozBio Program through a ‘*Series of Projects (SoP)*’. The first phase, ***Mozbio 1 (the follow up Project)*** will be a four-year project with a focus on reducing rural poverty through: i) improving the benefit-sharing mechanism that returns tourism revenues to communities; ii) increasing job creation and business opportunities from tourism; and iii) promoting alternative livelihood activities that reduce destructive practices, particularly those linked to NRM (agriculture, forestry, fisheries and wildlife management).
4. MozBio 1 will implement the new institutional framework for conservation in Mozambique, with a strong emphasis on building the capacity of the recently-established *CAs Management Agency* (ANAC) and the Biodiversity Foundation (BIOFUND), founded under the TFCA II, while strengthening the management of key CAs with the highest potential for generating revenue and reducing poverty in rural communities. The Project will promote nature-based tourism by improving regulations, strengthening government capacity and promoting the sector. The Project will also finance sorely needed infrastructure and some of the recurrent costs of existing CAs to ensure they can attract tourism and manage biodiversity adequately.
5. New and important objectives of Mozbio 1 is also to strengthen communities’ rights to land and resources and promote livelihood alternatives to local communities, though a broader landscape approach (within and around the CAs), that goes beyond tourism. This includes for example improved agricultural methods (such as climate smart agriculture techniques), community forest management and non-timber forest products management

and sustainable fisheries. To enable a broader beneficiary base and to better monitor results, two socio-economic household surveys will be carried out, in year one, and three of the Project. These surveys will be carried out in the targeted CAs and will look at the economic conditions of the population inside the CAs, their buffer zones, as well as the benefits they obtain from their surrounding natural resources, and their levels of satisfaction with the CAs. The Project is estimated that over 11,200 households (around 56,000 people) will benefit directly from the Project. A significant portion of this population is found in the poorest areas of Mozambique: the rural population in the Central and Northern regions and coastal areas.

6. The Project is expected to create the foundations for future MozBio Program phases. Potential future phases of the SoP would draw on lessons from the Project. They would extend financial and technical support to other CAs (including support to further infrastructure development) and scale up the support to local communities, particularly by providing more technical and financial support to scale up those income-generating activities shown to be viable in Phase 1.

Table 4 - MozBio Program's six strategic pillars to ensure the sustainable development of Mozambique's CAs and their contribution to poverty alleviation and growth

Sustainability of CAs	TFCA I and II	MozBio 1 (the Project)	Future MozBio Phases
1. Policies and Legislation <u>Challenge:</u> The framework for CAs is inadequate	Conservation Policy & Law drafted and adopted	Regulation of Conservation Areas Law Policies and guidelines for improved tourism investment Policies and guidelines for improved community participation Improved response by MZ to wildlife crisis & international conventions (CITES)	Implementation of regulation and policies at the national and local levels
2. Institutional & Human Resources <u>Challenge:</u> Institutions dedicated to conservation management in the MZ do not exist	ANAC & BIOFUND established Limited capacity building provided	ANAC & BIOFUND operationalization Training on law enforcement and community development	ANAC & BIOFUND operates with full cadre of staff and GOM budget fulfilling their mandate and able to take new responsibilities Higher level training of Mozambicans on ENRM (scholarship and graduate studies) and establishment of park rangers and tourism schools in MZ
3. Financial Sustainability <u>Challenge:</u> No long term financial system developed	BIOFUND Endowment established	Endowment Fund operational (revenues reach CAs) and endowment is	Endowment for CAs of MZ growing Revenues from Private

Sustainability of CAs	TFCA I and II	MozBio 1 (the Project)	Future MozBio Phases
1- Endowment fund 2- Private sector (offsets) 3- Tourism revenues		growing  Private sector contributes to CAs  Tourism revenues collection system improved within ANAC	sector and other sources flowing  Tourism revenues increased and redistributed to CAs and local communities
4. CAs Management <u>Challenge:</u> CAs are not properly managed 1- National Parks & Reserves 2- Coutadas and Fazendas 3- Community Areas	 New CAs created Basic infrastructure and management support to 5 TFCAs	 Basic management support to 11 CAs  Infrastructure to 5 CAs with tourism potential  Improvement in Wildlife monitoring and management	 Strengthened Infrastructure for conservation management and tourism development
5. Contribution of CAs to poverty reduction <u>Challenge:</u> Lack of conservation-oriented integrated conservation development models around CAs	 Censuses and early engagement with communities	 Establishing enabling conditions to engage with communities  Capacity building of local committees  Piloting livelihood support for local communities	 Scaling up livelihood support in ENRM related activities  Improved contribution of conservation activities to district and provincial planning
6. Contribution of CAs to economic growth <u>Challenge:</u> Their full potential of nature-based tourism is not explored	 Piloting CEF with limited results Limited Tourism development plans	 Improve systems and enabling environment for private sector to invest in MZ CAs  Increase promotion of CAs to tourism sector	 Increase number of well-managed tourism concessions in CAs  Continued increase in employment in nature-based tourism and in community-led tourism initiatives

Annex 6. List of Supporting Documents

Government of Mozambique 2014. TFCA II Borrower Completion Report (Prof. Charles Broom - June 16, 2014). Submitted to World Bank by Ministry of Tourism

Government of Mozambique 2003. Tourism Policy and Strategy, Ministry of Tourism, Maputo.

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Annex 7. Map of TFCATDP targeted areas

