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The case of the Programmatic Approach in Tourism– Inhambane peninsula, Mozambique ("A Terra de Boa Gente (The land of good people) – PART II)

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1 Introduction:

This case study is a follow up to the case prepared in 2008 entitled "A Terra de Boa Gente" – The case of the Inhambane Tourism Integrated Development Approach, Mozambique. In 2008, when the case was written, the program was in its first phase of implementation. It described the approach, links and synergies between various actors for greater impact.

Using the Value Chain Analysis and Development (VCA&D) tool along with the Baseline study carried out in 2007, this particular case study has looked into the key nodes in the Tourism value chain: accommodation, food & beverage and shopping and tried to analyse the pro poor elements in each, thus contributing to the over all objective of Pro- Poor Tourism (PPT). This particular case focuses on economic issues. Tourism related basic services issues are described in other case studies.

The core element of this Programmatic Approach is to develop a more equitable pro-poor economic and social growth in a holistic way. This will be achieved by combining the development of appropriate value chains and basic services in education, water and sanitation, under the tourism umbrella.

Programmatic Approach -Diagram: Inhambane programme (tourism at the heart of the flower)



2 Context:

Inhambane province, about 500 km north of Maputo, is a major tourist destination in Mozambique, in terms of concentration of tourism establishments and tourism related activities, but still ranks as one of the poorest provinces in the country with a poverty index of 80.7%. The geographical focus for SNV's current interventions is in the Inhambane Peninsula (City of Inhambane, Barra, Tofo and a part of Jangamo district) with an estimated population of over 75,000 inhabitants. Below are some basic facts and figures about the destination:

Total tourists arrival – 2008 – 45000; 25% self catering

Origin of Tourists: Regional (mainly South Africans): 56%
International (mainly European): 27%
Nationals : 17%

Increase in flow of tourists for next two year 18-20% annual (taking into account World Cup 2010)

Average Length of stay : 4 days and to reach 5 days by 2010

Average spending per tourists/day US\$ 85.00 (In reality around Us\$160/day)

Annual revenue in form of taxes from Tourism sector in 2008 – Us \$ 13.44million (An increase of 20% compared to year 2007.

Contribution of Tourism in revenue in form of taxes for 2008 – 45%

(Sources: Provincial Directorate of Tourism and Finance)

3 Major Issues at the destination area in relation to the Tourism Value Chain:

The program in Inhambane revolves around five major issues directly related with the Tourism Value chain. These issues were jointly identified with various local actors during the Baseline Study of 2007, and include:

- ☛ **Limited opportunity for growth and career progression for local employees in the hospitality sector** (vocational skills development). The accommodation sector which is responsible for 60% of revenue from the tourism sector. However, the participation of poor people is limited due to lack of basic skills among the local population.
- ☛ **Weak or non-existent local supply chains in agriculture and other sectors.** Only approximately 20% of fresh products supplied to the tourism establishments are through local producers and suppliers.
- ☛ **Limited products on offer thus affecting the length of stay for the tourists.** The concept of promoting Inhambane as a destination is missing among the public and private sector operators.
- ☛ **Gradual degradation of the environment** (solid and liquid waste) due to increasing number of tourists in the area (not described in this case study).
- ☛ **Limited local ownership in tourism related establishments**

3.1 Vocational skills development

In the Inhambane destination area, Direct Employment is the most visible economic impact from tourism. As stated above, the accommodation node in the Tourism value chain is a major source of revenue generation. However, the participation of poor in this node is limited and most of them receive only minimum wages due to lack of appropriate skills. We intend to empower more local poor people through vocational skills development so they are able to increase their income share in the node. The table below summarizes the current and projected employment status in the hospitality sector:

Full Time employees in 2008 (including seasonal workers)	1645
Employees with minimum wage (regarded as poor)	1480
Full time employment by 2012 (43% from 2008)	2115
Employees without basic training in 2008 over	1390

Currently monthly wage	US\$ 80.00
Income from tips	US \$ 39.00
Daily Income of Employees including tips (2008)	US\$ 3.61
Projected daily income of employees by 2012 (with annual increase, skills upgrading training, increase in investments)	US\$ 5.87

Efforts were made in the past to address the issue of skills training in the hospitality sector, but these efforts were isolated and a one time quick fix without taking into account the perceptions and needs of various actors. It was either public sector driven or donor driven.

In 2004 short term skills courses in the areas of housekeeping, restaurant service and reception were offered by the Superior Hotel and Tourism School (ESHTI, Faculty of Eduardo Mondlane University) with financial support from a World Bank supported project in collaboration with the Provincial Directorate of Tourism. The trainers for the course were brought from Portugal. According to the employers who sent their employees to the courses, the trainers' understanding of the Mozambican work reality was limited; they were unaware of the educational level of most employees. The inputs were theoretical and proved too difficult for the participants. From the training organizers' perspectives the training programs were not valued sufficiently by the employers and no further courses were organized.

As depicted in the box above, the efforts in the past were not sustainable due to the following reasons:

- Uncoordinated or fragmented initiative of one or two actors or an individual;
- One time interventions without applying a holistic approach;
- Lack of trust and cooperation among the private sector operators;
- Sense of mistrust between the private sector operators and local and provincial public institutions.

3.1.1 Results/Situation in 2008/2009 (Outcomes)

As stated above, before SNV's entry into Inhambane the actors were working in isolation without any linkages and dialogue between each other. There was no collaboration between public and private sectors and within the private sector individualism was very much prevalent.

SNV played a crucial role of bringing together the various actors, both public and private, to develop a common vision about skills development in the hospitality sector. Skills training programs for the employees were used as short term measures to get actors motivated and committed.

a) Association of Hotels and Tourism, Inhambane (AHTPI) which was practically non-functioning in 2007, organised itself to mobilise its members to participate in skills training programs and was instrumental in providing inputs on course contents for short term modular courses. Since 2008, the association has been in constant dialogue with the Provincial Directorate of Tourism, Provincial Directorate of Labour and training providers at local level on issues related with skills development programs in the hospitality sector.

b) The National Institute for Professional Training (INEFP) developed its capacity in designing short term modular courses, as per the requirement of the private sector. Before they had their regular standard courses lasting for four months targeted for the general public (who had no experience of kitchen and restaurant) as well as for the employees who already worked many years in the tourism establishments.



Kitchen course participants in action

c) The Provincial Directorate of Tourism (DPTUR) has been playing the role of a coordinator in carrying out these skills training programs. They are playing a leading role in identifying various locations for training programs, holding discussions with local community for training of community members on hospitality skills, negotiating with training providers for modular packages with reasonable budgets. DPTUR has received financial support for a project entitled "Supporting Platform for Inhambane ST-EP Tourism Initiatives" from UNWTO.

- d) Vocational skills development forum:** An evaluation of the short term modular courses conducted in 2008 was carried out by students from the Superior School of Hotel and Tourism. The findings of the evaluation were presented in a forum participated by various government agencies dealing with skills development for youths, training providers from the province of Inhambane, NGOs, private sector operators, Association of Hotel and Tourism and academic institutions. The forum was the first of its kind where all stakeholders came to a common platform to discuss the relevance of skills training for employment creation.



Graduates from kitchen course



Lunch after graduation

The findings of the training evaluation gave an insight to many stakeholders in terms of developing relevant curricula according to the need of the private sector operators. The major outcome of this forum was private and public sector commitment to join hands in developing skills training programs not only limited to hospitality skills but also in other disciplines such as building, carpentry, mechanical trade and others.

3.2 Local Linkages – Production and supply of vegetables and fruits

Supply of fresh fruits and vegetables to the tourism establishments is another area where the poor can benefit. The base line study carried out in 2007 revealed that an annual consumption of fresh vegetables and fruits among tourism establishments in Inhambane peninsula was over 95 tons (among 34 tourism establishments) valued at US \$ 113.137/year. Taking into account other establishments, such as academic institutions, hospitals, police and military barracks and the market for the general public the total demand for just fresh vegetables is around 400 tons/year. At present, very little is produced locally. The share of local small producers and small vendors accounted for US\$ 22.727,00 of the total value of US\$ 113,137. The rest is supplied by the formal sector. Over 90% of vegetables for the tourism establishments comes into the region either from Maputo or South Africa because the local production is erratic and the quality poor. The local consumption is also supplemented by these imports especially in the hot and wet summer months when crop production is severely limited.



Apart from the main field crops such as potatoes and onions, the other vegetables, such as tomatoes, green beans, cucumbers, melon, green peppers, could be successfully grown under simple greenhouses, located strategically in areas with good water supplies and using coconut peat as a growing medium.

This would then vastly improve the quality, quantity and consistency of supply. Preliminary VCA&D indicates that with the introduction of green house technology the current income of US\$ 2.46/day/producer could increase to US\$ 3.53/producer/day, an increase by 44% by 2012 benefitting 550 small producers and vendors.

"I have been supplying vegetables to the local market, academic institutions, and hospitals for a number of years. My biggest problem is production of vegetables during the hot summer months. This is the time when demand in the market soars up due to peak season for tourism. I have not been able to meet the market demand due to these constraints. SNV assisted me in acquiring new technology on low cost green houses where I am confident that I can be able to supply fresh vegetables to my customers all the year round. I am also in a position to supply the types of vegetable products, such as round tomatoes, which are preferred by the tourism establishments. I have learnt now how to build low cost green houses partly using local materials. I had never imagined that I can grow tomatoes using coconut substrate which is in abundance in our area.

We should be in a position to supply fresh vegetables to meet the demand of tourism establishments and the local market if we can multiply this green house technology to other farmers in the province."

Paulo Manica – small scale farmer and owner of LEOM AGRICOLA – Inhambane

The above is an example of how an individual local farmer is spearheading the production and supply of fresh vegetables to the local market. On his own investment he has constructed two green houses, size 120sq.mts each. He has planted over 400 tomato plants in each green house using coconut substrate in plastic bags for growing. He has his own nursery bed growing seedlings, again using coconut substrate on a tray. He started this new venture in April 2009, after he travelled to Maputo to observe green houses set up with support from an ITC project where SNV is also involved. He received technical guidance from a green house expert currently working in Maputo for the ITC project. His initial investment in the construction of low cost green houses is around US \$ 2.800/green house. He expects that with support from the Provincial Directorate of Agriculture he can really bring down the cost of construction to around US \$ 1.500 to 1.800 by getting poles at much lower cost. He has already started harvesting the 1st batch of tomatoes from his green house. He expects to produce 1.4 tons of tomatoes from each green house in 120 days. The gross margin for different types of vegetables grown in green houses in each cycle is from 25% to 52%. The return on investment is around 35%.

Currently LEOM Agricola is preparing a business plan to be submitted to a financial institution for credit for construction of six more green houses. Upon completion of these green houses LEOM Agricola will be able to take around 10% of the market share in the Inhambane destination area and be able to supply vegetables all year round.

3.2.1 Results/Situation in 2008/2009 (Outcomes)

- ☛ LEOM Agricola is the first private sector farmer to introduce the technology of green houses in the province of Inhambane with own investment.
- ☛ Provincial Directorate of Agriculture ready to upscale the technology to other farmers in the province with support from LEOM Agricola as a demonstration unit for training of farmers groups.
- ☛ The Provincial Directorate of Agriculture plans to introduce a minimum of 15 low cost green houses at various districts in the province in 2009. This will directly benefit over 100 small producers in the coming days.
- ☛ Based on the experience of the local farmer Paulo Manica a World Bank Project for promoting small and micro enterprises has set aside matching funds for promotion of green houses in the province.

3.3 Local Linkages & New Products – InhambARTE– Monthly market

A crucial component in the tourism value chain is shopping, in particular selling of souvenirs to the tourists. A study carried out in the beginning of 2008 on the situation of the arts and crafts sector in the Inhambane destination area revealed that there were 238 people involved in production and sales of handicrafts items, thus indirectly supporting over 1.200 people. The preliminary value chain analysis indicates that an average earning of people involved in the arts and crafts sector in 2008 was around US \$2.26/day. The monthly market place InhambARTE will contribute additional income of 30% to the daily income of US \$ 2.26/ person in 2008 thus raising the daily income to US \$ US \$2.93 in 2009. It is expected that by 2012 the contribution of InhambARTE in the daily income of the people will be almost US \$ 1, increasing their income to around US\$3.20/day benefiting over 280 arts and crafts producers and sellers.



Tourists enjoying a day at the Inhambarte fair

The province of Inhambane is commonly known as “The land of good people” which is rich in culture, heritage and delicacies. Although it is the second biggest tourism destination after Maputo it has not been able to offer much to the tourists in terms of products apart from the natural beauty of sun and the sea. In the arts and crafts sector, the variety of products on offer is limited and there is an absence of institutions promoting arts& crafts, local culture.

In the middle of 2008 a multi-stakeholder process was initiated under the leadership of the Inhambane City Council. The other actors involved in this process were the Superior School of Hotel and Tourism (ESHTI) and two NGOs, namely, ACUDES and

WONELELA. The process was supported by SNV for establishment of monthly markets, commonly known as InhambARTE. The primary objective of this process was to arrange a market place where local arts and crafts producers , sellers and other micro and small enterprises, based on local traditions (food, culture), can sell their products to the tourists and the population in general. The second objective was to add a new tourism product for Inhambane.

A management committee was formed where each of the actors involved in the multi stakeholder process nominated its representative. The management committee is responsible for planning and implementation of InhambARTE. Prior to starting the monthly markets, the management committee organized several rounds of awareness meetings with potential expositors at different locations. It also conducted a market audit to assess the demand and supply situation. As a result of this the management committee with SNV’s support prepared a project proposal for financial support from various donors and sponsors (both private and public sector). The committee has been able to obtain a small financial support from the Embassy of the Kingdom of the Netherlands as well as from private and public sectors, such as Mozambique Telecommunications (TDM), Mcel.

The exhibitors for InhambARTE are from Inhambane city, Barra, Tofo, Jangamo, Maxixe and neighbouring areas. The monthly market is organised on the last Saturday of each month.

The first monthly market was organized in December 2008, with 24 expositors. Since then, it has been organised on a monthly basis. The number of expositors has increased from 24 to nearly 50 at present. The designated space has capacity to hold over 90 exhibitors. The people visiting the monthly market place have also steadily risen from 250 during the 1st monthly market to over 600.

On an average, the total sells during the one day monthly market ranges from US\$ 750 to US \$ 1000. On an average an exhibitor makes US\$ 18/day for one day, which is a good boost to the daily sales at his/her regular place. The Municipal council charges US\$ 0.80 for participation, of which 50% goes to the council and 50% remains with the InhambARTE fund.

3.3.1 Results/Situation in 2008/2009 (Outcomes):

The management committee has taken a leading role in organizing the monthly market.

- ☛ The brand InhambARTE is well known among the tourism establishments and 150 – 200 tourists visit the monthly market. Certain tourism establishments have made InhambARTE part of the city tour package, for the last Saturday of each month. It has been included in the promotional brochure for the City of Inhambane.
- ☛ In the beginning transport was provided to the exhibitors. Now exhibitors have started participating on their own without any support for transport and other facilities.
- ☛ Training programs for 46 exhibitors are under way with contents like salesmanship, costing and pricing of products.
- ☛ InhambARTE has become a practical learning ground for exhibitors on various elements of business management such as pricing policies, handling customers, displaying their products and learning from other exhibitors rather than perceiving them as mere competitors.
- ☛ An additional amount of US \$ 0.69 cents is generated from one day sale at InhambARTE, thus contributing in daily income of exhibitors US \$ 2.53 to US \$ 3.22, as direct revenue from tourists.
- ☛ The InhambARTE concept is going to be replicated in other parts of the province for organizing periodic trade fairs, for manufacturing and agriculture sectors by a project supported by UNDP - known as ARTPAPDEL.
- ☛ The city of Inhambane has a new product offering to its national and international visitors through InhambARTE's monthly market.

4 Lessons learnt and way forward

The issues described in this case study refer to the areas that SNV is currently working on in the Inhambane destination area. Apart from these SNV is also involved with private sector tourism operators' links to local communities in some water projects, education and infrastructure improvement and health (corporate social responsibility) (see the case study "How responsible tourism businesses can contribute to poverty alleviation? The case of Barra Resorts"¹). In addition SNV is facilitating local actors working in the area of environment protection (solid waste management), destination marketing and management with private and public sector institutions. These issues will be treated separately in other case studies.

Role of SNV and added value

It is clear that SNV has grown into a major player in the tourism based development scenario in Inhambane. Our small office has grown into having 4 permanent advisers and it is visited by a steady stream of representatives of local actors and all international donors contemplating projects in the area. The private sector also sees SNV as an honest broker and a not for profit organisation worth working with.

Some examples of the added value of SNV:

One reason for appreciating SNV's advisory service is that it brought us new energy to sign up more members and increase our credibility with other institutions.
J Cunha, vice president of Hotel and tourism association

¹ Presented at the 2009 Atlas conference on sustainable tourism in Gaborone, Botswana

The creation of a dialogue platform among private sector tourism operators which led to increase in membership and a demand driven skills training program;

The linking of a small scale farmer and the provincial agriculture department to green house technology which has given its first harvest and will be up-scaled during 2009;
To influence/broker UNWTO to place one ST-EP project in Inhambane that has financed some of the pro-poor development activities around tourism;

The facilitation of the creation of a permanent recurring cultural market in the city of Inhambane and capacity building of the local actors who are now managing and developing the event.

The short term measures taken (hospitality skills training, involvement in solid waste management program) enabled SNV to get commitment from various actors and get them motivated. As a result of these measures various multi stakeholders processes related with **up-scaling** of vocational skills development for youths, green houses, setting up of market places etc have started. .

The experience of one and half year has enabled the advisory team to develop a **programmatic approach** in Inhambane with clients and partners, where the centre of all the activities is Pro-Poor Tourism. All activities carried out with partners and clients greatly contribute to pro -poor tourism.

The experience of green houses, skills training for hospitality sector and InhambARTE have created a pool of knowledge and experience among partners and clients, which will prove very valuable in the process of up-scaling these activities in the coming days.

Way forward:

As has been shown in this paper, a number of positive pro-poor income increases are on-going. Up scaling of the vegetable supply chain production and access to a large part of the tourism and local markets will be targeted during the second half of 2009 and should show considerable results by mid 2010. The inclusion of LEOM Agricola as a local capacity builder, the engagement of the provincial agricultural department and of a number of local producers associations as well as organising the handling and transport issues will need the advisory services of SNV for about one more year.

It will be necessary to intensify SNV actions and support to tourism product development and diversification by engaging a number of local entrepreneurs. This will amplify the choices for tourists to spend money and thus benefit the local economy. A large World Bank project to increase the competitiveness of SME's and support private sector development in the tourism sector in Inhambane will start by the end of this year and it's foreseen that SNV will play a central role in this development and the injection of WB resources will greatly help to pick up the speed of the tourism development.