



## Why Tourism

Tourism activity in Mozambique is a business that shows an average growth of around 10% per year, in terms of income, tourism arrivals and investment. The tourism sector employs approximately 35,000 people and pays the state tax revenues of US\$ 127 million a year (of course increasing every year). In this sense, tourism has an increasingly important position on the economic agenda and in national politics.

Tourism is widely regarded as a potentially strong vehicle for poverty reduction. However, tourism is not inherently more pro-poor than other economic sectors. The term Pro-Poor Income (PPI) refers to the wages and income earned by poor households across the tourism value chain and its interlinked supply chains, which is the full range of activities that are required to bring a tourist to a destination and provide all the necessary services (accommodation, food and beverage, excursions, souvenirs, etc)

Recent internal SNV statistics based on tourism value chain analyses (VCA) indicate that in the 17 destinations in 6 East and Southern African countries (Ethiopia, Kenya, Rwanda, Tanzania, Mozambique and Zambia) tourism spending is around \$ 1.3 billion a year and approximately \$120 million of that is PPI, which corresponds roughly to 10%. If we can contribute to increase the PPI to an average of 20% then there will be a very significant pro poor impact from tourism activities.

Specific actions have to be put into place to make tourism more pro poor. These actions range around increasing the local economic linkages to the tourism sector by strengthening economic involvement of local entrepreneurs in the tourism value chain and in a large number of supply chains, like agriculture, arts and crafts, livestock, transport, services, etc.

It is also important to involve tourism operators in the basic services and environmental sectors and through partnerships with the public sector and civil society contribute to the well being of the local populations in the destinations. Combining actions in the economic development and basic services sector will make tourism an integral and positive part of local society and contribute substantially more to pro poor and sustainable development.

The above are some of the reasons why SNV Mozambique has chosen to become one of the major players in promoting and facilitating sustainable and pro poor tourism. We have a strong added value in making tourism substantially contribute to poverty reduction in Mozambique.

## SNV's Approach

SNV works with and through national/local organizations and entities from the private, civil society and public sectors. We deliver our actions in the form of advisory services to increase and/or fortify the capacity of our client organizations to deliver the services and products necessary for pro poor tourism development. We include knowledge development as an important aspect where we facilitate the creation, sharing and discussion of knowledge in tourism issues in order to influence decision makers to promote and implement pro poor and sustainable tourism measures. Our actions are organized into a **Destination Management Approach** and **Value Chain Analysis & Development**.

SNV has chosen to work in two distinct destination areas in Mozambique; the province of Inhambane and the city of Maputo. We see the importance of contributing to a well-managed, commercially viable context so that our interventions are likely to have a good chance of success and with impact on poverty levels within the selected destination areas.

We concentrate on the following components of Destination Management:

*Delivery of tourism services on the ground:*

- Destination coordination and management;
- Quality, value for money, and availability of tourism service providers (e.g. accommodation, restaurants, tour operators, entertainment, shops, guides);
- Local information (signage, guides, tourism information centres);
- Available human resources, training and education facilities
- Supporting services (e.g. water, sanitation, hygiene, business advice, research);
- Supply chains (e.g. agriculture, arts and crafts).

*Getting people to visit the destination area:*

- Destination promotion (branding, image, pricing);
- Information services.

*Creating an enabling environment for sustainable tourism development:*

- Incentives, taxes & levies (and the distribution thereof);
- HR development;
- Investment climate.

In order to identify the right issues and select appropriate value chain interventions in our chosen destination areas, we make use of the Value Chain Analysis & Development (VCA&D) approach worked out specifically for Pro Poor Tourism by Jonathan Mitchell and Caroline Ashley of ODI.<sup>1</sup>

Value Chain Analysis & Development (VCA&D) aims at providing an understanding of how the tourism value chain operates, what share of tourism expenditure reaches different groups of people in the destination, in particular the poor, and identifying interventions for increasing the participation and income for the poor from tourism.

VCA&D looks specifically at increasing the benefits from tourism for the poor. It recognizes the fact that this will only be possible when the destination is well-managed and attracts many tourists, looking at poverty reduction in light of the triple bottom line of sustainable development – environmental, social, and economic.

The two approaches are therefore inter-related and complementary. We acknowledge the need to influence both developing tourism (“growing the tourism cake”) and distributing benefits (“increasing the slice of the tourism cake for the poor”).

## Tourism Destination Development

The four general intervention actions of the development approach are:

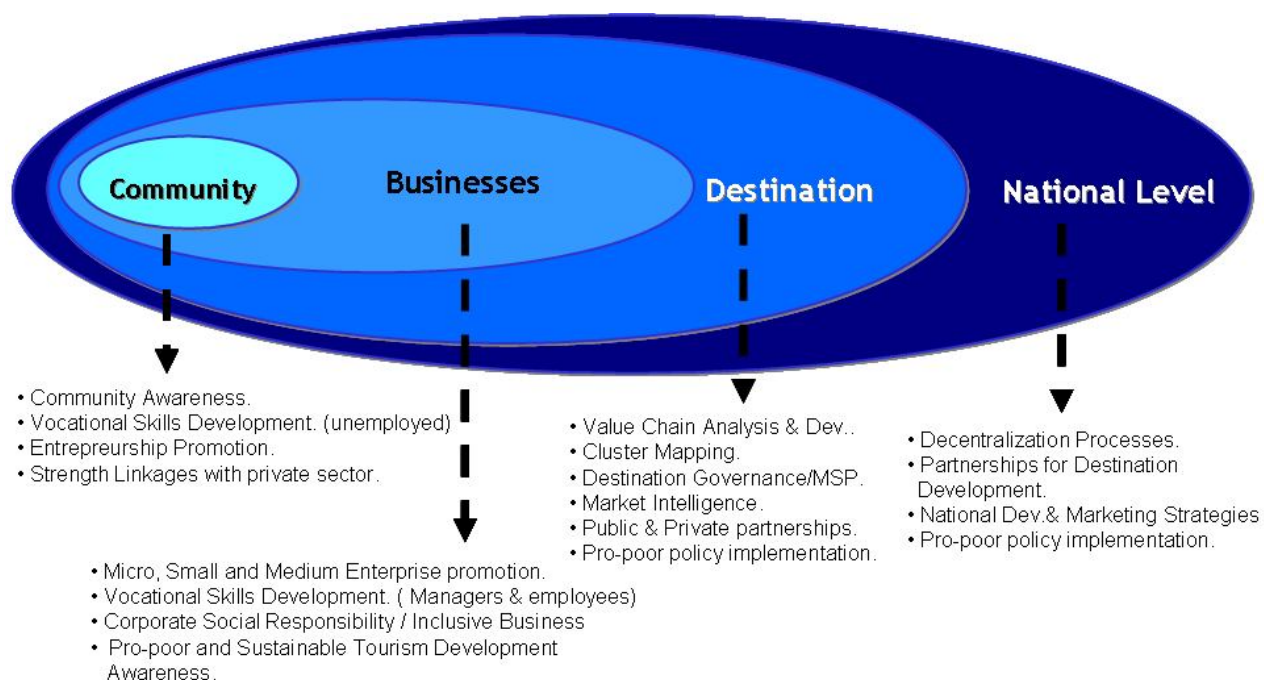
- Integrating actions and building synergies between the economic development and Basic services sectors;
- Increasing linkages of the local economy and basic services provision to the tourism sector;
- Promoting active participation of poor people in economic activities to improve their income and facilitate access to basic services for the local community;
- Developing and diversifying tourism products, destination marketing and building up a destination management organization which will guarantee a sustainable and responsible tourism growth and management.

In the following image it is possible to perceive the interdependent relationships among the components and the current key areas where SNV takes a strategic role providing advisory services and bringing in knowledge to enhance and influence pro-poor and sustainable tourism development.

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<sup>1</sup> Sources: Caroline Ashley and Jonathan Mitchell; Doing the right thing approximately not the wrong thing precisely: Challenges of monitoring impacts of pro-poor interventions in tourism value chains (2008), SNV ODI Value Chain Analysis and Development Training Workshop Report (2008).

## Tourism Destination Development Approach



Actions at local level, which involved Community, Businesses and Destination components, are currently the main focus of the Tourism Destination Development Approach. It is in this main key areas where it is being focus as much as 70% of tourism advisors time and efforts in Inhambane and Maputo Tourism Destinations.

## SNV Products and Services

SNV's work in tourism centres around five products.

- o *Multi Stakeholder Platforms and Processes (MSP)* - Promoting efficient and equitable linkages for the economically active poor along the value chain. Promote strategic partnerships and meaningful dialogue with key stakeholders for good destination management.
- o *Market Intelligence (MI)* - Promoting access to market information in an interactive manner to all actors linked to the specific tourism destination and value chain.
- o *Value Chain Financing (VCF)* - Facilitate sustainable business linkages between service providers and their clients along the segments of the tourism value chain through by identifying an brokering finance instruments as "grants", "subsidies", "debt" and "equity"
- o *Support to Producer Organisations (SPO)* - Facilitating the growth and capacity of supply chain actors so that they can participate in the tourism market and increase their income.
- o *Support to Service Providers (SPS)* - Developing the capacities of service providers so that they are enable to capacitate economic chain actors as well as non economic actors (vocational skills development providers, local government, agricultural extension, business development providers, national NGOs).

## Our Track record

SNV has grown into a major player in pro poor tourism development in Mozambique during the last few years. This is shown by the formal and informal partnerships we have with other important international and national actors in the field. It is also reflected in the contributions we make to pro poor tourism VCA&D, the case studies and articles we produce for knowledge sharing and development, our participation in regional and international conferences, and content inputs to and participation in different tourism development programs.

In recognition of our efforts and results we are steadily enhancing and developing our position as a sought after partner and collaborator, both internationally and nationally. Some examples of our partners and clients are shown below:

#### International:

- UNWTO/STEP: policy influencing, finance for capacity development, project financing and pro poor tourism development (two projects implemented in Mozambique).
- ITC: Tourism Value Chain Development, partnering in development and implementation of inclusive tourism projects.
- World Bank; partnering in implementation of Conservation Areas Tourism Development and Tourism Entrepreneurs Competitiveness projects.
- ATLAS: knowledge development in sustainable and pro poor tourism.
- ODI (Overseas Development Institute): cooperation in tourism value chain development.
- UNESCO Creative Industry Project Inhambane, Maputo – Promoting Creative Industries.
- FT TSA (Fair Trade Tourism Southern Africa): collaboration to extend FT TSA tourism fair trade to the SADC region.

#### National:

- Ministry of Tourism, Provincial directorate of tourism in Inhambane; Pro poor tourism development, bridging macro-micro gap, private sector/community tourism investment brokering.
- INATUR; tourism marketing and tourism SME development and financing.
- Inhambane tourism association and Southern Mozambique Hotel association; vocational skills development, destination management and marketing, product development.
- National Institute of Professional Training (INEFP); hospitality sector vocational skills development.
- Maputo City Council; development of the destination Maputo city.
- Private sector tourism enterprises in Maputo city and Inhambane.

### Destination Inhambane specific results

#### Baseline study and Value Chain Analysis

In early 2008 a baseline for the SNV interventions in Inhambane was finalized. It was done in collaboration with the Provincial directorate of Tourism, the city council and a local NGO (ACUDES). This set the stage for identifying and developing actions for pro poor tourism development. In late 2009 a value chain analysis was done to complement the baseline and confirm the relevance of interventions.

#### Professional training in hospitality and basic skills in the tourism sector. (Vocational Skills Development, VOSD)

Through collaboration with UNWTO ST-EP, the Provincial Tourism Association and the Directorate of Tourism a practical, short duration trainings program was initiated in 2009 and is still on-going. Around 250 people (both employed and unemployed) have been trained until now and approximately 90 more will be trained in 2010. This pilot experience will be up-scaled to become a permanent feature in VOSD in Inhambane.

#### Development and diversification of tourism products

The establishment of a recurrent Inhambane city arts & crafts/cultural/culinary market was done in early 2009 in collaboration between local actors (municipality, tourism faculty, local NGO's) Around 100 local artisans are involved.

A Tourism Small Initiatives Fund was set up in 2009 (collaboration with UNWTO ST-EP and the Directorate of Tourism) to promote and support new products and services development. Around 15 small entrepreneurial projects are at present in different stages of development.

#### Development of local agricultural supply chains

Based on an ITC financed inclusive tourism project in Maputo green, house technology vegetable production targeting the tourist market is underway. The pilot phase is giving lots of lessons learned which will be applied in an up-scaling phase to start in mid 2010.

#### *Development and improvement of access to basic services by local populations*

A solid waste management (SWM) program (including recycling and small entrepreneur involvement) is being implemented in collaboration with the Municipal Council, tourism operators, a local NGO and with support from an SWM, GTZ project in Maputo city.

Through the Corporate Social Responsibility concept SNV is assisting the leading Lodge Resort in the Inhambane peninsula to implement an effective program together with the local communities for improvements in basic services delivery (water, education, health) and creation of local entrepreneurial actions. This initiative will be replicated with a number of other interested tourism operators.

## Destination Maputo specific results

### Value Chain Analysis

In the second half of 2009 SNV Mozambique in partnership with the Tourism Ministry, the Municipal Government and the Southern Mozambique Hotel and Tourism Association carried out a Pro-poor Value Chain Analysis identifying cluster development and current economic impact from tourism.

### Tourism Destination Governance

As part of the Value Chain Analysis a multi-stakeholders platform integrating 12 key stakeholders of Maputo's tourism industry was established. The platform, "Maputo Tourism Consultative Group (MTCG)", facilitated private and public sector engagement in the VCA process. This public-private dialogue has already resulted in a co-funded Communication Plan for Marketing Mozambique in the South African Market, and the co-funded Maputo Tourism Observatory, a permanent market intelligence initiative.

### Maputo Tourism Observatory

SNV has provided advisory services to develop and implement a permanent market intelligence initiative, based on a co-funded initiative led by the South of Mozambique Tourism Association, the Department of Economic Activities, Maputo Municipality, the National Tourism Institute, the Polytechnic University, and the African Bank Corporation. This project will bring updated and relevant information to support a market oriented tourism destination management and investments to Maputo.

### Mafalala Cultural Tourism Cluster

Mafalala is a poor neighborhood of Maputo and a live museum of Mozambique's traditions and present history. The Mafalala cultural tourism cluster was first formally identified through a Cluster Analysis Component of the Maputo Value Chain Analysis. The Mafalala Walking Tour is the first product that resulted from this identification through SNV's support. This pilot initiative is managed by a local association, IVERCA, with close support of other local organizations such as AMAC and Michungue.

# SNV Track Record in Vocational Skills Development

## Introduction

The present document is a brief overview of the intervention of SNV in vocational skills development (VOSD) in the peninsula of Inhambane. VOSD is one component of the integrated sustainable pro-poor tourism (PPT) programme. This programme combines the development of appropriate value chains and basic services in education, water and sanitation, under the tourism umbrella.



## Background

In the Inhambane destination area, direct employment is the most visible economic impact from tourism. However, the participation of local people is limited and the tourism sector pays only minimum wages due to lack of appropriate skills of the employees.

A baseline carried out in the second half of 2007 indicated that the total number of full time employees (including seasonal workers) in accommodation and food & beverage was 1,645, of this figure 90% are regarded as poor as they are earning US \$ 80/month (the minimum salary defined by the government). One of the reasons why employees are earning just the minimum wage is that they have no basic skills to work in kitchen, restaurant, housekeeping and other hospitality functional areas. A “training needs assessment of the hospitality sector” commissioned by SNV and done by hospitality expert Renata Bleeken in 2008, states that over 94% of current employees possess no basic skills.

Efforts were made in the past to address the issue of skills development in the hospitality sector, but they were rather isolated and one time quick fix actions without taking into account the different perceptions of various actors. It was either public sector or donor driven.

## SNV Approach

Lack of collaboration between stakeholders being one of the constraints for the hospitality skills gap, SNV played a crucial role in bringing together the various actors, both public and private, to develop a common vision about skills development in the hospitality sector.

Another issue identified was the lack of training institutions providing basic hospitality courses on a regular basis. Even though INEFP (Ministry of Labour operational agency for professional training and employment) was managing a mobile training caravan for hospitality skills, it was not operational due to administrative problems and alleged lack of private sector interest. With funding brokered by SNV from the UN agency for tourism – UNWTO (World Tourism Organisation) for DPTURI (Inhambane Province Tourism Directorate), the financial problem of the INEFP training caravan was overcome. In addition, AHTPI (Inhambane Tourism Private Sector Association) was approached and immediate measures were taken to appeal to the interest of tourism businesses: involve the private sector in the discussions of the contents of the courses; shorten the courses' length from 4 months to modular courses of 15 days so that little functional disruption would be made to establishments sending its employees; organise courses in tourism development clusters so that the content of the courses could be region specific.



The mobile training proved to be a good solution, but had some downsides: the caravan was allocated to Inhambane only for one year; the track pulling the caravan could not access sandy remote places (roads in Inhambane are mostly sandy and potholed); only few people at a time could get training due to lack of space in the caravan; operational costs were extremely high due to caravan electricity and water consumption (using electric stoves and very sophisticated equipment); trainers were Brazilian trained and taught Brazilian dishes.

To overcome the caravan drawbacks, the VOSD platform under SNV facilitation decided to shift to a setting where tourism establishments could offer their premises as venues for the courses. This decision has cut down the costs per course from US \$ 5,000 (training 12 people, due to scarce place in mobile caravan) to US \$ 2,000 (training 20 people). In addition, the results were better because trainees got training in their normal work environment with available equipment and trainers started teaching as per the needs and wants of average customers visiting Inhambane hotels.

## Results

A total of 300 people have been trained in different tourism clusters: Jangamo, City of Inhambane, Tofo and Barra. Another 200 are expected to be trained in the course of 2010.

The target group consisted of employees from different lodges: basic cooks, room attendants; barmen and waiters. The VOSD platform decided to extend one training session for new market entrants benefiting 60 people of the communities around Praia da Rocha (new tourism spot with lodges under construction).

Another side result has emerged from this programme: INEFP improved the management of the mobile training caravan in other provinces and learned lessons that were crucial to convince its partners to procure one low-cost caravan only for Inhambane. AHTPI, which used to be a dormant body with very few supportive members (due to lack of service delivery), became vibrant and extended its base of membership fees collection. DPTURI fulfilled the national government priority of tourism human resource development.





## MISSION

“SNV is dedicated to a society where all people enjoy the freedom to pursue their own sustainable development. We contribute to this by strengthening the capacity of local organisations.”

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