

Baseline Study

Tourism and Socio-economic Development in Inhambane

**The status on the development of linkages
between the local economy and the tourism
sector**

DPTUR

CMCI

ACUDES



Maputo, December 2007

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ACRONYMS

ACUDES	-	Cultural Association for Sustainable Development
CMCI	-	Municipal Council of the City of Inhambane
DPTUR	-	Inhambane Provincial Board of Tourism
DPA	-	Provincial Directorate of Agriculture
DPP	-	Provincial Directorate of Fisheries
ESHTI	-	School of Higher Learning in Hotelier and Tourism
IIP	-	Institute for Fishery Research
INE	-	National Institute of Statistics
INEFP	-	National Institute of Professional Training
MFI	-	Micro Finance Institutions
MITUR	-	Ministry of Tourism
Mt (MZN)	-	Meticais (Mozambican currency)
ORAM	-	NGO supporting farmers' associations
PANNAR	-	Agricultural Input supply store
PPP	-	Public Private Partnership
PRSP- PARPA	-	Poverty Reduction Strategy Paper
SMME	-	Small, Micro and Medium Enterprises
SNV	-	Netherlands Development Organisation
SPPT	-	Sustainable Pro-poor Tourism
SPTDM	-	Strategic Plan for Tourism Development in Mozambique

ACKNOWLEDGEMENT AND DISCLAIMER

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SNV recognises that the information found in this report represents the findings of the research team and may or may not prove to be correct and involve various risks and uncertainties, including, but not limited to, the risk factors discussed within the report. Accordingly, any projections of the sub sector's future performance are necessarily subject to a degree of uncertainty

EXECUTIVE SUMMARY

Inhambane Province is a major tourist destination in Mozambique, the second after Maputo Province, in terms of concentration of tourism establishments and tourism related activities but still ranks as one of the poorest province in the country with poverty level of 80.7% (IAF 2002-2003). Endowed with natural beauty, coastline and paradise islands Inhambane offers areas for diving with the aquatic “big five” (dolphins, sharks, turtles, whale sharks and manta ray) and *dugongo*. It is the only place in the world where whale sharks are found all the year round.

Inhambane has been experiencing an increase in the number of tourist arrivals, registering an increase of 36% tourists from 2005 to 2006. According to provincial office of National Institute of Statistics (INE), the total number of tourists who visited Inhambane in 2006 was 31,676. The Provincial Directorate of Tourism indicates that there are 50 tourism establishment in the City of Inhambane, Tofo, Barra and Jangamo. This includes well-established lodges as well as self-catering lodges and camping sites. There are around 1500 people permanently employed in tourism sector (accommodation and other tourism related enterprises) of which 33% are seasonal workers. In the year 2006, 40% of the revenue generated in form of taxes came from the tourism sector and in terms of annual turnover, 26% of economic activities came from tourism.

Direct employment is the most visible economic impact from tourism in the Inhambane city, Tofo, Barra and Jangamo. This particular Baseline Study assessed the existence of other economic linkages between the tourism sector and the local economy. The questions that the study was trying to answer included: “Apart from direct employment, what are the other forms of linkages in terms of food supply and the outsourcing of services?”, “What is the quality of goods and services supplied to the tourism sector at present?”, “What types of complimentary products on offer and what other attractions does Inhambane have apart from SUN AND SEA?”. The results from the Baseline Study were used to look into the avenues of establishing firm linkages between the tourism sector and the local economy. In this context, an analysis was made on the current demand and supply trend in the tourism sector in relation to food & beverage items, outsourcing of services using local skills, complimentary products in demand and scope of offering these products at local level. The Study also took an overall picture of availability of basic services such as water, energy, health to the tourism sector and some aspect of social responsibility of the tourism operators to the local community and its surroundings.

In terms of local supply of Food & Beverage (F&B), apart from seafood almost all the items supplied to the tourism establishments originate from either South Africa or other parts of country like Maputo. It is estimated that the current consumption of food and beverage items amounts to 300 tons per year, with value of 16 million Meticaís (US\$ 413 000) per annum. In terms of production of food products like vegetables, meat, dairy products, and fruits very little exist on the ground. The climatic condition and soil in most parts of the Inhambane are not very suitable for production of agricultural products unless low investment green houses are introduced which can benefit the small-scale producers. This requires intensive extension services and regular supply of inputs which can be achieved through joint initiative between the private sector and support institutions such as government institutions and NGOs. The establishment of locally based supply chains involving meat and dairy products will require more concerted efforts due to the huge capital requirements that are needed for start up.

In relation to outsourcing of services, it is only accounting and private security services that are commonly outsourced at present. Other services, such as repair and maintenance, laundry, gardening, marketing and human resource development are mostly catered in-house. The major reason for this is that services are not readily available in the area and where they exist, as is the case with repair & maintenance and carpentry, the quality is poor. Good quality human resource development services are sought through the School of Hotel and Tourism, and some private consultants. Some of the major hurdles with present suppliers were related to regularity, low degree of trust in terms of finishing the job on time, informal

nature of these service providers who are unable to provide receipts and documents as required by the government tax departments.

There are no concerted efforts among the operators to promote the concept of Destination Marketing. Even the products on offer are limited to SUN AND SEA. There exist opportunities to develop several other complimentary products such as city tours, promoting historical importance of the City of Inhambane, promoting local culture and arts. There is a interest among the tourism establishments to expand the product range in order to attract more tourists and prolong their stay in the area. Again, this requires initiation from the private sector operators and willingness to work together rather than perceiving each other as mere competitors.

The lack of skilled qualified middle level and lower level personnel is hindering in offering quality services from hotels and restaurants. Apart from Superior School of Hotel and Tourism, there are not other permanent institutions in Inhambane to develop human resources at local level.

Concerning Basic services such as energy, water and solid waste management there is lack of supply of energy from the main grid in areas like Jangamo. This has resulted in very high cost of operation using generators. The solid waste management is another pertinent problem as wastes are not properly treated and there is a absence of specified dumping sites. Recently effort is being made from the Municipal Council and local NGO to give a priority to this issue. Initiatives are under way in for waste collection and management especially in Tofo and Barra area.

There is no doubt about Tourism being the engine of local economy but effort have to be put in place especially from private sector operators and government institutions to spread the benefits to the local population. A place like Inhambane should be able to promote the concept of linking the economy to the mainstream tourism. There are definitely challenges ahead but with efforts from all quarters, this is attainable in years to come.

1. INTRODUCTION

1.1 BACKGROUND

Money transferred from rich countries to poor countries through tourism is twice the amount that the rich government donate through aid. In this light, it is important for governments and the private sector to change their way of working if tourism is to contribute to poverty reduction in developing countries.

The SNV's intervention in Inhambane comes in the perspective of fostering economic development twined to increased access to basic services. Economic growth is through increase in production, income and employment, while basic services include education, water & sanitation and hygiene. This economic growth is attainable through linking local economic activities with mainstream tourism in the area.

While Inhambane is the Province with the major concentration of tourist establishments in Mozambique, it is also the poorest province of Mozambique, 80.7%¹.

In this context, a Memorandum of Understanding (MOU) between SNV and the Provincial Directorate of Tourism, Inhambane (DPTUR) was drawn with the following principal objective:

- ❖ Facilitate together with DPTUR the development of programmes in the tourism sector that contribute to the eradication of extreme poverty in Inhambane based on the plans and programmes designed by the Government of Inhambane Province,

Based on the above objective SNV in consultation with DPTUR defined mainstream tourism as the entry point for development initiatives in the future with an aim to increase the income of the local population and their access to basic services.

The Municipality of Inhambane city more specifically the city centre and the areas around the beaches of Tofo, Barra and Jangamo were defined for interventions due to the large concentration of tourist businesses namely accommodation, restaurants, diving, travel agencies and other tourism services.

1.2 OBJECTIVES FOR THE BASELINE STUDY

The Baseline study was carried out to verify the status of local economy in relation to the tourism sector. This would provide a basis to assess the progress in terms of production, income and employment and access to basic services (education, water and sanitation) at local level. The outcome of the baseline study will be a major tool to guide SNV and its partners to determine interventions strategies in Inhambane Municipality from 2008.

At the same time, Baseline Study served as a important methodology to develop the capacity of local organizations such as ACUDES and other partners in order to carry out similar studies in the future.

Specific Objectives:

1. Identify the existing links between the tourism sector and the local economy.
2. Assess the impact of tourism in the local economy in terms of the supply of goods and services, as well as assess the role of the various actors (NGO's, Government, associations among others) involved in the local economy.

¹ National Institute of Statistics 2002-2003

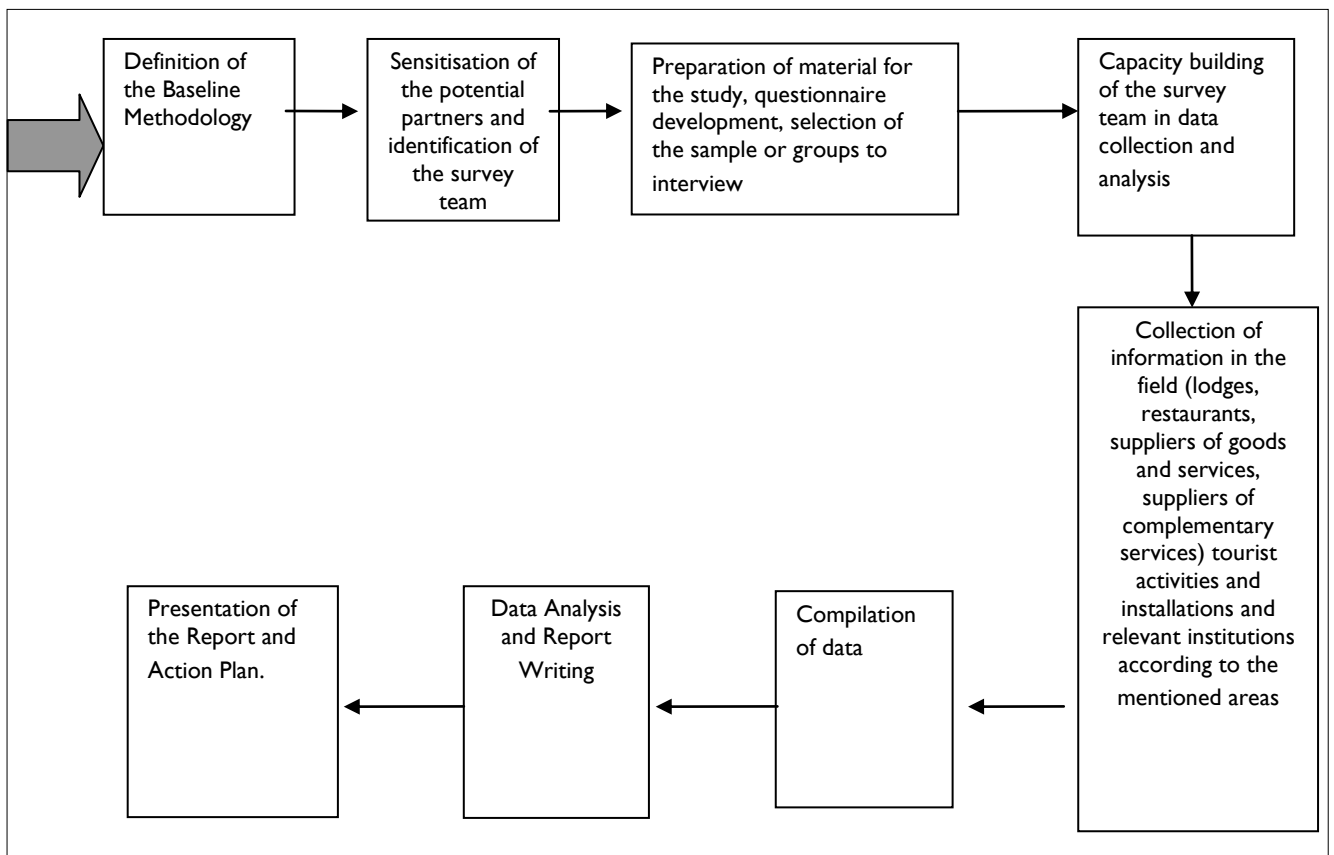
3. Identify opportunities for the creation of links between the tourism sector and local population.

1.3 METHODOLOGY

1.3.1 The Baseline Study Methodology

The flowchart below shows the methodology for the baseline, please refer to annex 2 for much information related to chronogram of events.

Flowchart for the Baseline Study



1.3.2. Data Collection

Three methods for the collection of information were used during the baseline study. These consisted in the Desk Study, Interviews and Focus Group Discussions.

Desk Study – this consisted of the collecting available information produced in the previous researches. It was possible to get information in institutions such as NGO's and Associations among others (refer to Annexe I, related to the institutions that were visited for this purpose).

Interviews – these were directed to the selected sample. Questionnaires were designed based on the objectives of the baseline as a guide.

Focus Group Discussions were held at the end of the survey with the different groupings (tourist operators of lodges and restaurants, artesian, fishermen, craftsmen and cultural

groups) from the survey sample. The objective of the focus groups discussion was to check/validate the information gained during the interviewing period.

1.3.3 Sample

According to the figures obtained from DPTUR there are 34 establishments (lodges and restaurants) operating in the area of Inhambane City, Tofo and Jangamo. Out of 34 establishments registered with DIPTUR, two were not in operation thus the universal size for the study was 32. Out of 32 establishments, 21 were selected. Out of 21 establishments, 18 were lodges (of which six (6) were self-catering) and three (3) restaurants. The sample was based on category (stars), number of employees, number of chairs, and geographical locations.

There were no specific criteria for selection of suppliers. The selection was based on the information provided by the hotels and restaurants during the interview. The only issue that was considered for group of suppliers was their legal status (formal or informal) and their level of operation, in terms of volume of sales.

1.3.4 Work team and Duration

The survey team consisted of eight members, with most of them being members of ACUDES with the other members of the team were from the DPTUR and the Municipality of Inhambane City. ACUDES was responsible for driving the survey process, as the local capacity builder while DIPTUR was the owner of the process and the Municipality of Inhambane City was a partner, given that it is the institution responsible for the jurisdictional area where the study took place. The Baseline study process started in the first week of June with the process of compilation and drafting phase ending in September and the final report produced in December.

1.4 LIMITATIONS OF THE STUDY

Due to lack of proper recording system it was difficult to obtain exact figures on volume of consumption and purchases at various hotels and restaurants and information obtained were not consistent.

In some cases, the respondents did not respond in full to certain sections of the questionnaire. This led to identifying more hotels and restaurants during the interview process in order to meet the determined sample size of 21.

1.5 STRUCTURE OF THE REPORT

This report is divided into five parts. The first chapter deals with the background, the objectives, the methodology used and the size of the sample. The second chapter talks about the macro situation of tourism, market trends, socio-economic situation and the tourist enterprises in Inhambane. In the third chapter, an analysis of the demand and supply of beverages and foods (F&B) is done, and the capacity to produce these products at the local level. In the fourth chapter, the trends in the outsourcing of services at the local levels are analysed, as well as the quality of various complementary products that are available and the potential opportunities to develop complementary products. The fifth chapter deals with way forward for future interventions based on the issues, challenges and opportunities for the creation of linkages between the tourism sector and the local economy.

2. TOURISM IN MOZAMBIQUE

Although with a big potential for sun, beach and safari holidays, the tourism sector in Mozambique is still much undeveloped. Apart from hotels in the capital and in recent times in Pemba and Nampula, the rest of the country and mainly in Inhambane and Cabo Delgado tourism accommodation is small-scale lodges and modest type suitable for backpackers. However, there has been a huge growth in terms of investments from 2003 to 2005, approximately amounting US\$ 52 million in 2003 to US\$ 84 million in the year 2005, with the building of luxury hotels and lodges in the south and central regions of the country. The major obstacle for the growth in tourism sector include poor infra-structure, lack of qualified human resources, land rights, bureaucracy and the high costs of international air travel due to limited air routes to Mozambique from major destinations in the world.

2.1 TOURISM IN THE NATIONAL PERSPECTIVE

The Government of Mozambique undertook a series of actions aimed at promoting the tourism sector with emphasis on

- (i) creating a separate Ministry of Tourism (MITUR) in 2001
 - (ii) adopting a Tourism Policy and Implementation Strategy (2003)
 - (iii) producing a National Biodiversity Strategy and Action Plan (NBSAP)
 - (iv) preparing Strategic Plan for Tourism Development in Mozambique (SPTDM) 2004 -2013.
- Official documented commitments to increase tourism's contribution to poverty reduction and pro-poor growth exists in National Poverty Reduction Strategy paper (PRSP/PARPA), the new governmental 5 year plan, and the recently approved Tourism Law.²

2.1.1 Market Trends

Mozambique is divided into three regions, each with its own unique identity, resources and priorities for development, a fact taken into consideration in the Tourism Development Strategy. The major tourists attractions include beautiful sand beaches and coral reefs; islands, cultural heritage in historic towns and islands, such as Ilha de Mozambique and Inhambane; natural forests and wetlands.³

To have a higher impact of poverty alleviation at the local level, tourism has to register an increase in the number of tourist arrivals, increased stay by the tourists and increased tourists spending. These three factors tied to linkages of tourism and the local economy will result in more money being brought into the local economy, which will have a multiplier effect on other sectors linked to tourism and increase production/productivity, employment and incomes for the whole economy.

Data from MITUR indicate there was a steady growth on estimated income generated by international tourism between the periods of 2002 -2006. It increased from US \$ 65 million in 2002 to US\$ 124 million in 2006 although the number of arrivals declined between 2002 and 2004 from 942,885 to 711,060 (Refer annex III for details). In 2005, the number of arrivals reached 954,000. It is expected that estimate income from international tourism is expected to be around US\$ 157 million.⁴ In 2004, the average occupancy rate of hotels was 13.9% with average length of stay was 2.19 nights and it was estimated that tourists spent an average of US\$ 70 per night while in the country.

² Extract from report for SNV Mozambique by Anna Spencely and Rod de Vletter – Situation Analysis and Trends of tourism sector in mozambique

³ Report by Anna Spencely & Rod De Vletter

⁴ Source Directorate of Planning and Cooperation , June 2007

According to a recent report the investments in the tourism sector in Mozambique increased from US\$ 83 million in 2005 to US\$ 604 million in 2006 and most of this has been used to build hotels, roads and tourists resorts.⁵

2.2 TOURISM IN INHAMBANE

2.2.1 Location & Socio –Economic Situation

Inhambane is a province with the highest rate of poverty in the country. 80.7% of the 1.3 million inhabitants live in extreme poverty. Government policies focus on improvement of the quality of life of the populations through a planned and integrated development. In this context, pro-poor tourism as an approach can contribute in reduction of absolute poverty in the medium and long term.

The Municipality of Inhambane City is located at 460 Km, north of Maputo in the Inhambane bay. It borders with the Districts of Jangamo in the South, the Indian Ocean in the East and the Municipality of Maxixe in the West. The Municipality of Inhambane City has a population of around 65.000 inhabitants (INE – Provisional for 2005). The population density in the municipality is of 310 people per square kilometre. 52, 6% being of female population. In the urban areas, women lead 37% of the households with poverty incidence of 5.5%⁶.

2.2.2 Tourism

This region has excellent diving areas where species such as the “Aquatic Big Five”: dolphins, sharks, turtles, whale sharks, and manta ray. It is the only place in the world where shark-whales can be seen throughout the year.

DPTUR data indicates that Inhambane Province ranks second, after Maputo, in terms of beds in hotels and lodges. The capacity is around 3,544 beds.⁷ There are altogether 34 lodges registered in DPTUR in the Municipality of Inhambane (includes city of Inhambane, Tofo, Barra) and a part of Jangamo District.

According to INE, the number of arrivals of tourists between 2005 and 2006 increased 36%, with the 23,162 arrivals in 2005 and 31,676 in 2006. (Refer to Annex III b for details). In the year 2006, in terms of origin, 56% of the tourists visiting Inhambane were from the region (mainly from South Africa), 27% international (mainly from European countries) and 17% nationals.

The occupancy rate for the province in 2005 -2006 was 15.6% and 17.7% respectively. The average stay per tourist in 2006 was 3.4 days for the province.⁸

2.2.3 Employment situation in tourism sector

Based on the figures from DPTUR there are 50 tourism establishments (lodges, restaurants, other types of tourism enterprises such as diving, shops supplying diving gears, fishing gears) approximately employ a total of 1.500 people of which 500 (33%) are seasonal (refer to figure

⁵ Anon(2007) Tourism investment in Mozambique reached US \$ 604 million in 2006
<http://www.macauhub.com.mo/en/news.php?ID=3598> 9 July 2007 and Directorate of Planning and Cooperation – June 2007

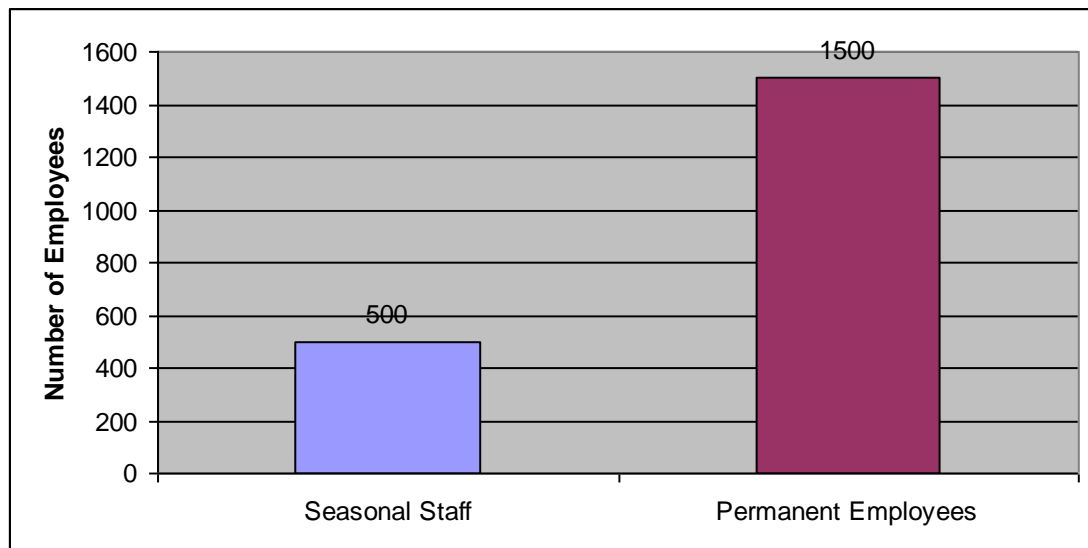
⁶ ORLOWISKI, et all (2000), Estudo da distribuição das famílias em Moçambique, Moçambique editora.

⁷ There is a big difference between the number of beds 4574 and 34 according to (DIPTURI 1998-2002), and 3544 (DIPTURI 2006 December) and 2564 Eberherr DIPTUR 2006.

⁸ Directorate of Planning and Cooperation

2). The number of seasonal employees does not include local inhabitants employed directly in the lodges, normally for periods of one week or so.

Figure 1: Number of and Categories of Employment



Source: DPTUR

3. TOURISM AND THE LOCAL ECONOMY

The creation of linkages between the tourism sector and the local economy is the primary objectives of SNV's interventions in the province of Inhambane. Establishment of linkages between tourism and the local economy will reduce dependency on external supply (either imports or from other parts of the country) in the tourism sector. Import substitution can be attainable through local production and supply attainable through gradual development of producers and suppliers at local level. This will contribute directly in creating employment, increasing production and income; and replacement of external suppliers by local ones and hence contributing in poverty reduction.

According to the Provincial Directorate of Finance, in 2006, the incomes, in terms of tax collected in the tourism sector in the municipality and surrounding areas reached 8,900,000 Mt. This figure corresponds to 40% of the collected taxes. According to the same source, the transactions in the sector were approximately of 156,000,000 Mt, corresponding to 26% of the total transactions in the province.⁹

This particular chapter three and chapter four contain detail analysis on demand & supply situation in the tourism sector in relation to F&B and the outsourcing of services, and complimentary products.

3.1 DEMAND AND SUPPLY OF FOOD AND BEVERAGES

From the universal size of 32 lodges and restaurants operating in City of Inhambane, Tofo, Barra and Jangamo 21 lodges and restaurants were interviewed. Amongst 21 lodges and restaurants, 6 lodges were self catering. In these 6 lodges the procurement of F& B at local level is virtually non-existent as their guests bring their own supply. Of the remaining 15

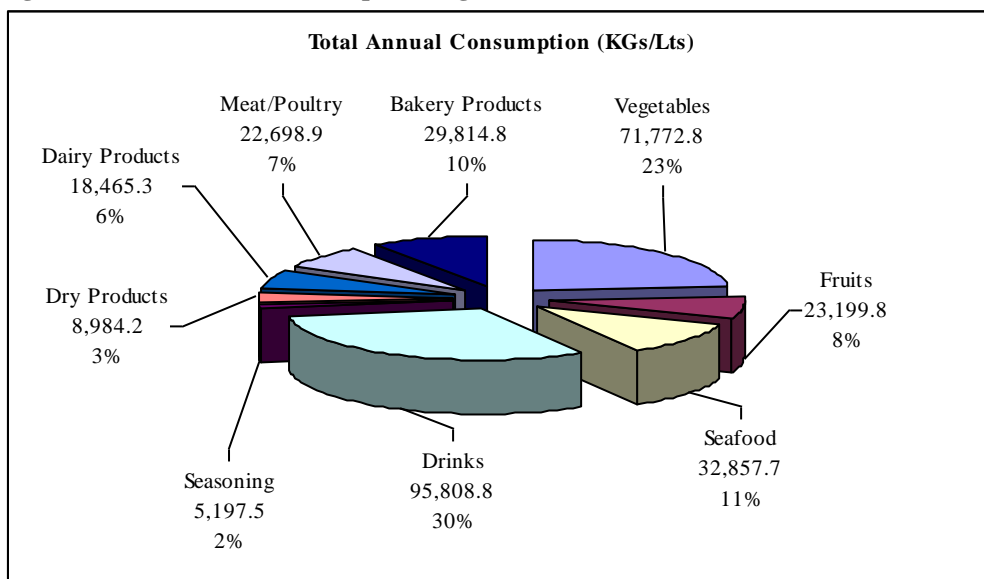
⁹ The data presented refers to the Municipalities of Inhambane and Maxixe, Districts of Jangamo, Homoíne, Panda, Morrumbene, Massinga e Funhalouro.

lodges and restaurants, 9 responded in full to the questionnaire related with F&B consumptions where as 6 responded partially. Taking into account the monthly demand of F& B items from the respondents, annual demand was calculated using extrapolation method based on stratification where establishments were classified into big, medium and small size. The other variable taken into account was high, medium and low season in terms of tourists' arrival.

Based on above method the total annual demand for F&B items come to around 307 tons. It is estimated that current demand for F&B is between 300 tons per annum (1000kg=1 ton) for lodges and restaurants operating in City of Inhambane, Tofo, Barra and part of Jangamo. It is estimated that around 16 million Mt (US\$ 413 000) is spent annually on F&B items by hotels and restaurants operating in the area, taking into account the current market prices.

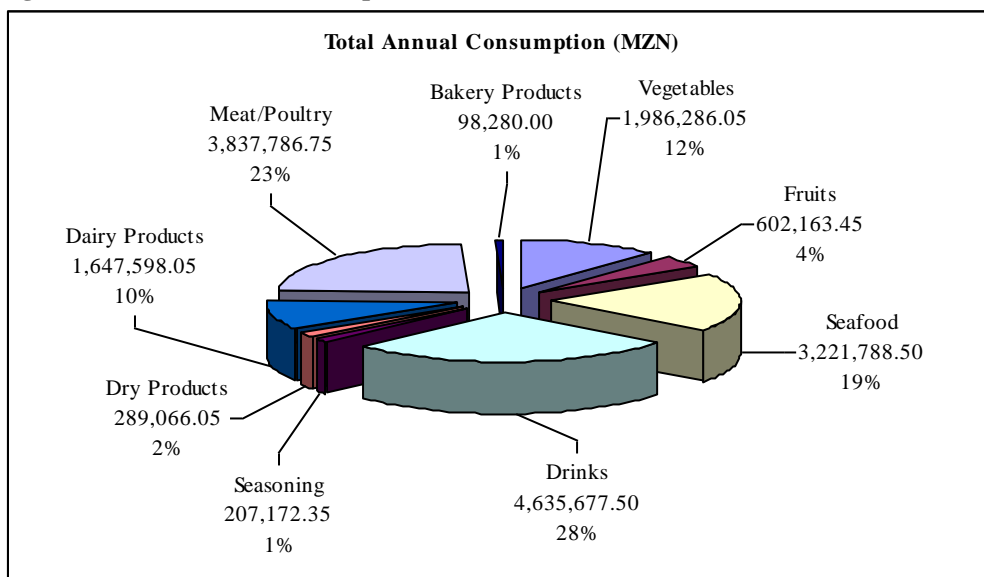
The figure 2 and 3 below give current demand pattern for lodges and restaurants operating in the City of Inhambane, Tofo, Barra and Jangamo.

Figure 2: Total Annual Consumption (Kg/L)



Source: SNV

Figure 3: Total Annual Consumption (MZN)

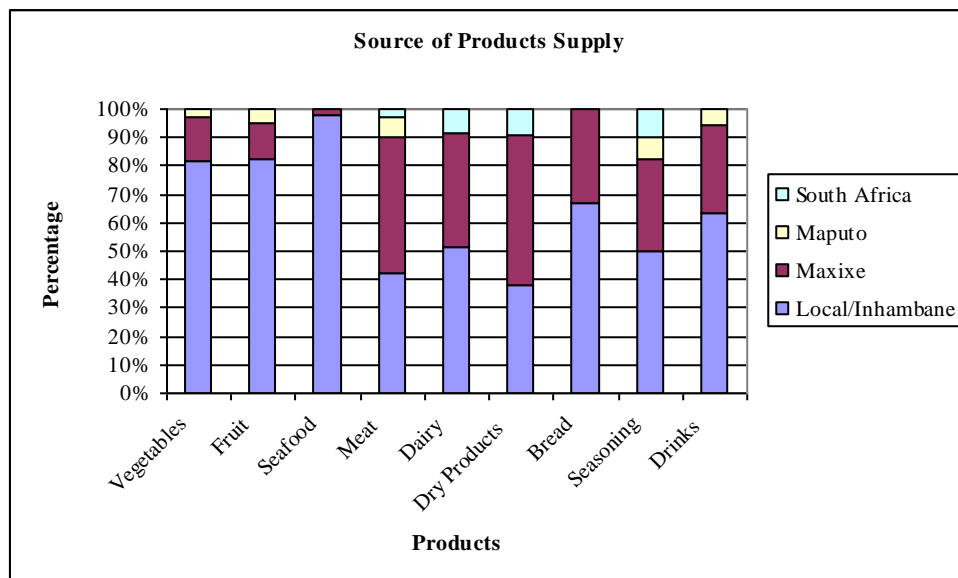


Beverages (alcoholic and non alcoholic) constitute major component in terms of quantity and value. Vegetables also have sizable percentage in terms of demand around 80 tons per annum but in terms value it constitutes 12% of the total money spent on F& B items. It was rather difficult to assess the exact demand of dry products, bakery products and spices during the study thus figures for these items are estimate based on limited information obtained.

Supply and origin of products

Figure 4 below shows the origin of the products consumed by the lodges and restaurants in the area.

Figure 4: Source of Products Supply



Source: SNV

Although the products indicated in the graphic are **purchased locally**, they are however **not produced locally** except for seafood and some fruits.

A limited variety of vegetables and meat products, (beef, chicken), produced in the municipality and the surrounding areas do not meet the requirements of the lodges and restaurants in terms of quality, quantity and the variety. Because of this, they are brought from South Africa, Maputo and Chokwé even if they are purchased in Maxixe or City of Inhambane. Poultry products originate from Maputo, banana and tomatoes are supplied from Maputo and Chokwé. Products originating from South Africa, dairy products, beef including vegetables and fruits products are in huge demand among the tourism establishments. There is a tendency among the suppliers to opt for products from South Africa, for example in case of vegetables, due to the fact that these products can be kept for a longer period of time than the ones produced locally, apart from the aspect that they are well presentable than the local products.

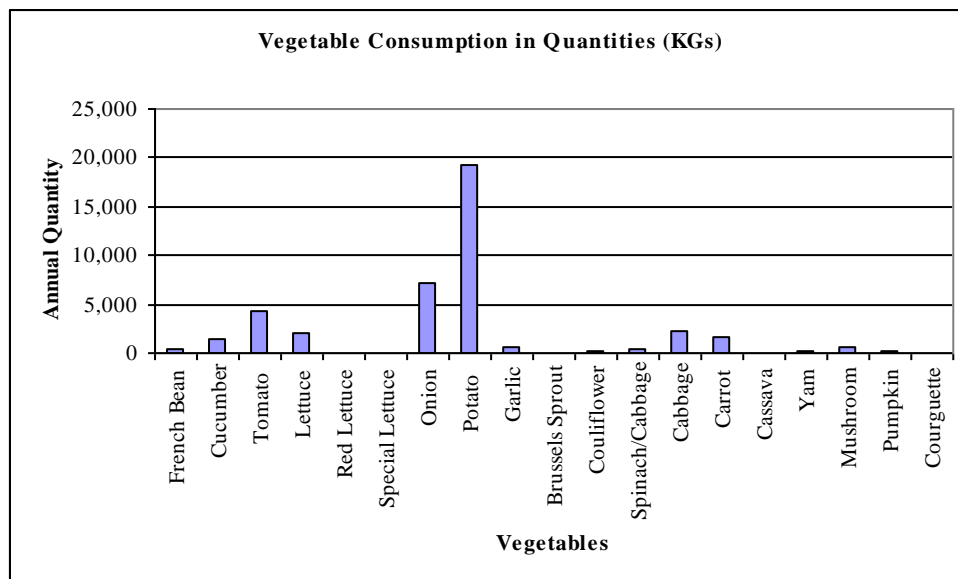
A great part of dry products is from Maputo, while the spices are imported from South Africa. Beverages although bought locally are from Maputo. The national beer is very popular among the tourists.

3.1.1 Vegetables

Demand

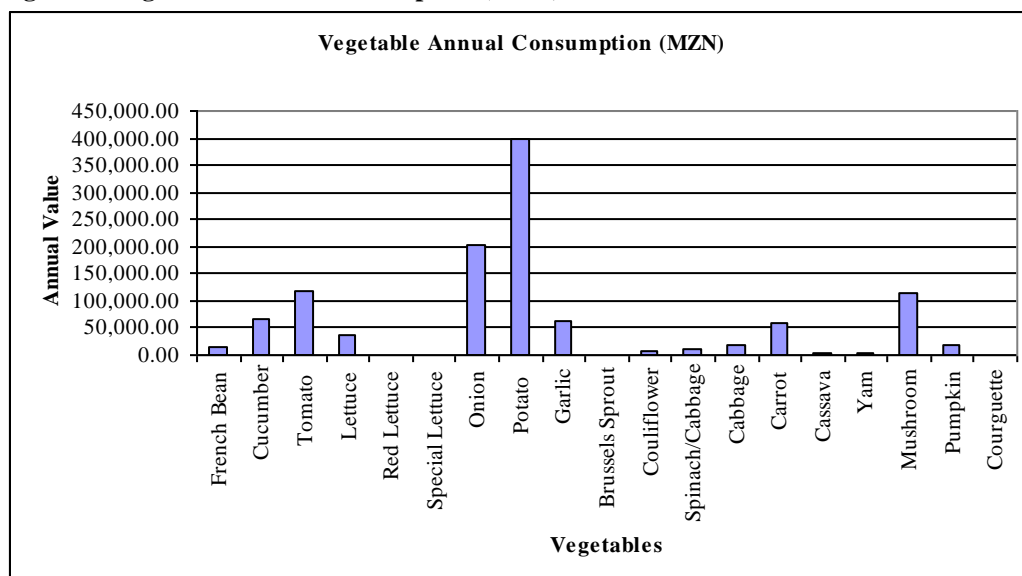
The demand for the vegetables from the tourism establishments greatly depends on seasonal fluctuations and tourist arrivals. There are also several self-catering lodges and camping sites where consumption of fresh vegetables is very low and does not contribute much to local purchases. Vegetables constitutes 23% (70-80 tons/annum) of the total estimated F&B demand, in quantity. In terms of value vegetables constitutes 12% (around 1,986,000Mt/per annum) of the total estimated F& B demand. Figures 5 and 6 below give a trend from the survey sample on various types of vegetables on demand, quantity and value.

Figure 5: Vegetable Consumption in Quantities (Kg)



Source SNV

Figure 6: Vegetable Annual Consumption (MZN)



Source SNV

The local production in terms of quality and variety is very limited. Presently the big demand is on products such as “Globe Tomatoes”, “Butter Lettuce”, “Cabbage Head” Lettuce, “Special Lettuce”, “Long carrots”, and cauliflower but these varieties are not produced locally. Some

lodges such as the Barra Lodge have their own vegetable production but which are limited needs of the lodge. Other lodges do not produce their own vegetables and have to rely on purchases.

Locally there is no system of contracting specific suppliers because of the irregularity and lack of consistency of supply. The most common practice is to buy vegetables on a daily or weekly basis.

Supply

According to the figures from the municipality, there are 14 markets in the whole municipality, from small and scattered markets to big ones. The most used by the tourist operators is the central market, the markets of Giló, Mafureira and Tofo. There are over 300 vendors at these four (4) market place selling vegetables and fruits.

The only organised supplier supplying vegetables is Taurus located in Maxixe. Taurus supplies vegetables mainly from South Africa because the varieties sought by the lodges and restaurants are not produced locally. Even if some varieties are available locally, their quality is either poor in quality or are not able to supply on consistent and regular basis.

Another supplier is an individual who supplies vegetables to a small group of lodges such as the Casa Barry, Tofo Mar, Casa Comer. His supplies are limited in terms of quantity because of scale of operation. He buys his vegetables from Maputo.

It was difficult to determine the volume of vegetables and fruit sold in the local market, since vendors are micro enterprises. They have very little information about their daily sales and their types of clients. From the interviews, it was deduced that Taurus supplies 70% of the vegetables consumed in the lodges while the informal market supply between 20%, the remaining 10% of vegetables are supplied by an individual supplier.

Production

There are three green zones in the municipality and farmers organised in associations in these green zones. It was not possible to obtain information on number of associations operating in the municipality; however, 3 associations that operate in the green zones were interviewed. The farmers from these three associations have limited information about the costs of production, the volume of production, current demand in the market especially for tourism establishments and process to get technical support for vegetable cultivation.

The common variety of vegetable that is grown locally is "Common Lettuce", which is sold in the local market. This particular variety of lettuce can have a very limited "shelf life" if stored in a cold room where as the South African lettuce can be preserved in a cold room 15 days. In the beginning of the season the price of lettuce can go up to 10 Mt/lettuce where as it can fall down even to 2 Mt when the production is in abundance. Although income from lettuce is very limited, farmers still insist on cultivating this variety because of little investment and production cycle of short in comparison to other vegetables such as onions, garlic, tomatoes.

Apart from above issues in production the green zones inside the City of Inhambane has problem with salty water from the ocean. The only green zone located close to Jangamo District has better production condition in terms of running water, and soil. The other problem in green zones is land size per family is very limited (0.5 - 1 hectare on average) thus limiting varieties to be planted.

Demand and Supply

When considering the demand and supply trend of vegetables, monthly supply of vegetables to tourism establishments is about 5 tons. This is definitely low during the peak season especially during the month of December, January, June, and July, with a supply of about 3

tons. In peak tourism season, (December and January) even products like lettuce are not grown locally due to high temperatures, which increase the incidence of pests and diseases. The prices soar up during the peak season and supply is from either South Africa or Maputo. The major obstacle in supply of vegetables is quality, variety and regularity. Even organised supplier like Taurus is unable to supply all types of vegetables all the year round as they depend on imports from South Africa.

Support Institutions

There are number of institutions (government, private sector and NGOs) for promotion of agriculture sector, these include, Provincial Directorate of Agriculture, Provincial Institute of Agriculture, Section within Municipal Council looking after agriculture and fishery, Provincial Centre for Agriculture Training, ORAM, PANNAR and VETAID.

Apart from PANNAR, there are two local private suppliers of agricultural inputs in Maxixe. These suppliers, including PANNAR, have very limited variety of horticultural seeds. This is due to high cost of seeds and other inputs as small farmers cannot afford to buy it as well as the farmers are not aware of new varieties. The extension services from government and NGOs are limited in terms of outreach and technology transfer.

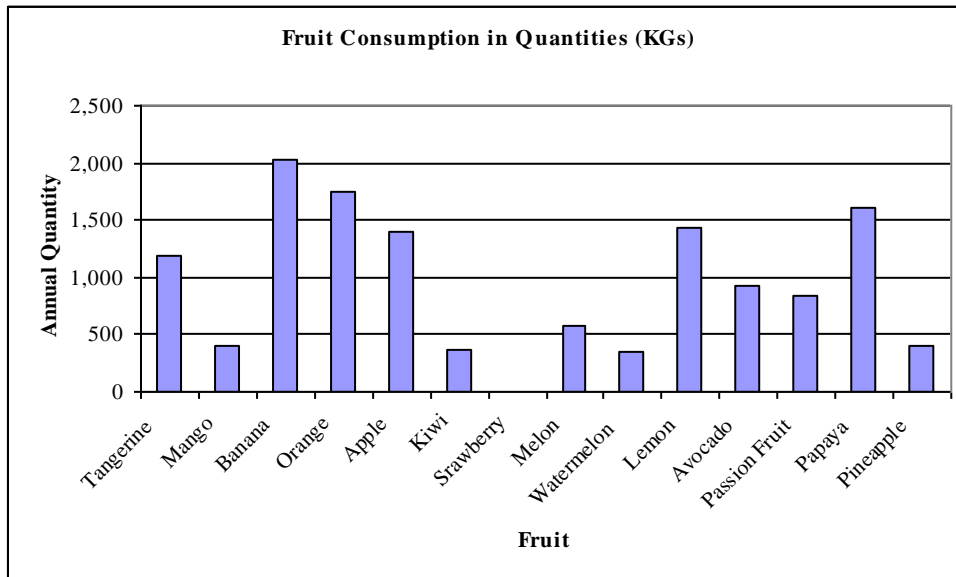
Considering the climatic conditions, the soil and the irrigation it is necessary to investigate further the possibility of producing vegetables, much demanded by the tourism establishments, in green zones. It is also necessary to investigate the possibility to introduce green houses for the production of vegetables such as green beans, mushrooms, pepper and cucumber. There is availability of technical expertise, locally, in construction of Green House (Viveros Neba) as well interest from private sector like TAURUS to introduce these vegetables production at local level involving selected farmer groups. The cultivation of some of the vegetables will not only cater for local tourism establishment in Inhambane but could also cater for establishments as far as Vilankulo if a supplier like Taurus is involved in the process.

3.1.2 Fruits

Demand

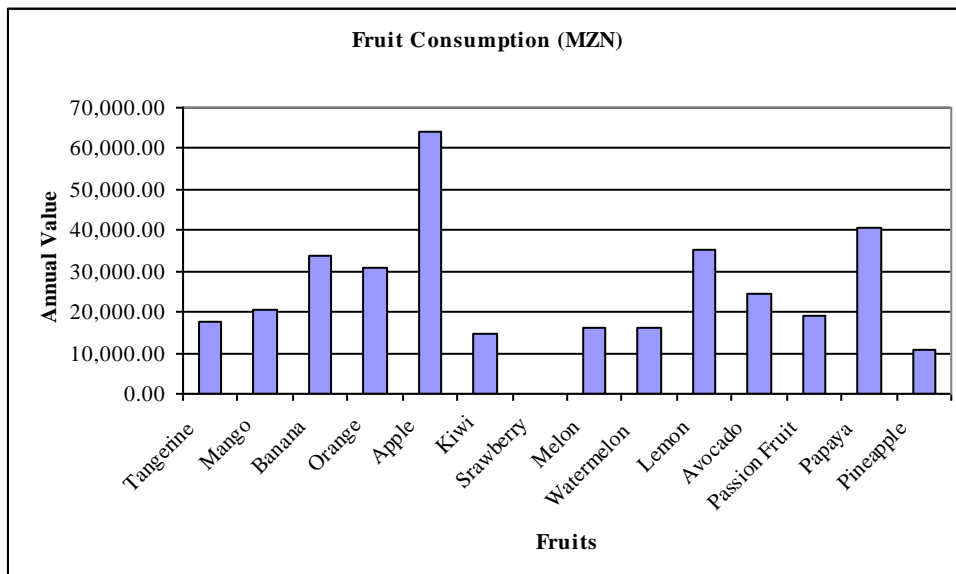
Fruits have many similarities with vegetables in terms of seasonal production, demand and supply. The annual demand of fruit is around 8% of total F&B products. In monetary terms, fruits constitute 4% of total value of F&B items. Figures 7 and 8 below give the demand trend for fruits in terms of quantity, value and types.

Figure 7: Fruit Consumption in Quantities (Kg)



Source SNV

Figure 8: Fruit Consumption (MZN)



Source SNV

Supply

Tourism establishments sometimes buy their fruit supplies from the Central Market and the markets of Mafureira, Giló and Tofo; however the establishments also get their fruits from Taurus and other individual suppliers.

Although most fruit is bought locally (in Inhambane and Maxixe), it is however brought from Maputo, South Africa and the north of Mozambique. Bananas are from Banalandia in Maputo; pineapple and papaw are from the north of Mozambique and other fruits such as apples, strawberry, melon and kiwi are all brought from South Africa.

It is difficult to get the exact volumes of fruit supplied from the local markets. It is estimated that Taurus supplies 70% of the fruits to the tourism establishments followed by vendors operating at various market place who supply 22% of the fruits and approximately 8% is supplied by a single agent,

Production

There is no organised fruits producer in the area apart from individual farmers in Maxixe. The supply of coconut to the tourism establishments is almost negligible, but more dishes could be developed for this, as it is one of the many "fruits" that is available locally.

The prices of citrus fruits (the common fruits in Inhambane), are very low during the months of May, June and July as this is the harvesting period for these fruits. There is also an attitude of preferring fruits from South Africa as they can be preserved for longer period and are uniform in size and shapes.

Demand and Supply

The consumption of fruits is around 3 tons per month and these fruits are imported from South Africa. Even though there exist an opportunity for the supply of citrus fruits locally, their production does not coincide with the peak seasons of tourism, which are the periods of high demand. This is because the citrus fruits grow better in cold temperatures while the tourism period is when it is hot.

Support Institutions

It was difficult to identify, during the baseline study if there are support services to the producers of fruit in the area.

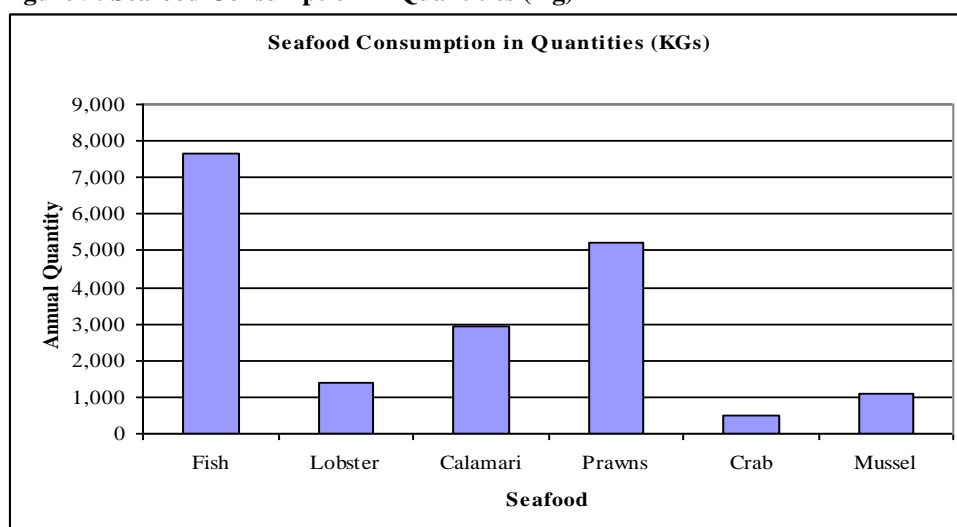
Considering the climatic conditions, the soil and the irrigation, it is necessary to investigate the introduction of greenhouses for the production of fruits such as melon and strawberry.

3.1.3 Sea Food

Demand

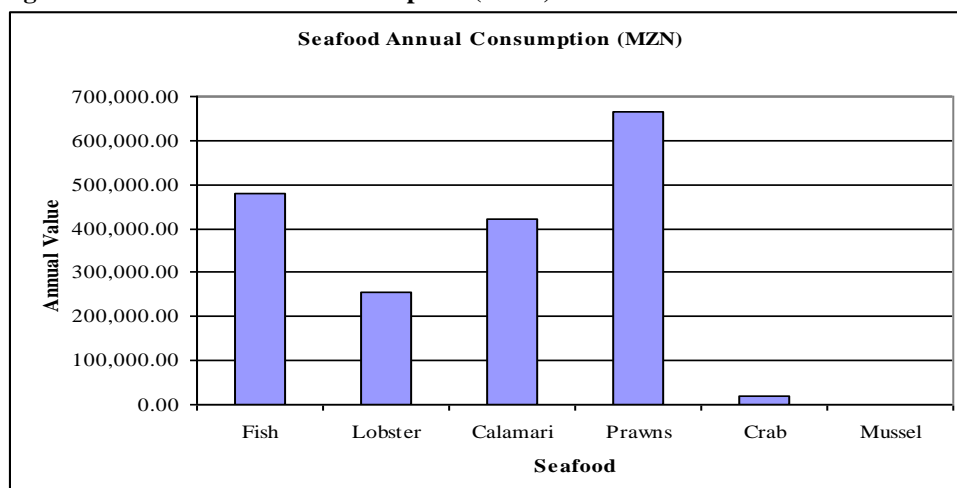
Inhambane is a major tourist destination for sand and sun and there is definitely a big demand for Sea food (fish and shellfish). The annual demand for sea food among hotels and restaurants is 11% (30-40 tons) of F& B demand. In terms of value it constitutes 19% of total value of F& B, amounting to 3,221,788.Mt. The current trend in demand, quantity, value and type is summarised on figures 9 and 10.

Figure 9: Seafood Consumption in Quantities (Kg)



Source SNV

Figure 10: Seafood Annual Consumption (MZN)



Source SNV

Supply

There are three major fishing zones from where small-scale fishermen operate, namely, Tofo, Barra and Jangamo. The total number of fishermen in Tofo and Barra are around 158. Tofo has 76 fishermen with 32 boats while Barra has 82 fishermen with 41 boats. Out of 73 boats in Tofo and Barra 26% are owned by the fishermen and rest are hired. In Barra there is gradual decline in number of fishermen as they are taking other employment opportunities such as working in lodges. In Tofo, fishermen are organised under the Fishermen Association of Tofo.

The catch is not constant through out the year with 4 months being very high; table 1 below shows the seasons and the quantities

Table 1: Seasons and Quantities per Catch

Season	Low	Medium	High
Months	June, July, August and September	October, November, December and January	February, March, April and May
Quantity (Catch/boat/day)	5 – 8 kg	10 – 15 kg	25 – 30 kg

Taking this seasonal fluctuation average catch of fish in these two areas is 14 tons/month.. The common species available are sawfish (*sera*), garfish (*agulha*), *peixe encarnado*, *cherewa*, tuna (*atum*), *garoupa*, red fish (*peixe vermelho*), *peixe barros*, red stumpnose (*marreco*), *cachucho*, *calcanhar*, *salomao*. Nets are not used for fishing in these two areas thus volume of catch is limited.

There is one buyer in Tofo and two in Barra who buy fish from the fishermen. The tourism operators also buy directly from the fishermen. A local buyer in Tofo buys almost 80% of the daily catch and supplies to Maputo, Gaza and other places. He also supplies to the local lodges but quantity is not fixed. The local buyer during high season sends 1 – 2 tons of fish three times in a week to Maputo and other places. Figures received from the Inhambane Municipal Council indicate that the total number of vendors dealing with seafood at three markets is around 137 (Central 18, Mafureira 85, Giló 34). The current selling price for all type of fish is 50Mtn per kg where as the local buyer resells fish for 65Mtn per kg to other customers.

Other types of seafood, shellfish, such as squids, prawns and lobsters are from Jangamo and Vilankulo. An average catch per month is 900 – 1000 kg. They are not allowed to fish during the whole year only during 12 – 14 days a month.

Processing

The fish is normally sold at the beach area at around noon when the fishermen return from the day's work. There is no adequate system to process and conserve the fish. They use traditional methods without adequate hygienic care. The lack of energy creates problems for the conservation of shell fish especially in Jangamo.

The supply of fishing equipment is not regular. There are very few stores in Maxixe where fishing equipment are sold, but the fishermen do not visit those stores. They are dependent on the small vendors.

Demand and Supply

When considering the situation of demand and supply, seafood is the only product that is sourced locally. The current supply of fish is about 14 tons per month. With an increase in the number of lodges there will be an increase in demand.

Support Institutions

As stated earlier it is the informal sector that supplies fishing accessories to the fishermen. There is no organised private sector dealing with supply of fishing gears. There are number of institutions operating in the area, such as:

- Provincial Directorate of Fishery (responsible for the licensing, collecting taxes and regularization);
- National Institute for fishery research and investigation (responsible for monitoring of various species of fish, carrying out research on quantity of fish available);
- Fund for Fishery Development (responsible for financial support to fishery sector);
- Institute for Development of Small Scale Fishery Sector (responsible for organising small-scale fishery sector),
- Fishery and Agriculture Section within the Municipal Council of City of Inhambane.

Although there are number of institutions involved in promoting of fishery sector the small-scale fishermen are not fully aware of these institutions. They were of the opinion that in term of financial technical and organizational support they are not able to benefit. The small scale fishermen pay annual licence fees 653Mt. (385 Mt per boat and 168 Mt per fisherman)

The major challenges faced by small-scale fishery sector are:

- ❖ *Growing conflict with lodge operators for access to the sea.* This problem is affecting the small scale fishermen from Barra area as they have to walk big distance as most of the lodges have fenced off their areas, making it difficult for the fishermen to access the sea.
- ❖ Decrease in volume of catch as areas are restricted for diving sports and often the fishing gears get entangled with diving equipment.
- ❖ Lack of organised sector selling fishing gears. This makes purchase of fishing equipment and gears very expensive.
- ❖ Absence of conservations and processing unit for the fish.
- ❖ Absence of small shops, in Barra area, selling soft drinks and water like in Tofo. This means that when the fishermen want to buy something to eat or drink, they have to buy from the lodges, with prices that out of the reach of the fishermen.

It is worth looking for amicable solution between diving sports and small scale fishing community. The procedure used in the Bazaruto National Park to solve a similar type of conflict could be used here, where there are specific fishing zones and specific diving zones. If the corals should be protected and the diving activity promoted, an alternative for the traditional fishermen has to be looked into, may be in zoning areas where they can fish, or developing other form of livelihoods.

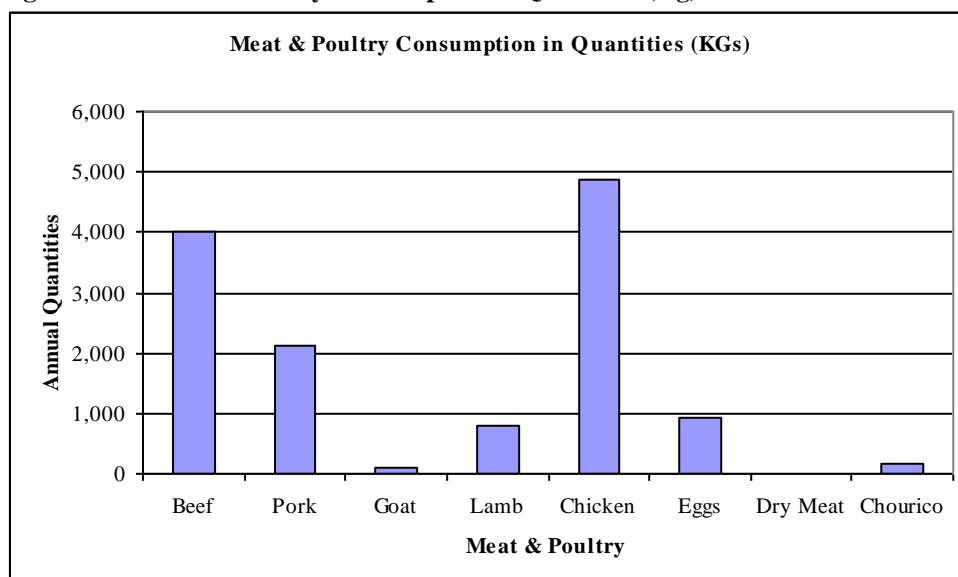
3.1.4 Meat and Poultry Products

Demand

The current annual demand among tourism establishments for meat and poultry products is 7% of the F& B demand and constitutes 23% (3,837,786 Mt) in terms of value for annual F& B items.

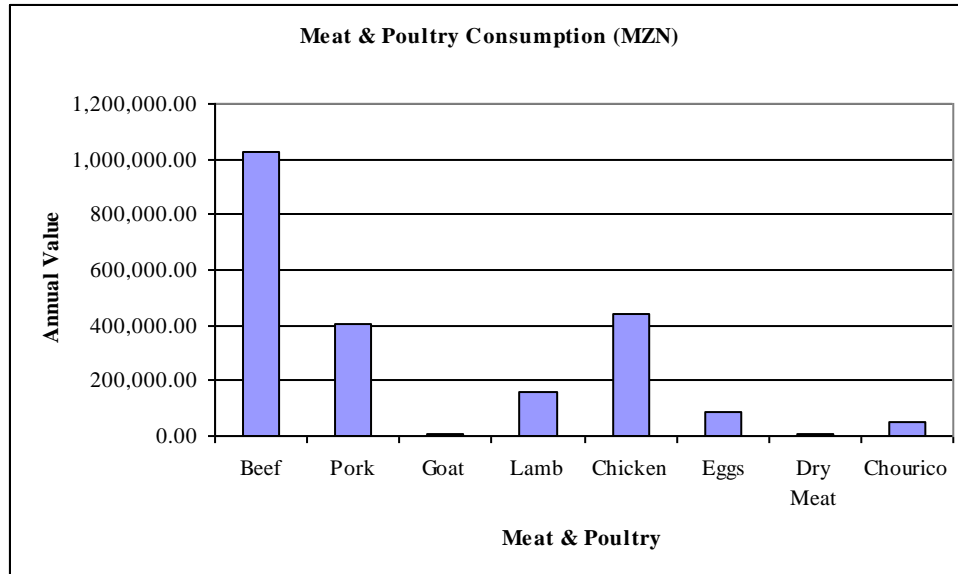
Please refer to figures 12 and 13 for demand trend in quantity, value and types details.

Figure 11: Meat and Poultry Consumption in Quantities (Kg)



Source SNV

Figure 12: Meat and Poultry Consumption (MZN)



Source SNV

Supply

Taurus is the major supplier for the meat and poultry products, supplying around 2 tons of meat products per month. Apart from Taurus there is one super market in the City of Inhambane which supplies chickens and eggs.

The local butchery does not supply meat products to the tourism establishments except for a local restaurant in Maxixe. The butchery in Maxixe sells to the general public around 3 tons of meat (beef and goat) per month. An abattoir owned by the Municipal Council of Inhambane operates in the City of Inhambane. The abattoir does not process the meat. It slaughters not more than 50 animals (cows and goats) per year, therefore its insignificance in the supply chain of meats.

There is a verbal contract between Taurus and the lodges for the supply of meat and poultry products. The tourism establishments buy weekly or fortnightly.

Production and Processing

Beef, pork, sausages and lambs all are imported from South Africa in large quantities. It is then processed and packed in different sizes at Taurus. Taurus has freezing chambers. The meat is cut and packed according to the client's needs.

The butchery located in Maxixe uses a rudimentary system to process the meat. The animals are brought live from Guvuro and slaughtered in the Maxixe abattoir. The slaughtering equipment includes axes and there is no basic system of sanitation. The high temperatures in summer worsen the sanitary situation.

Demand and Supply

The demand for meat products from tourism establishments goes up during peak season. As the major source of supply is from South Africa it is rather unpredictable sometimes with supply of meat products even though Taurus has good facilities for storage. It is unlikely that situation can change in near future as no proper facilities exist in the area for raising of livestock and production of meat and allied products. Considering the sensitivity of meat items the lodges and restaurants will continue to buy from supplier like Taurus where quality is not a question.

Support Institutions

In terms of developing livestock there is a lack of concerted effort from government departments, NGOs or private sector. The major issue for livestock development is properly managed slaughterhouses and supply of animals in good health. This is not the scenario in the area at present. There are number of small-scale chicken producers (broilers) who sell live chicken to the local population. They are not supplying to tourism establishments.

In terms of demand for meat and poultry products, there is a demand and supply is not adequate, but this cannot be met overnight. There has to be a proper planning if supply has to be organised at local level. Various government agencies working on agriculture and livestock should come together with combined efforts. It is not only on part of government, but private sector should come forward with substantial capital to take up this industry. The small suppliers especially in raising of chickens and livestock can work in supervision of organised private sector. The small scale alone cannot take up this venture.

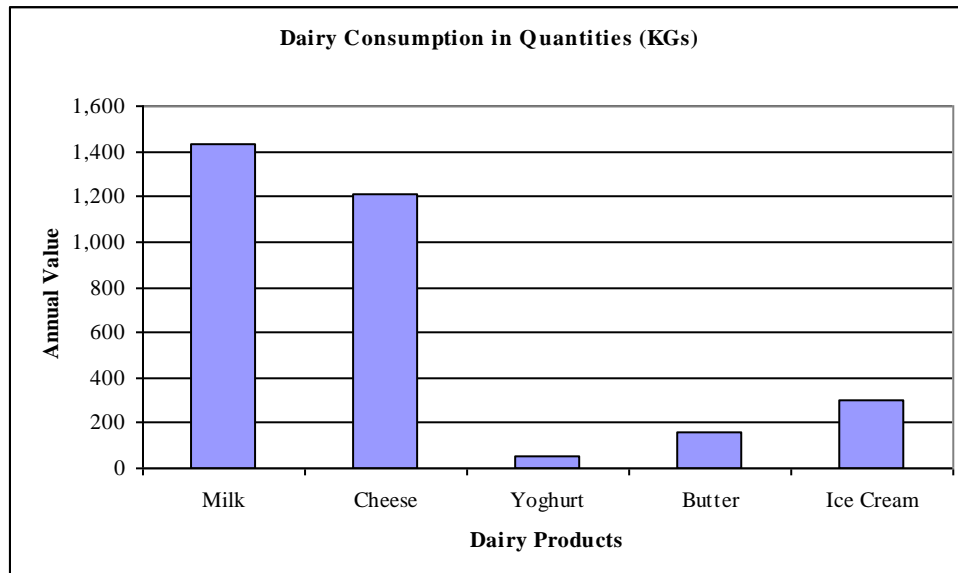
3.1 5 Milk and Dairy Products

Demand

Dairy products have very similar situation as of meat products. Milk production is not a tradition in the area. The livestock is raised for beef and at a family level and with limited commercialization. The current annual demand for dairy products is 7% (18-23 tons) of total estimated F& B demand. In terms of value milk and dairy products constitute 10% of F&B Value (1,600,000Mt)

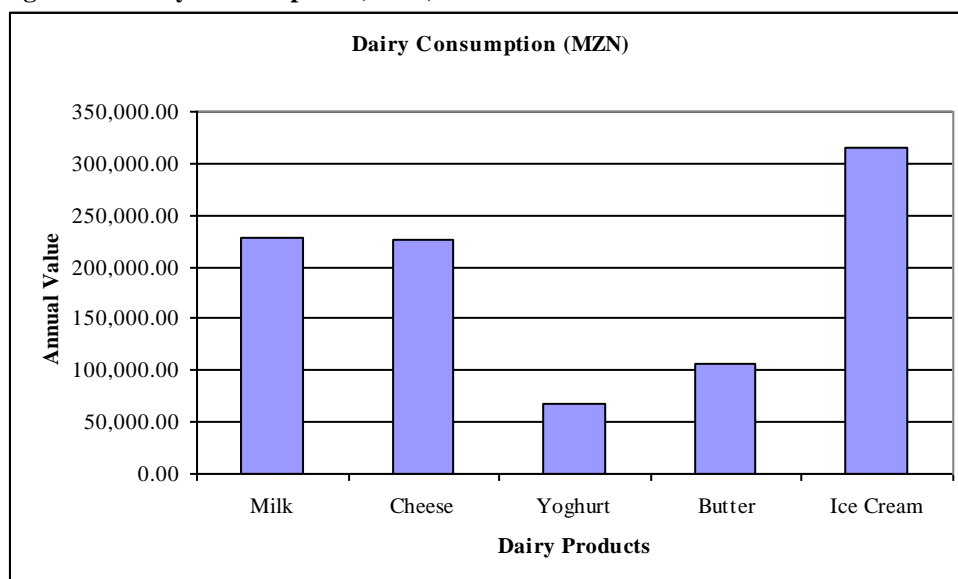
Refer to figures 13 and 14 below for demand trend in terms of quantity, value and variety.

Figure 13: Dairy Consumption in Quantities (Kg)



Source SNV

Figure 14: Dairy Consumption (MZN)



Source SNV

Supply

Taurus is the major supplier supplying around 1 ton of milk and dairy products per month. Select Shop also deals with some branded dairy products from South Africa in form of powder milk but volume is not significant.

In case of dairy products, 90% are imports from South Africa and 10% from Parmalat in Maputo. Apart from fresh milk from South Africa, of dairy products such as cheese and butter are from other parts of the world as well. The ice cream is from South Africa as well. Apart from Taurus and Select Shop, dairy products are also sold in number of grocery stores in Inhambane. However, usually these shops do not handle bulk supply and cater for the general public and not specifically.

Production and Processing

As is the case with meat products, there is no production or processing unit for dairy products in the area. Taurus has a plan to set a up a commercial dairy production unit in future as they have a strong distribution network and demand for dairy milk and dairy products is very high in the area.

Demand and Supply

The demand for milk and dairy products is definitely high in the area. The current supply of 1 – 2 tons per month is not adequate to meet the demand. There is a tendency among the tourism establishments to buy in bulk milk and dairy products when they travel to South Africa. In times to come unless there is a heavy investment in the dairy sector, the situation is not going to change and reliability on South African Dairy products will continue.

Support Institutions

In terms of developing livestock for dairy and meat products there is a lack of support services from concerned agencies. The major issue for dairy development is properly managed dairy farm with dairy cattle of high milk yield. In near future the current situation is unlikely to change.

Organised dairy and meat sector opens big scope for employment and raise in income of the local population. In order to embark on this, there has to be a proper planning where government and private sector need to work very closely. It is not only on part of government but private sector should come forward with substantial capital to take up this industry. The small suppliers especially in raising of livestock for milk production can work in supervision of organised private sector.

3.1.6 Dry food, spices and bakery products

During the baseline survey information was sought from tourism establishments on consumption of dried products (such as rice, wheat flour, sugar, noodles, spices/herbs, and bakery products). The response received from the respondents was not very clear in terms of quantity, prices and varieties. The suppliers were contacted during the same period. The products are of such a wide variety that it was difficult to determine the demand and supply trend. Apart from that over 95% of these products are supplied from Maputo or beyond the borders like South Africa and other parts of the world. Exception is for coconut of which consumption is insignificant though produced locally.

There are small-scale bakeries in Inhambane that supply to tourism restaurants. It was difficult to ascertain the demand for these products although the demand for bakery and dry products is around 5-10% of total F& B consumption.

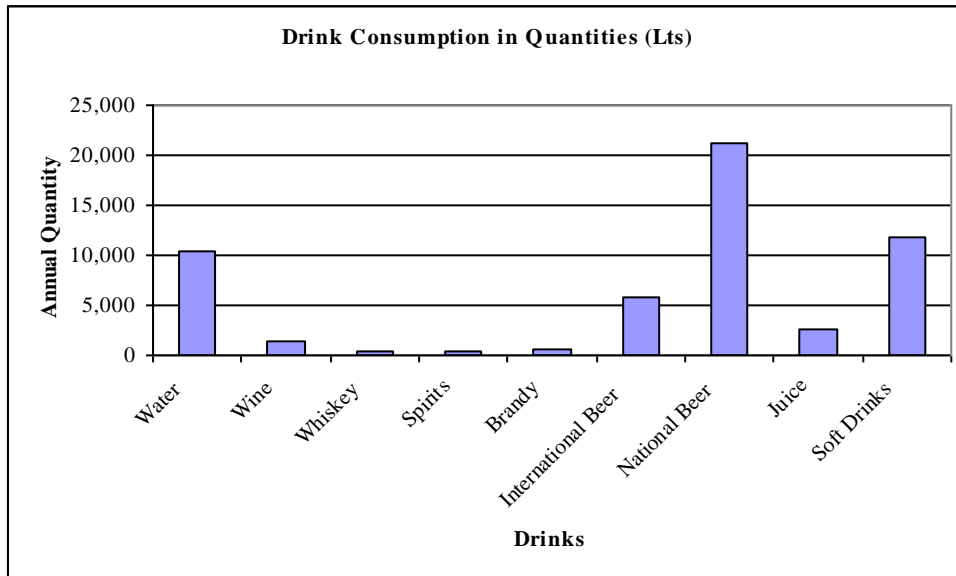
Inhambane is quite famous for traditional bakery product called *usura*. It is very popular in the town as well in other parts of Mozambique. This product has not been introduced to Tourism establishments. As it is indigenous product the possibility of commercialising this product needs to be looked upon.

3.1.7 Beverages

Demand

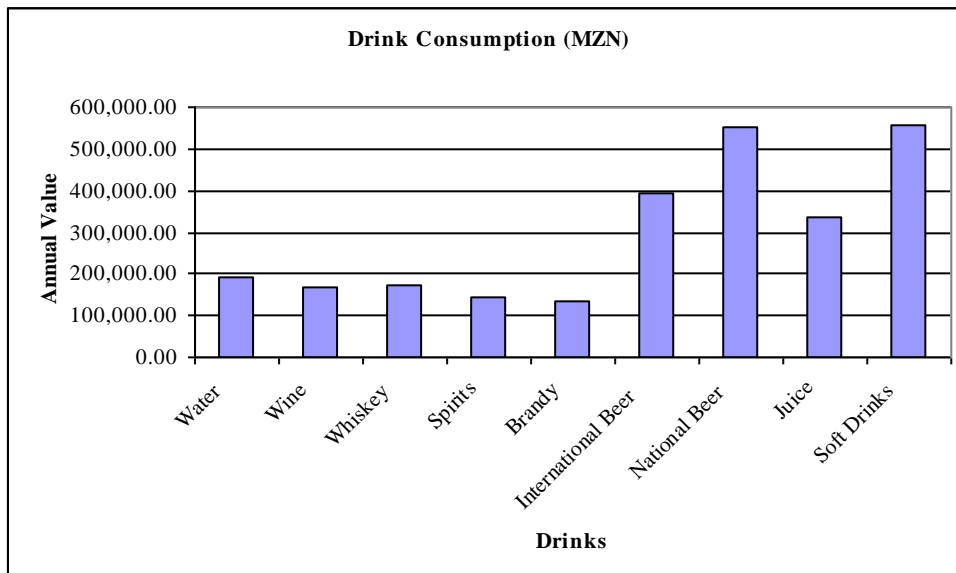
Alcoholic and non-alcoholic drinks constitute highest percentage in terms of quantity and value among F& B annual demand. The annual consumption for beverage is 30% (90,000 – 100,000 litres) of total F& B demand. The current trend in demand along with volume and types of beverages of summarized in figures 15 and 16 below.

Figure 15: Drink Consumption in Quantities (L)



Source SNV

Figure 16: Value of Drink Consumption (MZN)



Source SNV

Supply

There are two big suppliers of beverages in the city: Handling and Translandia. These two establishments supply more than 90% of the various types of beverages for the tourism establishments.

Demand and Supply

The current supply of alcoholic drinks is adequate as it meets the demand of the tourism establishments. These products cannot be produced locally due to technological limitations and to a very high capital of investment needed. Considering that Inhambane is a very big producer of fruit such as citrus and coconuts, there is a possibility to make local drinks to supply the tourist sector from the local fruit.

4. OUTSOURCING OF SERVICES IN THE TOURISM SECTOR

As stated earlier one of the major objectives of the Baseline Study was to determine the linkages between the tourism sector and the local economy. Apart from the supply of F&B, tourism sector offers a big market for services and complimentary products, which can be offered at local level. This in turn has significant contribution in promotion of small enterprises and creation of jobs for the local population. The following sections look into the status of services outsourced, complimentary products on offer, capacity to offer these services and products as well status of basic services such as water, energy and health services in the area.

The tables given below give the current status on outsourcing of services by the tourism establishments and their future trends.

4.1. SERVICES OUTSOURCED & QUALITY

Table 2 highlights on type of services required by the tourism establishments based on the interviews carried out with 21 lodges and restaurants.

Table 2: Type of Services – Outsourced vs. Internal

Type of Services	Services Currently Outsourced in (%)	Services Currently In house in (%)	No response in (%)
Accountancy	71	29	
Laundry	5	95	
Repair, maintenance (vehicles boats),	15	85	
Repairing & maintenance (Electrical installations, buildings)	23	77	
Carpentry	29	71	
Construction	33	67	
Plumbing	24	76	
Gardening	4	87	9
Health Services	86	0	14
Transport	38	62	
Private security	14	86	
Marketing	19	81	
Training	5	57	38

Source: SNV

In line with existing taxation laws and legal requirements majority of establishments, 71% outsource services from accounting firms for maintaining their books of accounts. Health services are sought for through local clinics and hospital.

Barra Lodge is the only establishment that outsource outside agency for staff development program. Remaining establishments usually offer on the job training within the establishment. Barra Lodge outsource expertise from School of Hotel Management and an individual trainer for modular courses for its staff members. Training program here refers to short term modular courses offered by ESHTI and individual trainer from time to time when lodges have sent their staff members to participate. Although there is an interest for human resource development, willingness to share the cost of the training program among lodges and restaurants is not very common. Apart from willingness to bear the cost there is hesitation to send staff members for training program as there is a common practice to attract these trained personnel by another establishment without investing anything on HR with higher salary and benefits.

Pandaine Resort uses people from the community to work in self catering houses and this has resulted in secured environment within the resort.

Employees trained on the job cater the most of the services mentioned above internally. These services are not outsourced, as they do not exist in the market. Even if some services exist, the quality is not to the required standard.

Tourism establishments do not have any type of written contract with service providers if they are outsourcing from outside except for accounting and security services, which is renewable every year. This is because of the unreliability of the other services and the tourism establishments do not want to commit themselves to one service provider just in case the provider fails to deliver and they can get from another provider. However, as already indicated most of the services are provided in-house to reduce reliance on outside providers.

Table 3: Perception on Quality of Services Outsourced

Quality of services	Percentage (%)
Excellent	0
Good	24
Fair	9
Poor	67

Source: SNV

As indicated in table 3 above, 67% of the Tourism establishments interviewed stated that quality of services currently outsourced was poor, in particular in the areas of transport and repairing of vehicles boats, electrical installation and building. Training and security received a good rating with 24% of the establishments indicating they are satisfied with the service.

Table 4: Level of Satisfaction with the Services and Goods Offered

Satisfaction Level	(%)
Very satisfied	0
Satisfied	14
Not Satisfied	86

Source: SNV

86% of the tourism establishment are not satisfied by the goods and services offered locally and this is mainly due to lack of consistency in quality, quantity, and pricing as indicated in tables 4 and 5.

Table 5: Main constraints in the supply of goods and services

Major constraints in offering of goods and services	(%)
Regularity	26
Reliability	24
Consistency in Quantity	20
Consistency in Price	16
Consistency in Quality	14

Source: SNV

The major concern of lodges and restaurants in relation to supply of goods and services is regularity. This particularly refers to situation where there is no consistency on supply of same type of product over the period of time.

In regard to services the major concern is timeliness in delivering of services (transport and maintenance), and reliability. In terms of reliability, is the quality of work done, ability to complete the job on time and this limits the out-sourcing of services.

4.1.1 Status of Current Service Providers

Upon examining the requirements of the tourism establishments interviews were carried out with selected service providers in the City of Inhambane. It was difficult to obtain detailed information from the service providers in areas like volume of sales, prices and types of services. One of the major reason for lack of information is majority of these service providers are informal sector operators who maintain very little records of their activities as well they have a fear that they could be taxed by concerned authorities in the area.

There are very few organized service providers in the City of Inhambane offering services such as repair of boats and vehicles. The city generally lacks people who are qualified mechanics, builders, carpenters and plumbers. The National Institute of Professional Training (INEFP) provides technical and vocational training in areas such as carpentry, car mechanic, ceramics, electric fitting, and painting. Despite all these training programs it is very difficult to come across qualified service provider in the town. It was found that most of the skilled people in these trade prefer to work in Maputo where they earn much higher than what they earn in Inhambane.

Repairing of Vehicles and Boats

As stated above, there are mechanics working as informal sector operators offering repair and maintenance services for vehicles and boats. They are very poorly organized in terms of equipment, tools and skills. Because of this reason there is a big hesitation on part of the tourism establishments to outsource repair and maintenance services from them, hence 85% tourism establishments have this service in house.

Three repairing workshops were interviewed during the Baseline Study. Of these three, one is specialized in repairing of boats (fiber as well as wooden boats and boat engines) while the other two provide repairing and maintenance services for vehicles of any type. Their clients are mainly individuals and organizations. There is no contract with any clients. They are served as and when they require. Some of the tourism establishments such as Dino's Bar, Verdinho. Barra Lodge and Guinjata Bay use services from these workshops. One of the workshops (Garra são Cristo Vao) accepts students from INEFP for placements during internship.

Carpentry

It was difficult to ascertain exact numbers of carpenters operating in the Municipality since the majority of them are informal sector operators. According to tourism establishments there are skilled carpenters working with coconut tree timber who produce good pieces of furniture. As majority of these carpenters are informal sector operators there is no contacts or orders from the tourism establishments as they are unable to provide receipts and invoices for business transactions.

Accounting Firms

There are two accounting firms operating in the City of Inhambane primarily offering book keeping and auditing services to tourism establishments. The services they offer is related with licensing and registration, financial advices in matter related with taxes, keeping books of accounts and auditing. They have contract for the period of one year. They can offer training services in keeping books of accounts and resolving of the tax related issues.

4.2 COMPLIMENTARY PRODUCTS

One of the major components of the Baseline Study was to assess the type of complimentary products in offer from tourism establishments and what additional products could be developed. It was revealed during the focus group discussion that the major attraction for Inhambane is **SUN AND SEA** with primary activities being **diving and fishing**. Other complimentary services do exists but normally catered for on request of clients rather than being a part of package offered. Although the City of Inhambane has historical importance but until now there has been a limited effort on part of tourism establishments, except for one lodge based in the city of Inhambane. The importance of promoting Inhambane city is gradually being realized in recent times due to increase in number of European tourists. Table 6 below summarizes the types of complimentary products on offer and their potential.

Table 6: Complimentary Products on Offer and their Potential

Complimentary Products	Establishment s currently offering in (%)	Establishment s interested in offering in (%)	No Response in (%)
Exotic food and Delicacies	38	33	29
Nature Walk	19	43	38
Cultural programme (traditional dances, music and theatre)	14	76	10
City tours	19	62	19
Handicrafts	19	57	24
Diving and aquatic sports	67	10	23
Sport fishing	29	38	33
Quad Bikes	9	0	
Bicycles	0	10	
Local guides services	14	48	38
Children entertainment (TV, pool table)	19	43	38
Others (Horse rides, Promotion of the historic importance of Inhambane City)	10	48	42

Source: SNV

Diving and other water sports are the most commonly offered complimentary products at present. **The complimentary products, except diving and water sports, are on offer when demanded by clients except in case of Barra Lodge, which has made them as a part of their package.** Table 6 indicated that there is a big interest (76%) among the establishments for local cultural programs, dance and music. The products like city tour, handicrafts, guides services and nature walk are some of the products that are in offer (not as a regular feature) but there is definitely a big interest to offer these products. During the focus group discussion, the tourism operators indicated that there is a potential for guided city tours because of the historical importance of Inhambane City. However, there is need to organise the promotion of the city before launching the guided city tour package. Establishments like Guinjata Bay are interested in building small traditional African huts where local people can offer traditional dish, sell products like handicrafts, and give the tourists a feel of local life and culture. Other products that have been suggested are dow tours, experience with de-mining with rats (a European Union project in Inhambane).

In relation to complimentary products, the origin of tourists was also investigated during the Baseline Study. They are very similar to the trend shown carried out by DIPTUR 2005- 2006.

It was found that 59% percent are from the region, mainly South Africans and Zimbabweans; 29% internationals, mainly Europeans, followed by 12% nationals. This is just an indicative figure obtained during the Baseline study. The new products and services to be offered at the local level have to be designed looking at the origin of the tourists and their interests.

In terms of season there is a variation among the establishments. Establishments like Barra have a constant flow of tourists where as majority of establishments have very high season where occupancy goes up very high and during low season, it almost falls to zero. Based on the discussion with various establishments the peak seasons are December, January, June and July, April and November being medium with May, February, October, March, August, September being low. This is not in absolute terms as it varies from each establishment. Getting a general trend will be important in terms of timing the supply of goods and services to the increase in demand in high tourism seasons. The long-term goal of the whole of Inhambane should be to maintain the flow of tourists in the same way that Barra operates.

4.2.1. Capacity to Offer Complementary Products

Marketing

In relation to complimentary products, issue was raised about marketing of Inhambane during the focus group discussion. Until now concept of DESTINATION MARKETING does not exist. Marketing is done on individual capacity using brochure, website, radio program in South Africa, pages in travel and tourism magazines from South Africa and posters. Some establishments have participated on individual capacity in international trade shows in Europe, South Africa and within Mozambique. Over 90% of the lodges have contacts with travel agents in South Africa. The establishments like Barra have contacts with travel agents in UK and France. There is need to work with the two tour operators in the area (Terra Profunda and Amandini Travel Agency) to boost the efforts of marketing Inhambane as a tourist destination.

Handicrafts

According to information from the municipality, there are around 49 artisans involved in handicrafts working in the city, of which 18 of them are in Tofo. There is no segregation in this number between the actual producer and sellers of handicraft items. Table 7 below summarizes the status of handicrafts producers. The monthly sales figures are based on interviews with 6 handicrafts producers ranging from small scale to organised scale, thus they give an indication but is not in absolute terms.

Table 7: Summary of Major Handicrafts produced in the area

Products	Raw material	Market	Monthly Turnover in Mt.
❖ Baskets for domestic use, ❖ Decorative items and ornaments	Straw, coconut & coconut wood and shells	Portugal and other European countries, Maputo and Pemba.	5,000.00 Low season: 30,000.00 Peak season:
❖ Wooden Sculptures	Simbire and Mafureira wood		2,000.00 Low season: 10,000.00 Peak season
❖ Batik	Cloth and velas		4,000.00 Low season 8,000.00 Peak season
❖ Paintings in frames			4,000.00 Low season 11,000.00 Peak Season

Source: SNV

Cultural Groups

According to the Municipal Council, there are around thirty cultural groups (including church choirs) in the area. The main activities of these groups are dance, music, theatre and promotion of local attires and clothing.

There are only two “organised” cultural groups, which are operating in the area: Barra 12 and Litenga Cultural group. Barra 12 performs all the year round at Barra lodge while the Litenga Cultural Group performs during the festive season of December in Bamboozi, Paidane, Guinjata Bay and Fátima.

Other groups took part in the Focus Group discussions namely the Hospital, Sial Church, Zorre and the Muslim Community. Apart from Barra 12, and Litenga Cultural Groups the other groups are not organised and do not have links with the tourism establishments. The groups posses skills but are unable to utilise these skills for generating income. The groups have a strong wish to interact with the tourism establishments are willing to develop common strategies with other cultural groups that operate in the area.

Apart from dance and music, it is important to pay attention to the promotion of local foods and clothing. Inhambane with its rich historical heritage has a great potential allied to its typical food, traditional clothing and cultural programmes. The traditional dish *Matapa* (prepared from cassava plant leaves). This food is served in the Barra Lodge. The tourist resorts should target the wide range of delicious local foods. Other foods could be pastry products such as the popular *usura* cakes.

Tour Operators

As stated earlier, the lodges have their individual marketing packages and there is no concentrated effort in the promotion of the tourist destination through joint actions. The two travel agencies operating in Inhambane, Terra Profunda in Tofo and the Amandina Travel Agency, employ around 5 to 6 employees. Terra Profunda deals with foreign tourists while the Amandina Travel Agency’s focus is with national tourists. Some of the services that are offered by these two agencies are airport transfers, local transport, reservations for accommodation, flight reservations and tours packages for foreign and national tourists. A Tourist Information Centre has been recently opened under the initiative of the Municipal Council, supported by FUTUR.

4.3 BASIC SERVICES

During the Baseline study information was gathered on availability of Basic services for tourism establishments. Basic services, here, refers to supply of water and energy, solid waste management, public health facilities, communication (fixed and cellular telephones) and security (police). The following table gives the summary of Basic Services in the area:

Table 8: Supply of Basic Services

Type of services	Servic Providers	
	Private (Own) %	Public sector %
Water Supply	38	62
Energy Supply	48	52
Health care Facilities		100
Communication (land lines and mobile services)	0	100
Garbage collection	14	16
Security (State)	0	100

Source: SNV

Among the 21 tourism establishments interviewed around 48% have their own supply of energy. This is particularly for establishments operating in Jangamo area. Use of generator in Jangamo is three times higher than using the energy from the main grid. Jangamo will be linked with main grid by the beginning of 2008.

The tourism establishment in Tofo showed satisfaction with the public water supply system, while those in Barra and Jangamo have their own boreholes for supply of water, as the public system is not reliable.

The Inhambane hospital services are considered to be satisfactory. The closure of out-patients' clinic in Tofo has created a problem in getting basic medical services. In the past the services within Tofo clinic was quite satisfactory.

Waste collection and management has been a prime concern for tourism establishments in Tofo area. The inappropriate disposal of waste is a health hazard and is reducing the aesthetic value of the Tofo area. Opportunities exist for recycling of waste materials while generating employment and income for those that will be involved. Some tourism establishments have the expertise for waste management and recycling. There are some efforts being launched by tourism establishments in Tofo; however this initiative needs to be coordinated with tourism operators from the city as well as the efforts of a newly formed NGO in Tofo has initiated the process of solid waste treatment in partnership with Municipal Council and private sector operators. The concern for proper disposal and treatment of waste materials is there among the tourism establishments but no concerted action has been taken yet on part of the operators.

Tourism establishments indicated that there is need to have more policemen in Tofo to increase security in the area, as the current force is not adequate to cover the whole area of Tofo.

4.3.1 Impact of Tourism on Local Population

Social Aspects (Community Development Activities)

There are many forms of partnership between the tourist establishments and the local community. Around 50% of the tourism establishments interviewed indicated that they have carried out activities related with community development, which include building of classrooms, supply of school material and the construction of a police station. These community development efforts are usually initiated by the request of local communities and are coordinated by the local administrator or the community chiefs.

Children Issues

It was particularly noted in Jangamo that during the tourist season most of the children are on the roadside begging for money and other materials (commonly called SWEET). In many instance accidents have occurred as children run along the roads and this has been a matter a great concern for tourism establishments too. The establishments are willing to participate with schools by supplying various materials and even sensitizing the teachers in local schools to curtail this kind of tendency among the children. As international organizations like PLAN Mozambique are working in JANGAMO area with prime focus being children this could be one of the area where partnerships programs can be introduced between agencies like PLAN, tourism establishments and local community facilitated by local NGOs like ACUDES.

Economic Contribution

During the focus discussion, all tourism operators indicated that the biggest and only impact or contribution of tourism to the local economy is through direct employment. As stated earlier the number of people employed in the tourism establishment is in the range of 1300 – 1500 of whom 1000 are on permanent payroll. However, of these employed around 80% work on minimum wages.

5. CONCLUSION AND RECOMMENADATIONS

Table 9 below are the major findings of the Baseline Study in a tabular form highlighting the various sectors, issues and challenges, including possible interventions and possible partners for the implementation.

Table 9: Issues and challenges, possible interventions and partners for the implementation

Issues/challenges	Major causes	Potential areas for intervention/Sector	Possible clients/partners
<p>Lack of dynamism in the local economy – in terms of production and supply of agricultural products at the local level (vegetables, fruits, dairy and meat products)</p> <p>Weak or non existence of service providers for outsourcing of services</p>	<ul style="list-style-type: none"> ▪ Lack of information on demand of tourism sector in terms of quality, quantity and types of food items demanded ▪ Seasonal fluctuations on demand of goods and services in tourism sector ▪ Seasonal agricultural production, which does not match the tourism season (low production in the high tourism season) ▪ Lack of technical know ▪ Inadequate supply and high cost of inputs for production of vegetables, fruits and other food products ▪ Lack of business development services on agriculture sector (skilled extension services , financial services, infrastructure for irrigation and storage) ▪ Brand loyalty to South African products by the tourism establishments ▪ Tendency to bring all consumables (tourist – camping and self-catering lodges) from South Africa with minimum local purchase. ▪ Lack of entrepreneurial culture among local population, they usually grow to meet household demand with little focus on commercialisation of their production (subsistence) ▪ Lack of financial services available to MSMEs . ▪ Lack of technical and skilled human resources (repair & 	<ul style="list-style-type: none"> ▪ Growing of selected type of vegetables and fruits having market using green house technology and extension services in collaboration with private sector. ▪ Linking up small producers at two green zones (roughly around 50-60 farm families) directly to tourism establishments or through supplier like Taurus. ▪ Developing farmers capacity to produce selected vegetables all the year round through training and coaching ▪ Developing linkages with current suppliers and offering products at competitive prices 	<ul style="list-style-type: none"> ▪ Two-three groups of farmers at green zones, ▪ National, Provincial, District and Municipal governments (enabling environment and infrastructure) ▪ Taurus (market for farmers if Taurus agrees to work with the farmers in an out growers' scheme, and Taurus will sell to tourism establishments) ▪ Viveiros Neba (Green house specialist) ▪ ORAM, World Vision, KULIMA (extension services) ▪ PANNAR and other agricultural input suppliers ▪ Tourism establishments (markets ▪ IRIS AID, FDM, FCC, Socremo, GAPI (for finance) ❖ INEF, ESHTI

	maintenance services and other services.		
Issues/challenges	Major causes	Potential areas for intervention/Sector	Possible clients/partners
Limited products on offer for tourism – focus laid only on SUN AND BEACH Tourism	<ul style="list-style-type: none"> ▪ Major investments from South African small investors focussing on South African market ▪ Comparative advantage of Inhambane for beach tourism ▪ Lack of information/research/facts and figures on products and services sought by tourists ▪ Poor promotion of local delicacies and culture ▪ Lack of action on promoting destination marketing 	<p>Handicrafts & Cultural groups & local delicacies :</p> <ul style="list-style-type: none"> ❖ Detailed assessment of handicraft producers and vendors and the improvement of art and craft products to suit market demands ▪ Establishment of craft producers market (inside complex) ▪ Networking of cultural groups and linking up with tourism establishments to offer programs at regular basis. ▪ Establishment of local kitchen within tourism complex and promoting local dishes at tourism establishments ▪ Restore and promote local historical places in Inhambane ▪ Developing strategy with municipal council and tourism operators for promoting city tours, local guides 	<ul style="list-style-type: none"> ▪ Cultural and Dance Groups ▪ Ms Cigirra (the organizer of cultural events) ▪ ESHTI (the university has cultural events with also cultural food) ▪ Municipality ▪ Tourism operators ▪ DPTUR ▪ FUTUR ▪ CEDARTE ▪ Tour Operators and Travel Agencies
Negative Impact on Environment - in terms of proper management and disposal of solid waste	<ul style="list-style-type: none"> ▪ Lack of concerted efforts among the tourism operators and the municipal council on issues of solid waste management. (small initiatives from ALMA in Tofo) ▪ Lack of plan and strategies developed for solid waste management. 	<ul style="list-style-type: none"> ▪ Initiating a discussion with operators and municipal council. ▪ Strengthening of ALMA as LCB taking a lead role in issues related with solid waste management . Creation of task force 	<ul style="list-style-type: none"> ▪ ALMA ▪ Tourism operators ▪ Municipality

	<ul style="list-style-type: none"> ▪ Lack of proper designated dumping site. ▪ Lack of funds on part of municipal council for solid waste management 	<ul style="list-style-type: none"> ▪ Formulation of strategies for waste dumping and recycling.. Introduction of satellite dumping sites at Barra, Tofo, Jangamo and Inhambane ▪ Project proposal for solid waste management involving local population ▪ Linking up with recycling plants in Maputo and Gaza based on PPP 	<ul style="list-style-type: none"> ▪ IUCN ▪ GTZ ▪ WONALELA ▪ ACUDES,
Issues/challenges	Major causes	Potential areas for intervention/Sector	Possible clients/partners
<i>Lack of concerted efforts in promoting destination marketing</i>	<ul style="list-style-type: none"> ▪ Concept of destination marketing not common with tourism operators ▪ Dependent mainly on South African agencies for marketing ▪ Perceiving each other as mere competitors among the tourism operators and unable to see the bigger market beyond South Africa ▪ Lack of capital on individual capacity for destination marketing 	<ul style="list-style-type: none"> ▪ Work with the tourism operators and other stakeholders to promote destination marketing (positioning of Inhambane as quality tourism destination, that is, increase number of tourists, tourist stay, tourists' spending, tourists' satisfaction and repeat visits) 	<ul style="list-style-type: none"> ▪ DPTUR ▪ FUTUR ▪ AFRICAN SAFARI ▪ TECHNOSERVE, ▪ Tourism Operators (eg Barra Lodge) ▪ Municipality

<p>Lack of dialogue among the tourism operators and with the government agencies – Common issues affecting all not addressed properly</p>	<ul style="list-style-type: none"> ▪ Lack of trust among tourism operators (foreign investors vs Mozambicans). ▪ Very weak association (dysfunctional) ▪ Language barrier ▪ Unresolved issues of taxation and IVA ▪ Negative perception of being government being corrupt (??) and tourism operators skimming the profit 	<p>Revitalization and strengthening INH Tourism Association</p> <ul style="list-style-type: none"> ▪ The forum will work on aspects of enabling environment (rules and regulations) and lobby for the provision of infrastructure to improve the tourism product and to match the expansion of the tourism sector. ▪ Work with other stakeholders to increase linkages and benefits to the local economy (sourcing local products and services) as well as making regular their corporate social responsibility. 	<ul style="list-style-type: none"> ▪ Inhambane tourism association ▪ Vilankulo Tourism Forum (as an example of how a tourism forum can be formed and run) ▪ GAPI (with the same initiatives it is carrying out in Vilankulo)
<p>Lack of planning and monitoring system on part of government institutions for development of tourism sector - planning done on adhoc basis without giving a holistic approach</p>	<ul style="list-style-type: none"> ▪ Lack of adequate and skilled HR on part of DPTUR and Municipality (tourism development plan, solid waste management and zoning), and these are left in the hands of the private developers who are not giving a holistic approach to their planning. 	<ul style="list-style-type: none"> ▪ Facilitation of the participation of multiple stakeholders in the tourism planning process (government, tourism operators and other private sector players, civil society and NGOs). The stakeholders will work with action plans with clear roles and responsibilities. 	<ul style="list-style-type: none"> ▪ Government (the different administrative levels) ▪ Private sector (including the tourism operators) ▪ Civil Society Groups/Communities
<p>Lack of skilled human resources -</p>	<ul style="list-style-type: none"> ▪ Unavailability of vocational and technical institutions catering for the skills demand of tourism establishments ▪ Lack of language proficiency (English language) ▪ Lack of basic academic qualifications ▪ Lack of resources on part of tourism establishments to invest in HRD ▪ Lack of support and policies in developing HR from department of labour 	<ul style="list-style-type: none"> ▪ Training of the local people and increase their job efficiency ▪ Create dialogue between the labour department and the tourism operators for creating an enabling environment for HRD ▪ Code of conduct among the tourism operators in relation to HRD ▪ Organização de informação sobre habilidades do capital humano local. 	<ul style="list-style-type: none"> ▪ ESHTI ▪ Tourism Operators ▪ DPTUR ▪ INEFP ▪ FUTUR

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8. Muatxiwa, Martinho A. E Thomas Eberherr: *Employment situation and the needs of professional training in the tourism sector – case of the Municipality of Inhambane and District of Jangamo*. DPTUR. December 2006
9. *Performance Indicators – DPTUR*
10. Information collected in the following institutions:
 - DPTUR
 - DPP
 - IIP
 - DPA

ANNEXES

Annex 1: List of Organisations visited and contact people

Institution or Group Contacted	Contact Person
Municipal Council of Inhambane: Department of agriculture and fisheries	Alderman Saugina
INEFP: National Institute of Professional Training	Sr. Fernando Cumbane
Viveiros Neba – Greenhouse Company	Sr. Bachie Aly
CPFA: Provincial Centre for Agricultural Training	Sr. Horácio Macuacua
ESHTI: School of Higher Learning in Hotelier and Tourism	Dra Joaquina Pascual
DPA: Provincial Directorate of Agriculture	Sr. Ernesto Saine e Sr. António Quimbine
IDR: Rural Development Initiative	Sr. Caetano Simbine
DPP: Provincial Directorate of Fisheries	Department Head: Fernando Abel Rodolfo Macassa
IIP: Institute for Fishery Research	Alberto Halare
FCC: Community Credit Fund	Sr. Vincente
Socrema	Gerente
PLAN	Program Manager: Amarília M. Mutemba
ORAM	Kristine
ANBI Pescas Lda.	Sr. Fakir
Garra são Cristóvão.	Joaquim de Santos Barros
Auto Crocar.	Gerente

Aldeia do Artesão.	Márcia
Artesãos do Tofo (frente ao Hotel Tofo Mar)	Sr David (contact person)
Art and Craft vendors of Barra (Barra lodge)	Sr Ernesto (contact person)
Mercado Central vendedores De vegetais e frutas.	Sr Maria Fernanda (contact person)
Mafureira Market – fruit and vegetable vendors	
Giló Market – fruit and vegetable vendors	
Nelito de Sousa Carpentry	Sr. Nelito de Sousa
João Carpentry	Sr João
Armando Serrote Carpentry	Sr. Armando serrote
Fishermen and wholesale fish buyers in Tofo	Secretary Augusto Sr Bambo
Fishermen of Barra	
Fishermen in Jangamo	Sr Adelino (pessoa de contacto)
Abattoir and butchery in Maxixe	Sr. Faquir
Cultural Groups	Barra 12- (canto e dança Litanga(canto, dança e teatro) Hospital Igreja Sial Zorre Comunidade Moçulmana

Annex 2: Activity Plan

	Activities	June			July			August			September			November			December		
1	Definition of Baseline Methodology	█																	
2	Sensitisation of the potential partners and identification of the survey team	█																	
3	Preparation of material for the study and sample selection	█	█																
4	Capacity building of the survey team in data collection and analysis	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█			
5	Collection of information in the field	█	█	█	█	█	█	█	█	█									
6	Compilation of data										█	█	█						
7	Data Analysis and Report Writing.									█	█	█	█						
8	Presentation of the Report and Action Plan																█	█	

Annex 3: Tourism Statistics for Mozambique

Tourism statistics for Mozambique							
	2000	2001	2002	2003	2004	2005	2006
Estimated income generated by International Tourism:							
Million US\$	-	64.0	65.0	106.0	95.0	108.0	124
Contribution (%) of Tourism to National Economy (PIB):							
%	0.9	0.8	1.8	2.5	-	-	-
Approved proposals for new tourism investments:							
Approved	36	55	68	80	55	95	-
Rooms	968	686	590	857	1855	2,704	-
Beds	2003	1372	1148	1912	3171	2951	-
Employment	1071	559	530	1191	1922	2232	-
Value Invest't – Million US\$	39,17	180,00	65,10	51,92	67,15	83,69	-
International Arrivals:							
Tourists	-	322,780	540,732	441,365	414,925	-	-
Business/Conference	-	143,586	183,021	165,630	198,936	-	-
Leisure & Holidays	-	114,804	222,570	141,096	130,853	-	-
VFR	-	64,390	108,585	112,949	85,136	-	-
Other Visitors	-	81,313	402,153	284,734	296,135	-	-
Total of Arrivals	-	404,093	942,885	726,099	711,060	-	-
Source: MITUR official stats. ¹⁰							

¹⁰ Cited in SNV Mozambique (2006) Strategy Paper – Sustainable Pro-poor tourism (SPPT), SNV Mozambique, 2007-2009.

Annex 4: Information on Hospitality in Inhambane Province

Year	National Guests	Foreign Guests	Total	Nights spent by Nationals	Nights spent by Foreigners	Total
2001	10.593	13.167	23.760	15.091	23.422	38.513
2002	5.444	8.902	14.346	7.380	23.604	30.984
2003	4.458	7.988	12.466	11.779	27.729	35.508
2004	7.828	13.676	21.504	10.517	44.142	54.659
2005	8.143	15.019	23.162	14.698	61.540	76.238
2006	11.400	20.276	31.676	20.577	83.080	103.657

Source: Annual Statistics for Inhambane Province, 18 September 2007