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RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF THE
TRANSFRONTIER CONSERVATION AREAS AND TOURISM DEVELOPMENT
PROJECT
CREDIT
AND
GRANT
FROM
THE GLOBAL ENVIRONMENT FACILITY TRUST FUND
BOARD APPROVAL
DECEMBER 1, 2005
TO THE
REPUBLIC OF MOZAMBIQUE

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ABBREVIATIONS AND ACRONYMS

AWF	African Wildlife Foundation
CEF	Community Equity Facility
DDP	District Development Plan
DINATUR	Direcao Nacional de Turismo
DNAC	Direcao Nacional de Areas de Conservação
DTMP	District Tourism Master Plan
EOP	End of Project
ECDA	Elephant Coast Development Agency
FUTUR	Fundo National do Turismo
GEF	Global Environment Facility
GEO	Global Environment Objective
GOM	Government of Mozambique
IDA	International Development Association
IDDP	Integrated District Development Plan
INATUR	National Institute of Tourism (Instituto Nacional do Turismo)
KfW	Kreditanstalt fuer Wiederaufbau
MITUR	Ministry of Tourism
MTR	Mid Term Review
PAD	Project Appraisal Document
PDO	Project Development Objective
PHRD	Japanese Grant for Capacity Building
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
SDR	Special Drawing Rights
TFCA	Transfrontier Conservation Area
TFCAU	Transfrontier Conservation Area Unit
TFCATDP	Transfrontier Conservation Area and Tourism Development Project
TP	Tourism Plan

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MOZAMBIQUE
TRANSFRONTIER CONSERVATION AREAS AND TOURISM DEVELOPMENT
PROJECT

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**TRANSFRONTIER CONSERVATION AREAS AND TOURISM
DEVELOPMENT PROJECT**

P071465 (IDA, PHRD) & P076809 (GEF)

RESTRUCTURING PAPER

SUMMARY

1. This paper is to request a Level 2 restructuring of the above referenced Project. In particular it is requested to amend the Project's results indicators, reallocate grant proceeds, acknowledge the withdrawal of a Project partners as well as to adjust/cancel certain specific Project activities.

2. The proposed changes originate from the conclusion of the Mid Term Review (MTR) that took place in September 2009. They were verified and updated by a March 2011 implementation support mission. A formal request for restructuring was received from the Government of Mozambique (GoM) on February 18, 2011.

3. The Project design is generally solid with some indicators in the results framework that require adjustments so that the measured outputs are more clear and realistic. While initially Project implementation was relatively slow, it has improved steadily as procurement and financial management capacity was strengthened. The Project outcome is rated satisfactory and implementation moderately satisfactory at the moment. Although the situation has since improved, at the time of the MTR, there were implementation problems resulting from : (1) infrastructure construction which was under-budgeted and suffered delays due to problems tendering suitably qualified contractors/engineers capable and willing to operate in the remote Project areas, and (2) lack of community support for the Project, resulting from insufficient focus and lack of capacity by Project team, as well as the Project not being sufficiently linked with protected area management.

3. Following the MTR, it was agreed that going forward, the Project would gain from focusing more on product development through all facets of protected areas management and through joint community-private investment in tourism accommodations. It has therefore become necessary to make some adjustments to the results framework, the Project-financed activities, and the allocation of funding per disbursement category: (1) to concentrate financing for infrastructure developments 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; (2) to cancel the design of a pilot Integrated District Development Plan in Vilanculos District; and (3) to strengthen the Project team capacity to support infrastructure development and community subprojects in and around protected areas.

4. At the MTR it was verified that the overall risk to the Project outcome had decreased. In spite of this, the Project has been considered a corporate risk since September 2009 due to a potential reputational risk. This risk is related to the plan of the Government of Mozambique to scale up the resettlement plan from the Limpopo National Park beyond the number that had been anticipated at appraisal. The Bank has sought assurances from GoM and KfW that they will: comply with Bank safeguards; mobilize sufficient funds and, prior to completing the design of any new resettlement plan, carry out an evaluation of past resettlement activities. Both GoM and KfW have provided assurances of this commitment. A final decision on the role of the Bank will be determined when the result of this evaluation is available. It is anticipated that the Project will not be considered a corporate risk by the end of 2011(see also the risk analysis page 7).

PROJECT STATUS

5. The Project performance toward both the Project Development Objective (PDO) and the Global Environment Objectives (GEO) are rated Satisfactory as demonstrated by the monitored outcomes indicators. The PDO and the GEO are sound and do not require changes. Project implementation is rated Moderately Satisfactory largely because of a disbursement lag caused by initially slow procurement and difficulties in contract management. To date, the cumulative IDA, PHRD and GEF disbursements amount to US\$13.9 million (70% overall disbursement), US\$4.3 million (43% overall disbursement) and US\$2.3 million (62% disbursement), respectively. The Project's closing date is June 30, 2013.

6. The September 2009 MTR concluded that the Project was having a genuine impact in the targeted areas but had difficulties in the areas of community participation in tourism, conservation, and infrastructure development. The MTR also concluded that implementation progress would benefit from modifications to some of the Project instruments, such as the Process Framework and the Community Equity Facility (CEF) Manual. A revised Process Framework, dated September 29, 2009, was approved by the Bank on October 9, 2009 and a revised CEF Manual, dated November 11, 2009, was approved by the Bank on November 13, 2009. The Project management team was reorganized to improve delivery and efficiency while adding new skills such as community extension and infrastructure.

7. Post-MTR missions in May 2010 and in March 2011 verified solid progress with community-based involvement in protected areas with two community subprojects completed, several sub-projects ongoing or approved and a few in the pipeline for a total GEF commitment of US\$2.3 million leveraging private sector investment in excess of US\$2.8 million. Infrastructure development remains problematic largely due to the lack of suitable contractors. The Bank's infrastructure and procurement teams are helping the Project to organize smaller contracts which are deemed more appropriate for the envisaged work in the most remote areas such as the construction of staff housing, small bridges or fences for wildlife sanctuaries.

PROPOSED CHANGES

Results/Indicators:

8. The suggested changes to the Results Framework are minor, even though this restructuring proposes many revisions to the indicators. The revisions are meant to improve the indicators' scope, realism and measurability. A revised Results Framework is proposed in Annex 1. For ease of comparison, the Results Framework taken from the PAD's Annex 3 (pp. 39-42) is also included in Annex1 of this Restructuring Paper.

PDO Indicator

- **Indicator 1 (I1).** *Numbers of local residents employed in conservation and tourism in target districts.* The End-of-Project (EOP) target was 3,500 which proved unrealistic – to be reduced to 2,000.
- **I2.** *Number of visitors and bed nights.* The indicator wording proved confusing since “visitors” and “bed-nights” are different. It was agreed to delete “visitors” and retain “bed-nights” since it is considered the better indicator for tourism growth. It is further suggested to increase the initial EOP target of 100,000 bed-nights which underestimated achievements – to be increased to 200,000.
- **I5.** *Annual revenues of protected areas.* The EOP target was US\$800,000 for all five protected areas under the Project which proved unrealistic – to be reduced to US\$440,000.

GEO Indicators

- **I6.** *Surface area of new protected areas.* In the Great Limpopo TFCA, it has shown that it is more important to improve management of existing protected areas than to increase their size or create corridors. It is therefore proposed that the 200 km² target for Great Limpopo TFCA be dropped.
- **I7.** *Population increase of bioindicator species.* The PAD Results Framework targeted a 10% increase in species populations. Since the baseline was measured, the actual animal population numbers are monitored. No species had been proposed for Zinave National Park, so this is remediated with two indicator species to be added.

Intermediary Outcomes Indicators

- **Intermediary Outcome Indicator 3 (IO3).** *Number of international agreement or treaties:* The EOP target was 4. However, there has been no progress in the ZIMOZA TFCA because neither Zimbabwe nor Zambia is fully committed to this agreement. The target is therefore to be reduced to 3.

- **IO4.** *Number of District Development Plan.* The EOP target was 2. However, one of the proposed districts (Vilanculos) withdrew from this pilot approach. The target is therefore revised to 1.
- **IO6.** *Number of District Tourism Master Plans.* It was realized that planning at district level was not always the most practical approach. The wording of the indicator is therefore to be modified by replacing “District Tourism Master Plans” by “Tourism Plans (TP)”. The EOP target is increased from 4 to 5.
- **IO7.** *Number of tourism operations in compliance with new concession guidelines.* This indicator is to be dropped since it cannot be met during the Project life. Even though the Project has prepared draft regulations for concession in protected areas, the Government has decided that these would be folded under the new Concession Law, for which the calendar of approval is not controlled by the Project and at this point is expected to take a long time.
- **IO11.** *Score of management effectiveness:* In most protected areas, the EOP target is judged to be overoptimistic. It is therefore to be reduced for Banhine National Park (69 to 45), Chimanimani Reserve (71 to 60), Futi Corridor (53 to 30) and Maputo Reserve (78 to 60). However, it is increased for the Maputo Marine Reserve (renamed Punta d’Ouro Marine Reserve) (36 to 45) and Zinave National park (49 to 58) because they have progressed more than expected. The indicator is unchanged for the Limpopo National Park.
- **IO13.** *Percent of planned infrastructure completed.* Measuring infrastructure developments in “percentage” terms proved inadequate. The indicator therefore is being revised to read *Number of planned structures completed.* The revised EOP target to be 45 (1 road, 3 fences, 3 crossings, 38 buildings).
- **IO15.** *Percent indicators updated.* This indicator proved difficult to track objectively. Since the Project monitoring and evaluation system is performing well, it was agreed that there was no merit in maintaining this indicator – to be dropped.
- **IO16.** *Annual hits on website.* The EOP target of 36,000 hits was overoptimistic – to be reduced to 20,000.

Implementation Arrangements:

9. In one of the Project sites, the Banhine National Park, the Project was implemented through a public private partnership between the Ministry of Tourism (MITUR) and the African Wildlife Foundation (AWF). AWF had committed US\$1.0 million toward technical assistance. This partnership proved impractical with the partners unable to agree on their roles and areas of accountability. At the MTR, it was agreed that this agreement was not helping achieve the Project objectives in that national park and so, it was terminated. This change was going to be introduced immediately after the agreement termination through a restructuring of the Project. However, since the formal client’s request for restructuring took longer than expected, it is only now that the Bank legal department has been involved and was informed of this decision.

10. Since the agreement termination at the end of 2009, AWF is therefore no longer part of the Project implementation. A half million financial gap was created as a consequence of this termination but with no expected detrimental effect on the Project outcome. In fact, this change may have been beneficial to the Banhine National Park.

There, MITUR has now posted additional staff at its own cost, thereby compensating for the lack of technical assistance from AWF. The partnership between MITUR and AWF was sealed by a cofinancing agreement which is to be removed.

Components:

Component 1. Strengthening Policy, Legal and Institutional Framework (Part A¹):

10. Unchanged.

Component 2. Integrated District Development Planning (Part B):

11. Part B.3, B.4 and B.5. The development of two pilot District Development Plans (DDPs) was planned: one in Matutuine and one in Vilanculos. The DDP for Matutuine District is completed and approved. For Vilanculos District, the Government of Mozambique decided not to proceed with a pilot integrated development planning. This development of the Vilanculos DDP is therefore to be cancelled.

Component 3 – Community-private sector led Tourism Development (Part C):

11. Part C.3 and C4: The institution FUTUR, which handled tourism promotion and management of state-owned hotels, has changed its name to INATUR. The institution ECDA, to which FUTUR had delegated responsibility of Project activities in the Matutuine District, has been closed. Its responsibilities are taken over by INATUR. The activities in support of FUTUR and ECDA are transferred to INATUR.

12. Part C.5: The design of four Tourism Plans was originally planned under the Project. Three plans have been completed and approved. However, the Gaza Province Tourism Master Plan has been judged a duplication of effort and is to be dropped, given that the General Management Plans of the three protected areas located in the Gaza District, prepared under Component 4 (part D), would serve the same purpose and are more likely to generate tourism investments.

13. Part C.6: The plan for tourism infrastructure in Vilanculos District is to be cancelled because of the decision to cancel the DDP in Vilanculos District. The development of tourism infrastructures in Matutuine District is not cancelled. However, most investment identified by the DDP and Tourism Master Plans concerns the Maputo Special Reserve or the new Ponta d'Ouro Marine Reserve, both of which are covered in Component 4 (Part D). These funds are therefore to be reallocated to infrastructures in Component 4.

14. Part C.10, C.11 and C.12: The scope of support to communities is unchanged. But, it is improved through revision of the Process Framework and the Community Equity Facility Manual to facilitate the subproject selection and implementation and increase the scope/type of subprojects. It is also moved to Component 4 in order to ensure that communities are better integrated in protected area development.

¹ Components are called "Parts" in the legal documents.

Component 4 – Protected area management (Part D):

15. The decision to move activities from Component 3 to component 4 implies that (1) Part C.6 (infrastructure) is folded in Part D. 6; (2) Part C.12 (Process Framework) is folded into Part D.3 (also Process Framework); and (3) Part C.10 and C.11 (Sub-projects) become new Part D.7 and D.8.

Component 5 – Project management (Part E):

16. The organization of Project management has been reviewed to increase efficiency. The regional management office and positions have been cancelled while the TFCA team is enriched by a community development specialist and an infrastructure specialist. None of these changes to this component impact the legal agreements.

Reallocations

17. A reallocation of the IDA credit and the GEF grant is necessary to allocate unallocated funds to categories where funds are needed to enable progress toward development and global environment objective. No reallocation is proposed for the PHRD grant.

18. The proposed reallocation has some differences with the reallocation attached in the GoM request. This difference originates from a careful recalculation of the Project budget and comparison with the undisbursed balance which was carried out during the March 2011 Project support mission. It is recorded in the mission aide memoire.

19. In particular, it is proposed:

- *Category Civil Works:* A nearly flat budget is proposed in the Category Civil Work. However, this is achieved through the creation of a Civil Works Category provisioned with US\$1,960,000 under the GEF Grant and a reduction of SDR1,020,000 under the IDA Credit. This enables the completion of staff housing in three priority protected areas.
- *Category Goods:* An overall increase of SDR1,420,000 for the Category Goods under the IDA credit mainly because the value of contract has generally been well above planned budgets and to ensure that part of the protected area equipment procured in year 1 and 2 is replaced before Project closing.
- *Category Consultant Services:* An increase of SDR670,000 under the IDA credit and a reduction of US\$115,000 under the GEF grant are proposed. This will enable the Project to meet its commitment toward Project staff contracts and toward contracts whose costs were unexpected high such as the five architecture and engineering design/supervision contracts and the community broker technical assistance contracts in Chimanimani and Maputo Special Reserve.
- *Category Training:* A reduction of SDR130,000 under the IDA Credit and an increase of USD115,000 under the GEF Grant are proposed.

- *Category Operating costs:* An overall increase of SDR472,000 is proposed under the IDA credit as normal reallocation of a proportion of unallocated funds.
- *Category Subproject:* A reduction of US\$1,260,000 under the GEF Grant is proposed. The amount remaining after this reduction can realistically be disbursed before Project end given the current pipeline of subprojects.
- *Refund of Project Preparation Facility:* An reduction of SDR12,000 is proposed under the IDA credit to match the actual SDR disbursement now that all transactions under that category have been completed.

20. Proceeds for *Mozambique, Transfrontier Conservation Areas and Tourism Development Project, Credit No 4130, P071465* will be reallocated as follow:

Category of Expenditure		Allocation (SDR)		% of Financing	
Current	Revised	Current	Revised	Current	Revised
Works for Parts C and D of the Project	Works for Part D of the Project	5,820,000	4,800,000	100%	Same
Goods for Parts B, C, D and E of the Project	Same	1,160,000	2,580,000	100%	Same
Consultants' Services for Part C.3, C.8, E.1, E.2, E.4, and E.5 of the Project including Audits	Same	1,490,000	2,160,000	100%	Same
Training for Part A, B, C and E of the Project	Same	630,000	500,000	100%	Same
Operating Costs	Same	2,970,000	3,442,000	100%	Same
Refunding of Project Preparation Advances	Same	430,000	418,000	Amount due pursuant to Section 2.02 (b) of the Development Credit Agreement	Same
Unallocated	Same	1,400,000	0		
TOTAL		13,900,000	13,900,000		

21. Proceeds for *Mozambique, Transfrontier Conservation Areas and Tourism Development Project, Grant No TF56038, P076809* will be reallocated as follow:

Category of Expenditure		Allocation (US\$)		% of Financing	
Current	Revised	Current	Revised	Current	Revised
(1) Consultants' Services for Part A and D of the Project	Same	4,635,000	4,520,000	100%	Same

including Audits					
(2) Training under Part D of the Project	Same	705,000	800,000	100%	Same
(3) Works, Goods and Services financed through Community Subprojects for Part C of the Project	3) Works, Goods and Services financed through Community Subprojects for Part D of the Project	3,960,000	2,700,000	100%	Same
-	(4) Works for Part D of the Project	0	1,960,000	NA	100%
(4) Unallocated	(5) Unallocated	700,000	0,000		
TOTAL		10,000,000	10,000,000		

APPRAISAL SUMMARY

Risk analysis

22. This Project is a Pre-ORAF Project. At the September 2009 Mid Term Review (MTR), the risk analysis was updated using the 2005-PAD-format risk matrix (see Annex 3 of MTR Aide Memoire). It indicates a decrease in the Project average risk. The residual risk to the Project Outcome is considered Moderate. However, the intention of GoM to scale up resettlement from the Limpopo National Park (see below) has raised concerns for a reputational risk and the Project is considered a corporate risk. Below is a summary of the risk analysis.

23. One of the risks is increasing:

- *The financial sustainability.* The Government commitment to funding the sector has not materialized so far and progress towards attracting private investors has stalled given the complexity of the legislation applicable to tourism concessions.

24. Several risks linked to implementation capacity, which were rated Substantial, have proven of a lesser gravity and were downgraded to Moderate or Negligible:

- *Tourism concessions are awarded without transparency and for purpose others than that of the tourism plans.* Even though tourism concessions are complicated to obtain, the Bank has seen no evidence of non transparent concession so far.
- *Complexity of a multi-sector approach may cause delays in implementation and Complexity of projects, with four components trusted to separate lead agencies may slow down implementation:* The broad Project scope and multiple agencies initially slowed implementation. But, the completion of Component 2, the merging of two institutions supported by the Project, the post-MTR refocus on protected areas as

tourism products and the Project team reorganization have simplified the Project and decreased this risk.

- *Weakness in public sector accounting profession and Weakness in the budgetary process*: The Project financial management team is very competent. The Project has not been affected by delays in budgetary process.

25. One risk is no longer valid:

- *Insufficient capacity to carry out IDDP* and other innovative activities. The IDDP for one district is successfully completed and the other is cancelled. Component 2 is completed.

26. Three risks have been added to the matrix. They are described below.

- *Dobela Harbor*: The main threat is the proposal of a new harbor and an industrial/trade zone whose land allocation apparently overlaps the Maputo Special Reserve and the Ponta d'Ouro Marine Reserve. If the construction of the harbor is to materialize, it could reverse some of the Project outcome in the two above-mentioned reserves. However, because the probability of this materializing is considered low and if, it would materialize only after Project closure, the risk is considered negligible.
- *Resettlement in Limpopo National Park* – The KfW is funding the resettlement of about 200 families from the Limpopo National Park through two Resettlement Action Plans (RAPs). Because of geographical overlap the Bank Project is considered “associated”. As a consequence, the Bank had triggered Operational Policy (OP) 4.12 on Involuntary Resettlement and approved the Resettlement Policy Framework (RPF) that guided the design of the two RAPs. Implementing the first two RAPs proved a more difficult task than anticipated. At this moment, the first RAP for 16 families is completed. The second RAP is partially implemented. In the future, the Government of Mozambique (GoM), with own budget and KfW funds, intends to scale-up resettlement to about 1,000 additional families. The Bank has received assurances from the GoM and KfW that they are committed to comply with OP 4.12. However, in the Bank’s opinion, this scaling up has been decided in the absence of detailed steps and organizational arrangement and a full review of the cost implications. Given that (1) the Bank has not yet received convincing evidence on the funding, organization and capacity of the GoM to administer this additional resettlement process and (2) the ongoing resettlement process has not yet been assessed to judge its completeness and conformity with the RAP, this constitutes a high reputational risk. The Project is therefore now considered a corporate risk, and the Bank has initiated a dialog with KfW and GoM to assure that all efforts are deployed toward full and effective compliance with OP 4.12.
- *Gold panning in Chimanimani Reserve*: The highland section of the Chimanimani Reserve has recently become the object of increasing artisanal gold mining efforts. Undoubtedly, this mining affects the reserves biodiversity and landscape and degrades areas of potentially high tourism value. The Management Plan proposes

various strategies to address the issue including organizing miners. However, the issue is complex and unlikely to be fully resolved during the Project life. The risk to the highland portion of the Chimanimani biodiversity is substantial but the risk to the Project outcome is moderate.

**ANNEX 1:
Revised Results Framework and Monitoring
Mozambique: Transfrontier Conservation Area and Tourism Development Project**

Project Development Objective (PDO): Increase community benefits from growth in environmentally sustainable tourism in TFCAs.

Global Environment Objective (GEO): Increase the area, connectivity, & effectiveness of biodiversity conservation in TFCAs.

Revised PDO: No change

Revised GEO: No change

PDO Level Results Indicators*	Core	D=Dropped C=Continue N= New R=Revised	Unit of Measure	Baseline	Target Values**							Frequency	Data Source/ Methodology	Responsibility for Data Collection
					07	08	09	10	11	12	13 ²			
Indicator 1: Local residents employed, formally and informally, in conservation & tourism in target districts		R	Number	640	890	1,011	1,213	1,300	1,500	1,800	2,000	Yearly	Operators records	DINATUR
Indicator 2: Bed-nights in tourism facilities in the target districts		R	Number	666	117	168	193	164	200	220	-	Yearly	Operators records	DINATUR
Indicator 3: Tourism ventures (in target Project sites that have adopted a Tourism Plan) that are in conformity with such plan		C	%	-	-	-	-	-	50	70	80	Yearly	Operators records	DINATUR
Indicator 4: New private tourism or conservation-related investment leveraged as joint-venture with communities in target districts		C	Amount, in US\$ millions	-	-	-	0.1	0.3	0.8	1.2	2.0	Yearly	Project M&E records	TFCAU
Indicator 5: Total annual revenues generated by targeted formal protected areas		R	Amount, in US\$ thousand	187	230	260	302	326	360	440	-	Yearly	DNAC revenue collection records	DNAC

² Project closes on June 30, 2013. So, the EOP target is year 12 for all indicator that represent an “annual” value such as Number of bed-nights

GEO Level Results Indicators*	Core	D=Dropped C=Continue N= New R=Revised	Unit of Measure	Baseline	Cumulative Target Values**						Frequency	Data Source/ Methodology	Responsibility for Data Collection	
					07	08	09	10	11	12				13
Indicator 6: New priority areas formally designated & managed for biodiversity conservation												Yearly	Decree establishing new protected areas	DNAC
Futi Corridor		C	Km2	0	0	0	0	0	700	700	700			
Maputo Marine		C	Km2	0	0	0	700	700	700	700	700			
Limpopo		D	Km2	0	0	0	0	0	0	0	0			
Indicator 7: increase in bioindicator species (2 species/area) in formal Protected areas												Every two years	Protected area manager report from aerial survey except Chimanimani where counts are based on pellet survey and reported as index	DNAC
Limpopo Elephant		C	Number	630	-	-	693	-	710	-	-			
Zebra		C	Number	325	-	-	357	-	375	-	-			
Banhine Oribi		R	Number	51	221	-	402	-	220	-	-			
Ostrich		R	Number	210	213	-	361	-	220	-	-			
Zinave Impala		N	Number	-	-	-	150	-	160	-	-			
Nyala		N	Number	-	-	-	143	-	150	-	-			
Maputo Elephant		R	Number	329	-	-	348	-	350	-	-			
Reedbuck		R	Number	797	-	-	824	-	850	-	-			
Chimanimani Duiker spp.		R	Index	3.00	-	-	4.55	-	3.20	3.30	-			
Sable		R	Index	0.97	0	-	0.54	-	1.00	1.00	-			
Indicator 8: Area with agriculture habitation of incompatible land use in areas zoned for biodiversity conservation		C	%	-	-	<10	-	<10	-	<10	-	Three times over the Project life	Protected area manager report based on mapping of land use by	DNAC

Intermediate Result (Component Two): IDP legally established & in use as the basis for development in 5 TFCAAs.

Revised Intermediate Result (Component Two): IDP piloted as the basis for development planning in one district.

<i>Intermediate Result indicator 4:</i> DDP prepared with IDDP process that are endorsed at district and province levels		R	Numbers	0	0	1	1	1	1	1	1	Yearly	Plans and district records	TFCAU
<i>Intermediate Result indicator 5:</i> In Matutuine district, new development activities (other than tourism-related), which, as per national environmental legislation require an EIA, comply with such legislation & with the DDP		C	%	0	0	-	20	-	50	-	80	Every 2 years	Official register of MICOA and District Office	TFCAU

Intermediate Result (Component Three): The investment climate for environmentally and socially appropriate tourism in TFCAAs has improved

Revised Intermediate Result (Component Three): No change

<i>Intermediate Result indicator 6: Tourism Plans (TP) prepared in conformity regional tourism and conservation overlays</i>		R	Numbers	0	0	1	1	3	3	5	5	Yearly	Project M&E	TFCAU
<i>Intermediate Result indicator 7: New tourism concessions in targeted districts that conform with new guidelines for tending concession</i>		D	%	0	0	0	0	0	5	15	20	Yearly	Status & Project M&E	INATUR
<i>Intermediate Result indicator 8: Beds of new tourism operations in targeted districts that are in conformity with TPs</i>		C	Cum. number	-	-	-	-	40	300	400	500	Yearly	Operators records & District files	INATUR
<i>Intermediate Result indicator 9: New community organizations in targeted districts that are engaged in conservation or tourism activity in conformity with TPs</i>		C	Number	-	-	-	5	10	15	20	20	Yearly	Project M&E	DNAC
<i>Intermediate Result indicator 10: Investor satisfaction</i>		C	% increase	-	-	-	30	-	-	50	-	Three times during the Project period	Project M&E	INATUR

Intermediate Result (Component 4): The management of existing & new areas zoned in TFCAs for biodiversity conservation has significantly improved.

Revised Intermediate Result (Component 4): No change

<i>Intermediate Result indicator 11: Management effectiveness of Protected areas</i>															
Limpopo National Park		C	Score	43	45	50	55	60	65	69	72	Yearly	Project M&E and protected area managers	TFCAU and DNAC	
Zinave National Park		R	Score	36	47	53	52	56	56	58	58				
Banhine National Park		R	Score	27	33	34	35	41	42	45	45				
Maputo Reserve		R	Score	47	50	48	52	57	58	60	60				
Futi Corridor		R	Score	7	24	20	24	25	27	30	30				
Punta d'Ouro Marine Reserve		R	Score	1	3	13	34	43	45	45	45				
Chimanimani Reserve		R	Score	42	55	54	55	57	59	60	60				
<i>Intermediate Result indicator 12: Existing protected areas that have developed, adopted and are applying a performance-based management system and prepared a business plan</i>		C	Number	0	0	0	0	1	2	3	3	Yearly	Protected area managers report	DNAC	
<i>Intermediate Result indicator 13: Structures completed in targeted formal Protected Areas</i>		R	Number	-	0	0	1	4	14	37	45	Yearly	Protected area managers report	DNAC	

Intermediate Result (Component 5): Project implementation is efficient & well coordinated, with good internal & external information flow..

Revised Intermediate Result (Component 5): No change

<i>Intermediate Result indicator 14: Activities in annual work plans completed each year</i>		C	%	80	80	80	80	80	80	80	80	Yearly	Project M&E	TFCAU
<i>Intermediate Result indicator 15: Project outcomes/outputs indicators updated accordingly to schedule + incorporated in management decision</i>		D	%	100	100	100	100	100	100	100	100	Yearly	Project M&E	TFCAU
<i>Intermediate Result indicator 16: Annual hits on website</i>		R	Number in thousand	-	-	-	-	3	16	20	-	Yearly	Project M&E	TFCAU

PAD Results Framework and Monitoring (for comparison)

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

7	% increase in bioindicator species (2 species/area) in formal Pas ⁴	Great Limpopo	0	0	-	-	10	-	-	20	Every three years	Protected area manager report from wildlife and other population survey
		Banhine	0	0	-	-	5	-	-	10		
		Maputo w/ Futi Cr.	0	0	-	-	5	-	-	10		
		Chimanimani	0	0	-	-	5	-	-	10		
8	% of area with agriculture habitation of incompatible land use in areas zoned for biodiversity conservation	-	-	30	-	20	-	-	<10		Satellite images	
Intermediate results / per component												
R 1												
1	# of framework instrument developed and approved (1. national policy, 2. strategy, 3. updated law for Conservation & Wildlife, 4. new regulation for conservation & wildlife, 5. new tourism regulations)	0	0	1	1	3	3	5	5	Yearly	Project M&E	TFCAU
2	Degree of establishment of the new conservation management institution or PPPs as defined in the policy & law as measured by point system	0	0	0	0	0	5	15	25		Status & Project M&E	
3	# international agreements/treaties & additional technical protocols for TFCA management signed	0	0	1	2	3	4	4	4		Signed agreements/ Protocols	
R2												
4	# of DDP prepared with IDDP process that are endorsed at district and province levels	0	0	1	2	2	2	2	2	Yearly until completion	Plans	DNPO
5	In Matutuine district, % of new development activities (other than tourism-related), which, as per national environmental legislation require an EIA, comply with such legislation & with the TMP	0	0	-	20	-	50	-	80	Every other year	Official register	
R3												

⁴ Percentage to be replaced by actual population of the two indicator species as soon as baseline data is compiled (LNP, BNP) or collected/compiled (MSR, CSR)

6	# of DTMP prepared in conformity regional tourism and conservation overlays	0	0	0	1	1	2	3	4		DTP & DDP	DINATUR	
7	% of new tourism concessions in targeted districts that conform with new guidelines for tending concession	-	-	-	50	60	80	80	80	Yearly	Concession register, FUTUR & Operators records & Project M&E		
8	aggregate # bed of new tourism operations in targeted districts that are in conformity with DTMPs	-	-	-	450	700	950	1200	1480				
9	# of new community organization in targeted districts that are engaged in conservation or tourism activity in conformity with DTMPs	-	-	-	5	10	15	20	20				Project M&E
10	% increase in investor satisfaction	-	tbn ⁵	-	30	-	-	50	-	Year 1, 3, 6	Perception survey		
R 4													
11	Change in score management effectiveness of Pas	Great Limpopo	43	45	50	55	60	65	69	72	Yearly	Protected area manager report	DNAC
		Zinave	24	26	28	32	36	40	45	49			
		Banhine	31	33	50	55	60	62	65	69			
		Maputo SR	33	35	40	60	65	70	75	78			
		Futi Corridor	7	9	14	20	25	30	40	53			
		Maputo Marine	1	1	3	12	20	27	30	36			
		Chimanimani	36	38	43	55	60	65	69	71			
12	# of existing protected areas that have developed, adopted and are applying a performance-based management system and prepared a business plan	0	0	0	0	1	2	3	3				
13	% planned and budgeted infrastructure completed in targeted formal Protected Areas	-	0	0	5	50	60	70	80				
R5													

⁵ tbn to be measured

14	% of activities in annual work plans completed each year	na	80	80	80	80	80	80	80	Yearly	Project M&E	TFCAU
15	% of Project outcomes/outputs indicators updated accordingly to schedule + incorporated in management decision	na	100	100	100	100	100	100	100			
16	# of hits on website	na	na	10,000	12,500	16,000	20,000	26,000	35,000			

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

**ANNEX 2:
Risk Analysis Matrix from Mid Term Review Aide Memoire
Mozambique: Transfrontier Conservation Area and Tourism Development Project**

Risks	Risk Mitigation Measures	Risk Rating with Mitigation	Assessment 2005-2009	Risk Mitigation Measures	Risk Rating with Mitigation
From Project Appraisal Report in 2005			After Sept. 2009 MTR		
To project development objective			To project development objective		
Tourism development might displace local people rather than involving and benefiting them	The project includes measures to prevent displacement and impoverishment of local people, including: (i) triggering of the Bank's OP/BP 4.12 related to Involuntary Displacement; (ii) the use of IDDP to identify and support local priorities; (iii) the demarcation and registration of community land as a prerequisite to bringing in external investment; and (iv) support and incentives for equitable community/private sector partnerships. Resettlement costs are budgeted for 300 families if they choose to move out of protected areas.	M	<u>The risk is the same.</u> Involving local communities in tourism proved difficult because of lack of initial capacity and lack of clear strategy. The Limpopo community is being resettled and may benefit more from agriculture opportunities.	The project includes measures to prevent displacement and impoverishment of local people, including: (i) triggering of the Bank's OP/BP 4.12 related to Involuntary Resettlement which is implemented only in Limpopo NP with KfW funding; (ii) the use of an improved Process Framework to identify and support local priorities within the context of Protected Area planning; (iii) the demarcation and registration of community land; and (iv) support and incentives for equitable community/private sector partnerships and other livelihood subprojects.	M
Tourism development, if not well planned and regulated can cause environmental damage	The IDDP is based on strategic environmental assessments; also, the project will strengthen planning and regulatory capacity at national and decentralized levels. Investors will have to prepare investment and management plans in which environmental protection measures are identified and spelt out.	M	<u>The risk is less than expected.</u> At this early stage of tourism, its potential impact on the environment is of little concern except in Maputo SR. EA are followed in developments supported by the project.	The DDP and Tourism Plans were based on solid environmental information; the project will strengthen planning and regulatory capacity of Elephant Coast Development Agency. Investors and NGOs will have to prepare investment and management plans in which environmental protection measures are identified and spelt out.	N

Improvements achieved under the project in formal protected areas are not sustained due to financial and other constraints	Basic restructuring of DNAC to support institutional and policy reforms; direct support and incentives to encourage partnerships; measures to increase revenue generation within and around PAs.	M	<u>The risk has increased.</u> In the past 3 years, there was a modest increase in GoM budget allocation and little tourism investments to generate income.	Basic restructuring of DNAC to support institutional and policy reforms; direct support and incentives to encourage partnerships; measures to increase revenue generation within and around Pas as well as creation of a National Foundation supported by joint CP efforts..	S
			New Risk: Dobela Harbor and the industrial/trade zone's land allocation apparently overlaps the Maputo SR and the Ponta d'Ouro Marine Reserve buffer.	The TFCAU, District and ECDA to leverage other resource so a proper SEA is developed and adopted at the highest level. The WB & IFC have written a letter to the Government expressing concerns of opposing objective between the project and the harbor and requesting more information.	M
			<u>New risk:</u> The new resettlement process in Limpopo of >1,000 families is a formidable tasks which detailed steps and organization may not have yet been fully thought out.	The resettlement of 18 families proved more difficult than anticipated and not yet completed to satisfaction. While, KfW is committed to seamless RAPs, the mere scale of it will increase the attention on TFCATDP: It is likely that the TFCATDP will be enter the list of WB "Corporate risk" projects. The MTR recommended that a specialized entity be tasked with the next phase.	S
			<u>New risk:</u> The upper part of the Chimanimani R is subject to artisanal gold mining. This affects the reserve's biodiversity, landscape and areas of high tourism value.	The DNAC team and Agriconsult (working on the Management Plans) are exploring the design of various strategies to address the issue. Once a strategy is approved, the TFCAU is invited to review the TFCA budget as well as mobilize additional Government funds to implement such strategy.	N
To component			To component results		

results					
Insufficient Government ownership or political support for reform agenda.	The project supports tourism development, which GOM has identified as a primary sector for economic growth; project has been explicitly designed to support GOM's own tourism policy, strategy and action plan; also support decentralization policy which has strong political commitment	N	<u>The risk has increased.</u> GoM has shown commitment by adopting the conservation policy & marine PA. But commitment to private sector-led tourism is not unequivocal yet. Issues such as Dobela Harbor undermine perception of commitment.	The project supports tourism development, which GOM has identified as a primary sector for economic growth; project has been explicitly designed to support GOM's own tourism policy, strategy and action plan; also support decentralization policy which has strong political commitment. Work on the concessions of tourism facilities inside parks is underway and may facilitate the development of private investments inside protected areas.	M
Tourism sites in TFCA may not be attractive or developed enough to attract investors	Major tourism development is expected only in three sites where bush-beach linkages are identified: Matutuine District in Lubombo TFCA, Limpopo National Park in Great Limpopo TFCA and Vilankulo District linked to Limpopo TFCA. These are branded as the "Great Africa Routes" and, in addition to this project's support will receive support through IFC-supported SEATIP.	M	<u>Risk is the same.</u> The result of the concessioning in Maputo SR will indicate whether the current level of development is attractive to investors.	Major tourism development is expected only in three sites where bush-beach linkages are identified: Matutuine District in Lubombo TFCA, Limpopo National Park in Great Limpopo TFCA and Vilankulo District linked to Limpopo TFCA. These are branded as the "Great Africa Routes" and, in addition to this project's support will receive support through IFC-supported SEATIP.	M
Insufficient capacity to carry out IDDP and other innovative activities.	Project will draw upon pilots already underway (WB coastal zone and district planning projects), and will provide substantial up-front training and capacity building prior to launching IDDP process on the ground, as well as short and long term TA.	S Risk no longer relevant.			
Tourism concessions are awarded without transparency and for purpose others than that of the	In the Letter of Sector Policy, the Government commits to increased transparency in dealing with tourism concessions and regularly publishes the list of concessions and new concessions. The Bank will monitor these publications.	S	<u>Risk has decreased.</u> There is no experience of non transparent concession so far and no sign of any.	<u>Minor change.</u> In the Letter of Sector Policy, the Government commits to increased transparency in dealing with tourism concessions and regularly publishes the list of concessions and new concessions. IFC is acting as transaction	N

tourism plans.				advisor to Government & new concession regulations are being worked out.	
Private sector response to policy reforms & incentives provided through the project is less than expected, resulting in low levels of investment and/or lack of private sector/ community partnerships	Close consultation with the private sector during project preparation and implementation, to identify the main obstacles from their perspective (e.g. basic infrastructure, lack of transparency in concessioning, capacity constraints to partnership with communities, etc.); Community Enterprise Fund will enhance communities' attractiveness as investment partners.	M	<u>Risk is the same</u>	<u>No change.</u> Close consultation with the private sector during project preparation and implementation, to identify the main obstacles from their perspective (e.g. basic infrastructure, lack of transparency in concessioning, capacity constraints to partnership with communities, etc.); Community Enterprise Fund will enhance communities' attractiveness as investment partners.	M
Complexity of multi-sector approach may cause delays in implementation	The existing TFCA unit has project implementation experience and established mechanisms for inter-sector coordination; emphasis on implementation at decentralized/local levels where there is typically better cross-sector coordination; Disbursement schedule set to realistic rate.	M	<u>Risk has decreased.</u> The broad project scope & multiple agencies slowed implementation. The MTR refocus on PAs and TFCAU reorganization has decreased this risk.	<u>Major change.</u> The existing TFCA unit has project implementation experience and established mechanisms for inter-sector coordination; however, they will now more closely coordinate implementation of activities even though each is undertaken with the leadership of various directorate; Disbursement schedule set to more realistic rate.	N
Complexity of projects, with four components trusted to separate lead agencies slows down implementation.	The project will strengthen the capacity of the various implementing agencies and partners to perform within their existing mandates and spheres of responsibility: DNPO for the IDDP; MITUR for facilitating tourism investment and development, DNAC for PA management; and DNFFB for natural resource management outside PAs.	S	<u>Risk has decreased.</u> See above	<u>Major change.</u> See above.	M
Weakness in public sector accounting profession	A qualified Accountant with experience in public sector financial management will be appointed for this project	S	<u>Risk has decreased.</u> The project financial management team is very competent.	<u>No change.</u> A qualified Accountant with experience in public sector financial management will be appointed for this project	N

Weakness in the budgetary process	This project will be inscribed in the government's budget and its execution will follow government procedures. It is also financed 100% TTC and therefore requires no counterpart funding.	S	<u>Risk has decreased.</u> The project has not been affected by delays in budgetary process.	<u>No change.</u> This project will be inscribed in the government's budget and its execution will follow government procedures. It is also financed 100% TTC and therefore requires no counterpart funding.	N
OVERALL RISK		2.3 / 3⁶ (> M)			1.7 / 3 (< M)

⁶ In an attempt to objectively calculate the evolution of risk over time, a score of 1 is given to Negligible (N), 2 to Moderate (M) and 3 to Substantial (S).