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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 20-Apr-2023 | Report No: PIDA35783

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
Zambia	P180337	Green, Resilient and Transformational Tourism Development Project (GREAT-TDP)	
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
EASTERN AND SOUTHERN AFRICA	12-Apr-2023	13-Jun-2023	Environment, Natural Resources & the Blue Economy
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	REPUBLIC OF ZAMBIA	Ministry of Finance and National Planning (MoFNP), Ministry of Tourism	

Proposed Development Objective(s)

The Project Development Objective is to strengthen the enabling environment, access to resilient infrastructure and economic opportunities in emerging tourism destinations in Zambia.

Components

Enabling Environment for the nature-based economy
Improving Climate-Resilient Destination Access and Basic Service Infrastructure
Project Administration and Management

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	100.00
Total Financing	100.00
of which IBRD/IDA	100.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	100.00
IDA Shorter Maturity Loan (SML)	100.00

Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Zambia's development context is described by economic fluctuations closely linked to copper prices and prevalence of subsistence farming,** hindering efficient development of the rich natural and human capital while deferring economic diversification. Copper mining dominates export receipts while subsistence agriculture dominates sources of livelihood. Both have impaired the environment, productivity, and human well-being as a result of pollution, land conversion, elusive contribution to public revenue, among others. Furthermore, they have not sufficiently contributed to the expansion of the formal economy: the mining sector created mostly poor-quality informal jobs and the agriculture sector has remained at low productivity - resulting in meager opportunities for upskilling the labor force to diversify the economy. The human capital index score of 0.397 in 2020 is around the average of low-income countries (0.378), even though in 2020 Zambia was classified as a lower-middle income country whose average was 0.4801. Economic transformation through diversification - a long held development priority - continues to be central in the 8th National Development Plan (8NDP) together with job creation. These goals strive towards the Vision 2030 of becoming a "prosperous middle-income country".

2. **While urbanization and working population grow, job creation lags.** With over 50 percent of its population living in urban areas, Zambia is relatively more urbanized among Sub-Saharan Africa countries. However, this agglomeration for economy of scale has not led to commensurate job creation. With a total population of 19.6 million growing at 2.8 percent per year (2023)[2], such annual growth is projected to continue until 2030. Among the working age group, the expected growth rate is higher at 3.4 percent. Unemployment has been rising since 2012, reaching 12.8 percent of the total labor force in 2020; while 43.7 percent of the youth were not in education, employment, or training as of 2019[3]. Such figures are estimated to be higher in rural areas, reaching 52.4 percent unemployment among the rural youths. The

[1] https://data.worldbank.org/indicator/HD.HCI.OVRL
[2] https://www.zamstats.gov.zm/trend-in-population-size-zambia-1969-2022/
[3] International Labour Organization, ILOSTAT database, through https://data.worldbank.org/.

Government has prioritized job creation as a primary target, through economic transformation towards a green economy, especially in areas of agriculture, tourism, mining, and technology among others.

3. **Despite progressive provisions on gender and GBV (Gender-Based Violence) in international, regional, and national legislation, gender inequalities continue to be significant in Zambia**. Zambia ranks 146 out of 189 countries on the 2020 UN Gender Inequality Index (GII) and 56 out of 156 countries on the 2021 Global Gender Gap Index[4]. Long-standing gender inequality and patriarchal tendencies impact human and socio-economic development in Zambia. The power imbalances between women and men have resulted in women having fewer opportunities to participate in key decision-making positions and less access to productive resources. This has resulted in low female representation in formal employment, poor access to social services, and high levels of teen pregnancy, child marriage, and intimate partner violence (IPV). Female participation in the labor market is 73.5% compared to 86% for men. Over 90 percent of women in rural areas are employed in the informal agricultural sector, and 45 percent of employed women are unpaid family workers (compared to 16.1 percent of men). Only 9% of parliamentary seats are held by women. Poverty and asset scarcity in Zambia remain especially high among rural women and female headed households (with 60% poverty rates in FHH and 57% in MHH).

4. **The delay in restructuring Zambia's debt, which is unsustainable and in default, is holding back economic recovery and undermining macroeconomic stability**. The pace of recovery in economic activity slowed down in 2022, impacted by challenges in agriculture, mining, and construction. Growth is also expected to pick-up slowly over the medium term, reflecting lingering uncertainty surrounding the conclusion of the ongoing debt restructuring discussions. Zambia requested for debt treatment under the G20 Common Framework in February 2021 after the COVID-19 pandemic exacerbated debt vulnerabilities, triggering a default in November 2020. Between 2011 and 2019, Zambia's public external debt increased sharply from 6.7 percent of GDP to 66.4 percent, driven by excessive non-concessional borrowing, weak fiscal discipline, and falling copper prices amid slowing economic growth. In 2022, the exchange rate continuously depreciated—26.4 percent between September 2022 and February 2023—as foreign exchange supply significantly declined amid elevated demand. Export earnings reduced as copper prices moderated, while uncertainty that has surrounded the treatment of non-resident holdings of domestic debt in external debt restructuring affected supply from foreign financials. With inflationary pressure substantially intensifying, the central bank tightened monetary policy in February 2023.

5. **The country's globally significant natural assets offer an alternative economic opportunity**. Currently, natural resources make up 40% of the country's wealth[5] and are a cornerstone for its economic growth and strategies for poverty reduction**.** A vast 65 percent of Zambia's land area is occupied by forests[6] and its freshwater resources are claimed to hold 40 percent of southern Africa's freshwater resources[7] - of great importance as the headwaters of the Congo and the Zambezi basins. For its biodiversity, more than 8,000 species of organisms are identified in Zambia, of which at least 600 are endemic and 174 are classified as rare[8]. Zambia has not only committed to protecting its natural resources for safe-guarding future growth, but also recognizes that there is a growing opportunity to sustainably

[4] UNDP 2020. "Gender inequality index: Statistical annex table." https://hdr.undp.org/en/composite/GII.
[5] https://www.worldbank.org/en/news/feature/2022/11/18/in-zambia-natural-capital-accounts-ensure-future-prosperity-for-all
[6] FAO (2015). Forest cover in Zambia. Accessed from www.globalforestwatch.org. Tree cover in Zambia (in 2010) had 22.4Mha or about 30% of its land area.
[7] The World Bank (2021). Assessing the economic impact of tourism in protected areas on local economies in Zambia.
[8] WWF (2011). Species and Protected Areas Zambia.

develop the nature-based economy that depends on these assets – in order to generate revenues, jobs and investment. This may include activities such as nature-based tourism, regenerative agriculture, sustainable forestry, fishing, green infrastructure, bioprospecting, and carbon credits.

6. **The environment, the natural capital, and their guardians, however, have long been under threat and facing vulnerable conditions**. In 2021, Zambia lost 201,000 hectare of tree cover compared to 163,000 hectare the year before[9]. In the global Environment Performance Index (EPI) of 2022, Zambia ranked overall 106 out of 168 countries; Zambia is one of ten countries whose EPI score depreciated the most over 10 years[10]. Land use change are affecting hydrology by increasing the flow, the variability in flow volumes, and the need for water abstraction[11]. Nine species are currently listed as globally threatened, endangered or vulnerable on the IUCN Red List[12], though data deficiency is a prominent challenge in updating species presence and threat levels. Likewise, the rural communities surrounding natural habitats and high biodiversity areas of the country's protected areas have higher poverty rates. Communities living in Game Management Areas (GMAs) are found 30% poorer than the national rural average[13]. This attributes to less connectivity to markets and job opportunities, a situation that is often aggravated by fragile rights to access land and natural resources - which in turn undermines sustainable governance and management of the natural resources.

7. **These challenges are compounded by climate change impacts that are increasing the vulnerability of the environment, natural resources, and the resilience of economic and social development.** Zambia's climate is highly variable and has experienced a series of climatic extremes in recent decades. Events of droughts, seasonal floods and flash floods, extreme temperatures and dry spells exhibit increased frequency, intensity and magnitude. Rainfall variability is a key risk - affecting agriculture and power sectors that heavily rely on water resources[14]. Zambia's climate-vulnerable roads also present a great uncertainty on the economy, as roads are critical trade routes for export commodities; a study on the Zambezi River Basin countries, where Zambia is the predominant country, estimated damage recovery cost of US$596mn to 2050[15]. The hydropower-dominated (82%) power system presents a high risk especially to the heavy users - the mining sector as well as manufacturing, tourism, agriculture. One estimate presented annual agriculture sector growth curtailed by 1%, or losses reaching US$2-3 billion in the 10-20 year term[16], with maize being one of the most vulnerable crops. Climate variability estimates have suggested costing 0.4% of annual economic growth (a figure from 2013 cited by GRZ 2017 Seventh National Development Plan). Furthermore, while a net GHG-sink country, the growth rate of carbon dioxide emissions is unabated; and Zambia is found as one of the worst performing countries in terms of policy efforts to curb GHG emissions growth rate[17].

[9] Global Forest Watch (2023). "Tree cover loss in [country/province name]". Accessed on 06/01/2023 from www.globalforestwatch.org.
[10] Environment Performance Index (2022).
[11] Tena et al (2019). Impact of Land Use/Land Cover Change on Hydrological Components in Chongwe River Catchment. doi:10.3390/su11226415.
[12] WWF (2011). Species and Protected Areas Zambia.
[13] Linsey, et at 2016. Zambian Game Management Areas: The reasons why they are not functioning as ecologically or economically productive buffer zones and what needs to change for them to fulfil that role.
[14] https://climateknowledgeportal.worldbank.org/country/zambia
[15] Chinowsky et al 2015. Infrastructure and climate change: a study of impacts and adaptations in Malawi, Mozambique, and Zambia. Climatic Change 130:49–62.
[16] Braimoh et al 2018. Increasing Agricultural Resilience through Better Risk Management in Zambia. Washington DC: World Bank
[17] Environment Performance Index (2022). Zambia ranks 152 out of 180 countries in *climate change policy objective* and ranks 153 of 165 countries in *Adjusted emissions growth rate for carbon dioxide* between 2010-2019.

8. **Recognizing the perils but also opportunities, the Government is preparing a green growth strategy in which nature-based tourism is a key**. Zambia has placed environmental sustainability as one of four focus areas of its 8th National Development Plan (2022-2026). This puts natural capital on par with economic transformation, human development, and good governance to ensure resources are allocated to create and implement the accounts. The Green Economy is defined[18] as investment in economic activities, infrastructure and assets that allow reduced carbon emissions and pollution, enhanced energy and resource efficiency, and prevention of the loss of biodiversity and ecosystem services. The decline of commodity prices is necessitating economic diversification, and the unlocking of new green economic pathways that make use of Zambia's comparative advantage in natural assets is an imperative for the government. As a sub-set of the green economy, nature-based economy revolves around using nature sustainably as the central element[19]. At the forefront of the nature-based economy is nature-based tourism, which accounts for a third of all direct tourism contributions to GDP in Africa, and 8.8 million jobs globally in 2018[20].

Sectoral and Institutional Context

The nature-based economy and its relevance in the country's development

9. **In Zambia, the nature-based economy, as a sub-set of the green economy, is made up of nature-based enterprises that span many sectors.** They use nature sustainably as a core element of their product or service, create investment and provide jobs in rural and nature-based settings, as well as contribute to the sustainable management of the landscape they work in. The most prominent of these sectors is the nature-based tourism sector which sells tourism experiences to visitors and typically uses part of that revenue to manage wildlife, habitats, involve local communities, maintain 'public good' infrastructure, and raise awareness of conservation.

10. **GRZ promotes tourism as a job-rich economic driver that can be an important contributor to economic recovery, growth, sustainability, and inclusion[21].** In 2019 (pre-pandemic), travel and tourism contributed a significant 3.1 percent of GDP and 1.9 percent of formal employment – see Table 1[22]. Visitor spending directly supports local jobs and spurs additional indirect economic activities – i.e., generating the 'tourism multiplier effect' – with one study finding that three international leisure visitors generate one permanent direct job[23] and another study finding that one additional Kwacha spent by visitors raised incomes of households around a park by 1.82 Kwacha[24]. The Government collects revenues from park entry fees, concession, and business license fees. Nature-based tourism's contribution is notable in rural communities[25] for its cash flow to otherwise cash-poor areas. In 2021, a World Bank study[26] around two

[18] https://www.unep.org/regions/asia-and-pacific/regional-initiatives/supporting-resource-efficiency/green-economy
[19] https://www.mdpi.com/2071-1050/13/3/1263
[20] https://luchoffmanninstitute.org/wp-content/uploads/2021/04/luchoffmanninstitute-future-nature-based-tourism-report-2021.pdf
[21] ANBTP 2022. Country Summary Report Zambia. African Nature Based Tourism Platform.
[22] These figures are estimated higher - 7 and 7.2 percent respectively - according to WTTC (2019) Zambia 2020 Annual Research: Key Highlights.
[23] The World Bank (2011). What will it take for Zambia's tourism industry to achieve its potential?
[24] The World Bank (2021). Op. Cit.; an earlier study had calculated the 'tourism multiplier' to be 2.1 - i.e., USD1,100 spent by a nature-tourist generating nearly USD2,300 in GDP (The World Bank, 2007. Zambia Economic and Poverty Impact of Nature-based Tourism).
[25] For example, in South Luangwa, a study conducted in 2015/2016 identified 1,512 direct jobs and 375 indirect jobs in the supporting businesses. Chidakel and Child (2017). Policy Brief: The Economic Impacts of South Luangwa National Park. Also see Chidakel et al (2021). Evaluating the economics of park-tourism from the ground-up: Leakage, multiplier effects, and the enabling environment at South Luangwa National Park, Zambia. Ecological Economics Volume 182.
[26] The World Bank (2021). Assessing the Economic Impact of Tourism in Protected Areas on Local Economies in Zambia.

prime national parks – Lower Zambezi and South Luangwa National Parks – found that they generated employment for 14 and 30 percent of the adjacent population respectively; and 58-59 percent of surveyed households reported wage income from tourism employment.

11. **From a relatively low base, Zambia has seen a decade of growth in arrivals and international receipts, indicating positive market demand for tourism.** The country is located in the heart of a successful Southern Africa circuit and needs support to take more market share and extend length of stay. There were 1,266,427 [27] international arrivals in Zambia in 2019, of which about 90 percent came from the Africa region. There were 89,000 visits to National Parks - a key indicator for nature-based tourism demand, of which 65 percent were international visitors and 35 percent domestic (these figures do not account for repeat visits or visits to multiple parks). For comparison, regional tourism giant South Africa welcomed 6.3m visitors to national parks in 2019. Nature-based tourists in Zambia are therefore modest, but growing, with successful, large nature-based tourism markets on their doorstep. Zambia's nature-based market - like neighbouring countries - is largely made up of UK, European, USA and Canadian markets (71 percent)[28] typically on regional 'safari' itineraries that include Zambia as one destination, or hunting, bolstered by some regional demand mainly from South Africa. A recent study[29] in South Luangwa and Lower Zambezi reveals that, respectively, average group size is 5.9 and 5.7, average length of stay is 5.0 and 3.4, and average total spend per tourist per trip is US$2,454 and US$2,904. This translates to $221 and $136 local expenditure per tourist per day (respectively).

12. **Nature-based tourism (NBT) is Zambia's primary international draw and is based on the unique wilderness and large network of protected areas[30].** However, NBT is predominantly located in the southern part of the country with world-class tourism destinations such as the Kafue and South Luangwa National Parks and the Victoria Falls at Livingstone as the primary entry point for international leisure tourists. Parks such as South Luangwa receive annual visitors in the order of 16,000 with annual revenue from entry fees and lodge lease fees in the order of US$1 million; whereas parks in less mature destinations off the traditional circuits - such as Liuwa National Park - receive around 500 with revenues of US$0.2 million (see figure 1 below).

Figure 1: Visitor numbers per National Park

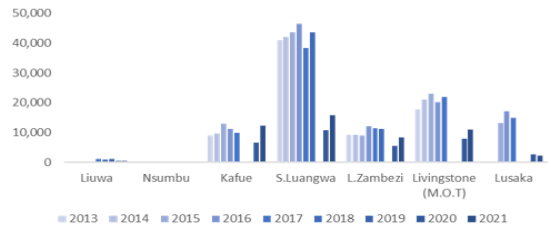
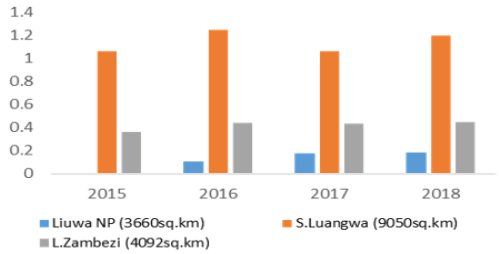


Figure 2:Annual revenue (entry fee + lodges lease fees) in millions



Source: Ministry of Tourism data. Numbers are not available for certain years. Nsumbu visitor numbers are not available but is less than Liuwa.

[27] file:///C:/Users/hnevill/Downloads/Tourism%20Statistical%20Digest%202021.pdf
[28] https://www.progreen.info/sites/default/files/2022-03/Tourism%20Protected%20Areas%20Local%20Economies%20-%20Zambia%20-%2001262022.pdf
[29] https://www.progreen.info/sites/default/files/2022-03/Tourism%20Protected%20Areas%20Local%20Economies%20-%20Zambia%20-%2001262022.pdf
[30] Protected areas comprise 20 National Parks, 36 Game Management Areas, 432 Forest Reserves, and others covering 40% of the land.

13. **Tourism supply is dominated by nature-based tourism, safari-itineraries, and hunting.** There are 1,600 lodges and 140,000 beds across the country, and occupancy rates are around 50 percent on average. There is therefore a need to stimulate demand for tourism in Zambia (tapping into shared international markets already on the doorstep in neighbouring South Africa, Botswana and Zimbabwe), as well as support product modification and upgrading to meet the needs of the market. Current trends in this regard include more family-oriented and multi-generational products and itineraries, more personalized, bespoke options (build-your-own trip), wellness and lifestyle offerings (spas, meditation, spiritual nature retreats, classes, and programs), more design-led, broad-appeal products (moving away from the traditional colonial, khaki interpretation of safari), more adventure and sports offerings and greater sustainability credentials. There is also a strong demand from the SAVE (Scientific, Academic, Voluntary and Educational) market[31], particularly post Covid as travelers seek to realign their values with the world. In the region there are some interesting pioneers embracing and innovating in the nature-based field, for example the Kruger Shalati train (a permanent luxury hotel inside a train on a bridge in the Kruger Park, South Africa), ROAR Africa's retreat itineraries spanning 13 countries in Africa, the rise of competitive road and mountain biking events across the region, including in national parks, technical eco-training, and on-foot fly tent safaris in which Zambia is a leader.

14. **The sector has experienced a severe shock from the effects of the Covid-19 pandemic, but growth prospects are positive, and a resilient recovery is critical.** International tourism inbound receipts fell from $742.2M in 2019 to $411.6M at the height of the pandemic in 2021. There was also a drop in the share of travel and tourism's percentage share of GDP and share of total employment (Table 1). The pandemic also affected the well-being and livelihoods of employees and local communities. As noted by the World Economic Forum Travel and Tourism Development Index 2021 Report, the sector recovery from the pandemic should critically aim to enhance inclusivity, sustainability and resilience. Zambia has a comparative advantage in the form of its established nature-based products and natural assets to attract the traveler of the future. Over the next ten years, 'post-pandemic' travelers indicate a strong preference for nature-based tourism, adventure, exploring wilderness and long-haul 'bucket-list' type trips[32].

Table 1: Zambia Key Tourism Indicators

Indicator	2019	2021
International tourist arrivals, thousands	1,009	1,266
International tourism inbound receipts (inbound US$, millions)	$742.2M	$411.6M
T&T industry GDP, US$ million	$811.3M	$318.4M
T&T industry GDP, % of total GDP	3.1%	1.6%
T&T industry Employment, 1,000 jobs	119	115
T&T industry Share of Employment, % of total employment	1.9%	1.8%
Domestic T&T spending, % of internal T&T spending	46.9	44.6%

Source: World Economic Forum Travel and Tourism Development Index 2021 Report (WEF TTDI 2021)

15. **Despite great endowment, Zambia's Travel and Tourism Development Index (TTDI) shows many weaknesses in competitiveness, sustainability, and inclusiveness.** While the TTDI ranked Zambia's *Natural Resource* attribute as 38th among 140 countries in 2021 (Table 2), other attributes such as human

[31] valued at $69.5 billion globally in 2018, according to Allied Market Research https://www.alliedmarketresearch.com/save-tourism-market
[32] https://luchoffmanninstitute.org/wp-content/uploads/2021/04/luchoffmanninstitute-future-nature-based-tourism-report-2021.pdf

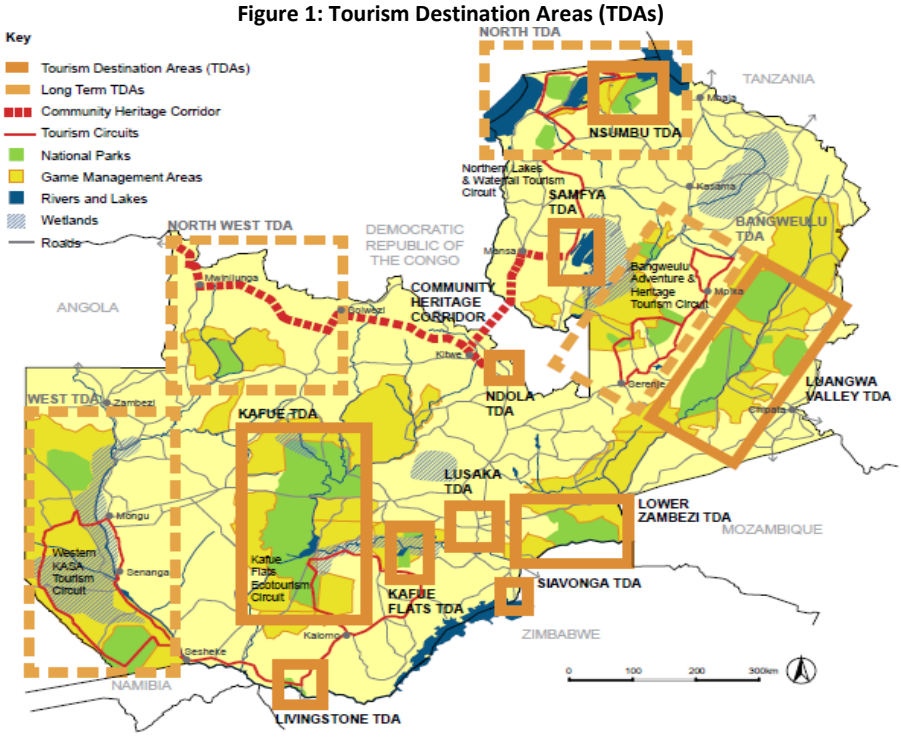
resources and labor, air transport and infrastructure, health and hygiene brought the overall Zambia tourism rank down to 98th.

16. **In the 2018-2038 Zambia Tourism Master Plan, the GRZ has defined a spatial strategy for tourism development, incorporating 10 priority Tourism Development Areas (TDAs) for further development into a Northern Circuit and a Southern Circuit.** Most of the priority TDAs (7 in total) are located in the Southern Circuit which contains the iconic attractions of the Victoria Falls at Livingstone and Kafue National Park, and the Northern Circuit contains 3 TDAs including Nsumbu and Luangwa Valley. To link the various TDAs, the Master Plan also proposes the development of tourism corridors and thematic circuits including the Kafue Flats ecotourism circuit and Western KAZA tourism circuit in the south and west of the country, and, the Bangweulu adventure and heritage tourism circuit, the Northern community heritage corridor and the Northern Lakes and waterfalls tourism circuits in the north and east of the country. Within the TDAs and circuits, there are destinations of varying degrees of tourism maturity, with less mature or 'emerging' destinations with little investment, and also characterized by higher levels of poverty, environmental degradation and remote, difficult access. It is the government's objective to build greater resilience of the circuits by improving critical factors in the tourism enabling environment, and by accelerating the development and integration of these less mature areas into the existing circuits.

Table 2: Zambia Tourism Competitiveness (WEF TTDI 2021)

	2019 Ranking	2021 Ranking
Travel and Tourism Competitiveness Index (Overall)	99th	98th
Enabling Environment		
Business Environment	68th	71st
Safety and Security	81st	75th
Health and Hygiene	106th	106th
Human Resources and Labour Market	85th	86th
ICT Readiness	98th	100th
T&T Policy & Conditions		
Prioritization of Travel and Tourism	102nd	94th
International Openness	64th	66th
Price Competitiveness	29th	24th
Infrastructure		
Air Transport Infrastructure	102nd	101st
Ground and Port Infrastructure	85th	89th
Tourist Service Infrastructure	99th	101st
T&T Demand Drivers		
Natural Resources	39th	38th
Cultural Resources	97th	92nd
Non-Leisure Resources	95th	100th
T&T Sustainability		
Environmental Sustainability	31st	37th
Socioeconomic Resilience and Conditions	116th	115th
T&T Demand Pressure and Impact	59th	60th

Figure 1: Tourism Destination Areas (TDAs)



17. **In global learnings from the effects of the Covid-19 pandemic, there is a recognition that resilient development of natural landscapes and protected areas in general must be driven by a more diversified balance of sectors and investment.** In Africa, there has long been an overdependence on tourism as a development strategy in remote, rural natural landscapes[33]. The Government sees an opportunity to support the development and preservation of its important natural assets through strategic multi-sector support for the nature-based economy, including tourism. Relevant nature-based activities besides nature-based tourism include regenerative agriculture, sustainable forestry, fishing, green infrastructure, bioprospecting and carbon. The enabling environment challenges, and destination-level challenges are therefore described here with a wider lens that includes but is not limited to the tourism sector.

18. **In terms of the enabling environment for the national nature-based economy in Zambia, respondents in a recent Investor Appetite Assessment (2023) indicate that the road network, air access, national marketing, natural resource management, licensing, access to finance, digital capacity, and availability of qualified staff were all significant barriers.** The road network is limited and in need of maintenance, air access to key NBT destinations is limited, and expensive, and national marketing is not effective in competitively positioning Zambia's brand internationally. Natural resource management is very poorly funded (approximately 10-20% of the Protected Area budget is met by the state), and the frameworks that could enable additional private resources to support the agenda are unclear, prohibitive and outdated. This refers specifically to the lack of community benefit sharing mechanisms, the need for

[33] Spenceley A, McCool S, Newsome D, Báez A, Barborak JR, Blye C, et al. Tourism in protected and conserved areas amid the COVID-19 pandemic. *Parks*. (2021) 27:103–118. doi: 10.2305/IUCN.CH.2021.PARKS-27-SIAS.en

improved concessioning, collaborative management partnership (CMP) and carbon development frameworks. Additionally, licensing is expensive and cumbersome, especially for the tourism sector, and access to finance is expensive.

19. **From a spatial lens, 60 percent of the interviewees said they have plans to invest in one or more of the three emerging destinations in the next five years, provided issues are addressed.** These areas include Liuwa Plains (in the West TDA), Source of the Zambezi (in North West TDA) and Kasaba Bay (in Nsumbu TDA). For tourism, investment plans included lodges, luxury boat cruise, and mobile camps. The emerging destinations were considered highly attractive with unique natural assets, particularly Kasaba Bay and Liuwa Plains. Stability, safety and security were considered adequate, along with climate, location and local stakeholder support. For other sectors under CMPS or concessions, the investments include carbon development, and regenerative agriculture. The element of the greatest concern and considered highly inadequate by most respondents are the access and connectivity (to and within) the areas. There are two CMPs in the Kasaba Bay area and they report a roundtrip cost of $8000 every time they need to fly in and out of the concession area[34], which increases their operating costs. For tourism, the brand identity of the places was also considered an issue, as well as the ability to sell the destinations to Zambia's existing and future markets – notably for Liuwa and the Source of the Zambezi.

20. **At the apex of many of these challenges is the coordination and capacity challenge.** Institutionally, a wide range of ministries and agencies overseeing different mandates relevant to the nature-based economy creates a challenging environment. For example, the institutional fragmentation overseeing mandates about transport by air, land, and water[35] hinders coordination. Under the Ministry of Tourism, the Department of National Parks and Wildlife manages the key tourism assets, while tourism development and facilitation is led by Department of Tourism and Zambia Tourism Agency. Furthermore, coordination with other departments also supporting natural resource management (forests and water) have often led to redundancies or gaps in natural resource management and support to communities. The green economy and green growth are new Government aspirations led by a nascent department and ministry. Detailed policy directions, technical capacity, as well as institutional organization are all in the early phase that require much development. Critically, at the local level, tourism, nature-based economy or landscape level coordination is also absent. Different stakeholders have different development agendas for the emerging destinations and to date there is no management or localized coordination mechanism or plan[36].

21. The tourism private sector is organized through the Tourism Council of Zambia (TCZ) which comprises 10 national and local level hospitality and tourism associations including the Hotel & Catering Association, Professional Hunters, Safari Hunters Association, Travel Agents Association of Zambia, Wildlife Producers Association and local tourism associations in Livingstone, Lower Zambezi, Luangwa and Luapula. Public-private sector partnership (PPP) plays a strong role in product development and diversification, and, marketing and promotion, but can also be developed to address issues such as conservation. Most of the private associations function on a voluntary basis and the TCZ is under-funded. As a result, the private sector voice in tourism is fairly weak and its relationship with the public sector is

[34] Road access is not an option as areas are too big and remote. The figure is based on the market rate of chartering a small 4-seater plane. Upgrade and being able to use the Kasaba Bay domestic airport would negate the need for these expensive charters.
[35] Air and waterways under Ministry of Transport and Logistics; roads under Ministry of Infrastructure, Housing and Urban Development; feeder roads under Ministry of Local Government and Rural Development; and roads inside National Parks under Road Development Agency.
[36] Although in some cases e.g Liuwa and Nsumbu the Management Plans exist and in other areas these are currently under development

tenuous. Strengthening the role of private sector and making them more participatory in areas such as concessions and collaborative management, marketing and promotion of Zambia as a tourism destination, and product development and diversification will contribute to the sustainable growth of NBT.

22. **Finally, the challenge of meaningful empowerment of communities as guardians of the natural habitat and resources and their effective engagement as partners has been a complex pursuit.** Communities around remote and high biodiversity areas have experienced fragile rights to land and resources, often marginalized between customary versus de jure governance systems. Such weak security of rights can be further constrained under wildlife and habitat conservation policies. Integral to resource governance by communities is the gender dimension: participation of men and women in natural resources management in Zambia. several structural and cultural barriers, particularly for women, such as (a) lack of an enabling environment for women's participation in community groups[37], (b) lack of confidence speaking in large groups, lower literacy levels, childcare and household duties, and a perceived lower level of knowledge about NRM; (c) informal information channels that exclude women and poorer households (e.g. low-income female headed households); (d) absence of quotas for women's participation as decision-makers; and (e) lack of income-generating activities due to barriers such as access to finance, information, technology etc. Women's inequitable access to endowments, income, jobs, assets and agency limits equitable participation in natural resource management sectors as agents of change.

23. **If the enabling environment and destination-specific challenges can be addressed, there is demand and private sector investment interest in the nature-based economy.** This interest is already in evidence across the more mature parts of the Northern and Southern Circuits and could be accelerated to play a much greater role. Several public-sector interventions can unlock this development. These are: supporting air connectivity to the emerging destinations and increasing connectivity and basic infrastructure within the destinations; improving the tourism licensing regime, national marketing and circuit promotion; increasing coordination, governance and technical capacity for the nature-based economy; improving concessioning and collaborative management partnership frameworks; and encouraging innovation in alternative nature-based green activities such as carbon.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The Project Development Objective is to strengthen the enabling environment, access to resilient infrastructure and economic opportunities in emerging tourism destinations.

Key Results

24. Zambia's nature-based tourism sector is organized spatially into a northern and southern circuit. Within these circuits are several less mature areas or destinations which suffer from poor accessibility, poverty and environmental degradation. Diversified, nature-based economic activity and private sector investment will create jobs and protect nature in these areas. However, private sector feedback indicates that there are several economy-wide enabling environment issues, and several destination-level issues that need to be addressed first. The project therefore takes a dual approach in tackling key enabling environment issues that will improve conditions for the nature-based economy as a whole, including

[37] Out of 76 CRBs in Zambia, 72 are led by men and only four are women led, as per USAID Land Links Report https://www.land-links.org/document/gender-assessment-of-the-wildlife-sector-in-zambia.

tourism, and in tackling destination specific barriers, including enabling infrastructure provision. Basic infrastructure will include transport infrastructure, telecommunication systems, power generation and water supply.

25. **PDO Level Indicators.** The progress toward the PDO will be measured through the following outcome indicators

(a) Number of new and diversified enterprises in tourism value chain in emerging destination
(b) Area with sustainable land management in emerging destinations (Hectare (Ha))
(c) Number of TDA with climate resilient Infrastructure Investment Plans implemented

D. Project Description

26. The project will be organized in three components: (1) Enabling environment for the nature-based economy; (2) Improving Climate-Resilient Destination Access and Basic Service Infrastructure; and (3) Project Administration and Management.

Component 1. Enabling environment for the nature-based economy. (US$13M)

27. The objective of this component is to improve the enabling environment for the nature-based economy as a whole, focusing on tourism but including compatible nature-based sectors that operate in the same landscapes and contribute to its economic, social and environmental resilience. The enabling environment priorities are identified as national tourism marketing and branding, tourism regulations and licensing, increasing coordination within the sector, improved governance and technical capacity for the nature-based economy; improving concessioning and collaborative management partnership frameworks; and encouraging innovation in alternative nature-based economic activities such as conservation or restoration to generate carbon credits for trade.

Subcomponent 1.1. Destination branding, planning, marketing, tourism and licensing (US$4.7 M)

28. **Zambia tourism sector has a relatively weak brand identity among competitor countries.** The weak branding is enmeshed with lack of strong marketing strategy to orchestrate consistency across the country. The absence of data and methodical data collection system underpin the weak strategy and identity. Further debilitating the sector is the protracted process and multiple overlaps in the administration of licenses and fees that deter investment and undermine business operations in the sector.

29. **National Marketing*:*** The Subcomponent aims to support the Zambia Tourism Agency (ZTA) and the Ministry of Tourism (MoT) to work with the private sector on national destination marketing. First, the Subcomponent would finance: (a) ZTA to lead a validation and prioritization of target audience for next five years; (b) ZTA to lead a demand-product matching exercise to categorize portfolios of products (across all segments including nature, Meetings, Incentives, Conferences and Exhibitions (MICE), culture etc) to appeal to target audiences in consonance with priority TDAs and tourism circuits; (c) the development of a medium-term national branding and marketing strategy, delivery framework and investment allocation, in consultation with the private sector, (d) capacity building for all relevant implementing entities of the strategy (ZTA, Zambia Airports Corporation Limited (ZACL), Convention

Bureua, protected areas (DNPW), other government agencies and private sector), notably in digital marketing, collaborative community marketing, creation and accessibility of content; and (e) ZTA to design a Return on Investment (ROI) monitoring framework.

30. **Streamlining Tourism Licensing:** This Subcomponent would finance activities to support tourism sector licenses reforms: (a) full operationalization of single licensing reform undertaken under World Bank's DPO; (b) multistakeholder consultations on prioritization and phasing of licensing reform including use of digital platforms (DoT, DNPW, ZTA, Business Regulatory Review Agency (BRRA), and local authorities); and (c) industry communications, training and equipping officers at subnational levels to process tourism licenses through the Government's online service platform[38]. This subcomponent will be building on the Single Licensing pilot that is currently being implemented in Livingstone and will be rolled out nationally.

31. **Data and market intelligence:** This Subcomponent would finance activities led by MoT that will inform evidence-based planning and marketing: (a) the improvement of tourism data collection framework, under the guidance of ZamStats and in consultation with all relevant stakeholders (airports, DNPW, Conventions Bureau, the Tourism Natural Capital Technical Working Group on Wildlife Protected Area Account, Tourism Council of Zambia); (b) followed by the installation of and training for district- and site-level data collection systems and procedures; and (c) the demonstration of data use for effective planning and marketing (and improving the tourism natural capital accounts).

Subcomponent 1.2. Improve competitiveness of nature-based policy, regulatory and institutional frameworks[39] (US$2M)

32. **Scaling investment in the nature-based and broader green economy is hampered by a variety of regulatory and coordination constraints.** These include a weak and opaque concession framework, an outdated hunting permit process, inability of investors to access land for appropriate duration, a poorly functioning collaborative management partnership model, lack of a community genuine empowerment and benefit sharing mechanism and the absence of a carbon development framework and expertise.

33. **Concessions Framework and Collaborative Management Partnerships across landscapes:** This activity is to support a platform by leveraging existing forum like ZNCRBA around the topic of *improving concessions for natural and cultural assets and CMPs in natural landscapes for nature based economic activities including tourism*. The activity may finance analytical studies to support in-depth review or improved frameworks[40] as identified by the focus group. Comprising governmental, non-governmental and community-based entities working across various land management regimes (under Wildlife Act, Forestry Act, Heritage Act), this forum would aim to introduce measures[41] to (a) create a transparent,

[38] "Government Service Bus" is an online platform created by Government on which government services can be accessed https://zamportal.gov.zm. The platform is currently operational, and some Government Services are being accessed and paid for through this platform. The Ministry has procured workstations and computers, which are able to process 26 licenses issued by Department of Natoinals Parks and Department of Tourism.

[39] All activities under this subcomponent strongly identifies with GCRF Pillar 4, as their activities are planned to convene key institutions, improve coordination, develop strategies, plans, guidelines, and build technical capacity.

[40] E.g., research into international best practices and benchmarking against regional competing tourism destinations with recommendations on how to diversify and strengthen these frameworks in terms of impacts (social, economic and environmental), legal and institutional framework, and other governance-related issues including public-private partnerships and community engagement.

[41] Listed measures are expected to lead to catalyzing and improving concession agreements and collaborative management partnership agreements that aim to improve sustainable land management. Many are expected to incorporate the dimensions of climate risks of the

standardized process for awarding concessions (natural and cultural), including the unbundling of concessions and the ability to evaluate unsolicited bids; (b) reduce concession and CMP agreement processing delays; (c) promote usage of concessions for the purpose of biodiversity and habitat conservation, including carbon; (d) encourage investment projects to apply the mitigation hierarchy towards no-net-loss outcome for biodiversity; and (e) institutionalize and improve benefit sharing mechanisms which can address human-wildlife conflict and improve livelihoods or overall quality of life of rural communities living in or around nature-based tourism assets.

34. **Building capacity at key government institutions to support the nature based and green economy:** The activity will support improved capacity at ZTA in the form of marketing (see Component 1.1) and the establishment of a Conventions Bureau to develop the MICE sector as an anchor demand driver with spillovers to the wider tourism economy. This activity will be implemented subject to a market and viability assessment that evaluates the cost/benefit of investing in MICE in a post-Covid landscape.

35. This activity further supports MoGEE as a new Ministry to plan and execute its initially mandated tasks. It will support MoGEE to develop and promote a tourism industry guideline for mainstreaming green and climate-resilient growth, as a voluntary improvement framework for the sector to consider the most pertinent climate risks and the options of available adaptation and mitigation measures. It will additionally support MoGEE to adapt the biodiversity taxonomy provided in IFC's Biodiversity Finance Reference Guide for the government Working Group on Mainstreaming Green Finance. This group is expected to engage the financial services sector to adopt their taxonomy in the provision of biodiversity and green finance products. Additionally, a Bank-executed analytical work is expected to explore possible reforms in tariffs and non-tariff measures to enable more fluid transfer of technology, goods and services to help the tourism sector stakeholders better afford and invest in green transition towards improved resource efficiency and enhanced resilience.

36. **Destination Planning:** This subcomponent will pilot local destination planning instruments in three emerging destinations. The plans will be evidence-based, generated by a multi-stakeholder working group led by local government and including DNWP, landscape managers (concessionaires, CMP partnerships, private estate-owners), local business, and communities. The plans will (a) map and analyse existing and potential tourism and wider nature-based economic enterprises and opportunities (including rooms, operators, concessions), infrastructure requirements, governance frameworks and stakeholders (community partnerships etc). (b) It will determine demand drivers and target markets to the destination, and map products, services and assets to each group. (c) It will make recommendations on the interventions and investments needed to catalyze tourism and nature-based economic development, including detailed infrastructural projects, product development, marketing and investment opportunities (with revenue projections). (d) The accompanying action plan will propose phased interventions, with responsibilities and budgets, that includes (amongst other outputs) an infrastructure investment component, a TA needs assessment, a TDA marketing/branding component and an investment promotion component to attract and secure private investments in the destination that benefit the economy, the natural landscape and local communities.

37. **Building national carbon knowledge and technical expertise.** This activity supports DGECC and MoGEE to oversee the development of a technical skills program aimed at upskilling Zambian

landscapes and to provide actions to build adaptation measures into the management approaches (GCRF Pillar 3).

professionals in the emerging carbon and biodiversity markets. A modular skills program will be developed or sought in partnership with existing qualification providers nationally, regionally or internationally. Modules will be identified based on a skills gap assessment, and may include areas such as Measurement, Reporting and Verification (MRV), carbon finance, biodiversity valuation, or project feasibilities. Participants to the scheme will be nominated through the relevant departments of select higher education institutions, optimally as internship requirement toward the degree. The graduates of this scheme will be mentored in the field through the carbon programs that are expected to be facilitated through this program.

Subcomponent 1.3. Providing matching grants to nature-based economic activities (US$6.3M)

38. **This Subcomponent will administer matching grants to support the participation of communities in the nature-based economy.** The matching grants are designed to support risk mitigation for the pioneers or 'first movers' for nature-based activities in remote areas, by covering some of the up-front costs associated with structuring partnership, feasibility and business planning, securing assets including equipment, construction, and finding longer-term finance. Eligible beneficiaries would be primarily community entities with or without land. They should be able to demonstrate an economic partnership (for example, private landowner, local government, concessionaire, NGO or non-profit), with the intention to explore or develop nature-based activities (to be defined) that support communities, [42] but are not able to access adequate funding. A two-stage evaluation will be undertaken with initial viability screening followed by an evaluation of each application based on a set of criteria that include longer-term sustainability, size of the landscape, impact, and benefit sharing with the wider local communities.

39. The Subcomponent will also provide technical assistance to communities or community organizations that require external support for improving governance and management structures and basic training for effective engagement with existing or prospective partners. It will also provide technical assistance to existing product and service providers in the destination to support enhanced participation in the nature-based economy, particularly in exposure to markets and networks, digital skills, marketing, and enhancing sustainability. Lastly, it will also provide access to finance coaching and mentoring for eligible MSMEs.

40. The matching grant component will have two calls, to allow a second tier of applicants a chance to apply once they have received TA and met the eligibility criteria. Each call will comprise approximately $3m across three landscapes, and the size of matching grants is anticipated to be in the range of $25,000 – $100,000. Administering grants and matching grants would involve two-stage approval process to be described in the Project Implementation Manual (PIM). This would include approval procedures, eligibility criteria for sub-projects, an implementation monitoring system and disbursements based on progress. The PIM will include measures to close the gender gap identified from a rapid Women in Green Business Assessment to be conducted in year 1 of the Project. The PIM would determine the further breakdown of the subcomponent allocation and minimum matching required per beneficiary types and NBE activity.

[42] The nature-based economy activities for tourism, wild commodities and carbon trade are integral to sustainable land management. All NBE activities supported through the matching grant are expected to increased climate resilience of their local landscapes, and many are expected to incorporate deliberate planning and measures for enhancing climate adaptation of their landscapes and proposed NBE activities (this identifies with Pillar 3 of GCRF).

Component 2. Improving Climate-Resilient Destination Access and Basic Service Infrastructure (US$78.3M)

41. **This component aims to provide better accessibility and tourism-related infrastructure within selected emerging destinations of the Northern and Southern circuits.** This will enable these destinations to compete and extend their market outreach. The component will finance the preparation and installation/ construction of a range of infrastructure including roads, air strips, airport facilities, river transportation, telecommunication network and off-grid power supply. This component will also finance the design and construction of visitor centers, as well as the provision of ancillary works such as game loops, interpretative signage and protection fencing for special sites.

42. **Three target areas (emerging destinations) have been identified.** These are Liuwa Plains National Park, Source of the Zambezi and Kasaba Bay. The target infrastructure identified are listed in the table below. Works in the first year will commence with planning for the proposed subject to validation by the Government and the various stakeholders in the sector during Year 1. For each of the three areas an *Infrastructure Development Plan* will be developed. These plans will comprise brief needs assessment and fine-tuning of the details of the infrastructure based on a consultative process as described below (paragraph 49). These details will include the number and capacity of the clean water supply systems, the size and output of the off-grid solar power stations, technical specification of the telecommunication towers, specific alignment and length of roads to be rehabilitated/ upgraded, and specific elements of air facilities (air strip, terminals, control towers, safety and navigation equipment) to be developed (Annex 4 illustrates examples of the type of infrastructure targeted).

Table 3: Proposed Component Costing for proposed infrastructure in selected TDAs and within the Northern and Southern circuits

Infrastructure component*	Cost (US$ million) **
Rehabilitation/ upgrade of rural roads and access (800 km spread over three TDAs)	52.0
Ancillary works such as game loops, interpretative signage and protection fencing for special sites.	0.3
Rehabilitation and upgrade of air facilities (3 airports)	15.0
Off-grid solar power stations (2 stations)	5.0
Rural water supply systems (estimate of total 5)	2.0
Installation of cellular telecommunication towers (estimated 3 towers with supporting sub-stations)	2.5
Dredging of navigable routes (5 km)	1.5
Total	**78.3**

* The power station and water supply system size and output, as well as the specific road alignments will be detailed and verified using the project designed screening system and each TDA Infrastructure Investment Plans.
** The costs include both the civil/ mechanical works and the supervision of activities.

43. **The infrastructure investments within each target area will be detailed and prioritized using a Multi-Criteria Analysis (MCA) analysis.** This will be conducted following a carefully designed and consultative planning process, as part of the destination planning process described in sub-component 1.2. The process engages a number of stakeholders to identify a list of investment works, through a needs assessment exercise, before then applying a multi-criteria analysis. The criteria include: (1) enhanced linkage between and within markets (for example, logistics centres or tourism circuits[43]; (2) acceptable

[43] To effectively develop NBT as a resilient and transformational driver of green and diversified economy in Zambia, it will be necessary to take stock of NBT assets, their potential for increased market appeal, and, access and infrastructure needs. Analytical framework will be developed

economic feasibility; (3) compliance with social and environmental safeguards standards; (4) minimizing negative and where possible enhancing positive environmental impact; and (5) minimizing GHG emissions and maximizing climate resilience. Based on the screening process the investment works will be ranked and prioritized. These will then collectively constitute the Infrastructure Investment Plans.

44. **Part of the selected works (particularly the roads component) will be designed, constructed, and maintained by the contractor**. This will be done using the Output-and-Performance Based Road Contracts (OPRC) contracting methodology. This methodology combines the rehabilitation works and the maintenance works (for a specific period) under one contract, which focuses on outputs and not inputs. The methodology measures outputs based on actual performance. The contract would typically include the design activities. The Road Development Agency (RDA) is familiar with the approach, as it implemented three generations of the OPRC contracts in Zambia, with the support of the World Bank. The first of these contracts is expected to be launched in the second year of project implementation, following the completion of the Infrastructure Investment Plan in the first year. The PIM will describe in detail the process from identification to construction.

45. **Determining the details of the water, power and telecommunication infrastructure will be part of the Infrastructure Investment Plans.** Each Infrastructure Investment Plans will include a needs assessment, infrastructure prioritizing assessment and a final list of the infrastructure to be developed. The needs assessment will determine the facilities/ infrastructure and extent of development required to equip the target destination to receive tourists, investments and to serve the local communities. The final list will not include detailed designs of the respective infrastructure but the overall parameters (type, size, outputs, etc). These parameters will be assessed based on the forecast use of these facilities.

46. **The component also includes the provision of community-based infrastructure.** This basic infrastructure, such as water boreholes and market sheds, will be identified in consultation with local communities where the selected roads will be constructed. These will be delivered under the same OPRC road contracts.

Component 3. Project Administration and Management (US$8.7M)

47. This component comprises activities to administer and manage the Project. The component will provide funding for: planning, financial management, audits, procurement, safeguards, Monitoring and Evaluation (M&E), reporting, communications, coordinating with the stakeholders, basic training of activity implementing teams and beneficiaries, and mobilizing external support and technical specialists. The matching grant administration will sit within the PIU with Matching grant Administrator supported by experts and specialists drawn from within and outside government as and when needed. The independent evaluation panels will be drawn from outside government system, and the specialists concentrated on the green transition in finance, procurement, monitoring, infrastructure, biodiversity and climate change and tourism specialists will be drawn from within and outside the government system.

to help guide the *linkage across TDA circuits which will grow, strengthen and diversify Zambia's tourism offer.* This analytical work will also guide implementation of Component 1 activities i.e., matching grants, collaborative management and concessions, and marketing and promotion.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	Yes
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

48. **The environmental risk rating of Substantial is based on the nature of project activities which consist of construction and rehabilitation** of low scale infrastructure and sustainable management of tourist operations that will for the most part not expand the existing interventions in and around Zambian Protected Area systems (PAs). Although the PIU E&S management capacity is relatively limited, the Project will adopt a robust screening process and exclusion list and will conduct surveys to ensure exclusion of potentially High-Risk project activities, through not expanding the environmental footprint through project activities. Potential environmental impacts will be mitigated and managed in accordance with the ESS, GIIP and national laws. Project activities are likely to occur inside and in the vicinity of PAs comprising National Parks (NPs), Game Management Areas (GMAs), Bird and Wildlife Sanctuaries, National Forests reserves, wetlands of international importance, important bird areas, and cultural heritage sites. The likely subproject areas (Kasaba Bay, Nsumbu National Park, Liuwa National Park and surrounding areas and source of the Zambezi are characterized by (i) areas that may contain some species categorized as critically endangered (two species), vulnerable or near threatened under the IUCN Red List for Zambia (ii) modified (human encroachment) habitats and some natural or critical habitats and (iii) areas of birdlife, endemic fish species, shorelines, wetlands and grasslands. The proposed Project activities may include (i) construction and rehabilitation of small scale infrastructure including (ii) rehabilitation of existing earthen roads, existing park loop roads, and short span bridges (iii) rehabilitation or construction of unsurfaced airstrips, small airport facilities, introduction of river transportation and its supporting facilities (iv) construction of single story houses, offices and life support infrastructure outside of the NP boundaries for law enforcement working on protection of biodiversity and cultural resources (v) construction of telecommunications network and off-grid solar power infrastructure (vi) construction of visitor centres, protective fencing and interpretative signage for selected sites and (vii) water supply infrastructure including boreholes. The likely positive environmental impacts include (i) more land designated as protected areas, environmental restoration activities and biodiversity conservation in project selected areas (ii) protection and preservation of tangible cultural heritage (iii) improved landscape aesthetics where tourism offers the potential to improve the appearance and management of GMAs, NPs and TDAs (iv) preservation and protection of ecological processes, watersheds and ecosystems.

49. The environmental risks and impacts of the project are likely to be direct, indirect and cumulative. Direct and indirect impacts during construction could include land clearance on non-greenfield sites, modified habitats that may inadvertently impact on natural or critical habitats, migratory corridors and ecosystems. Construction impacts may increase community health and safety risks in subproject areas and OHS risks to workers, generate localized air, noise and water pollution, illegal or unsustainable resource extraction and the generation of all waste types. During operations, direct and indirect impacts may include (i) increased harvesting of natural resources to supply food and tangible goods to sustain

tourism demand causing resource competition, human encroachment into sensitive areas, air pollution from air and ground transport; environmental pollution from inadequate waste (all types) management and disposal from the provision of tourism services, unsustainable water extraction and use and; road widening and formation of illegal roads leading to habitat destruction, soil compaction, removal of vegetation and; (ii) increased number of road traffic accidents and animal kills exacerbated by project activities. Cumulative impacts could arise from single or catastrophic events and actions intensified by tourism density e.g. large scale fires that could destroy wildlife habitats, incremental effects of pollution on protected areas, air and road travel emissions contributing to climate change, potential for increased sediment and contaminant runoff, possible spread of invasive species and increased air pollution.

50. The assessments of E&S risks and impacts will be proportionate to the sensitive nature of the Project activities and will follow a framework approach guided by a project ESMF. The Project has Subcomponent 1.3 administering matching grants and Component 2 financing infrastructure works that will have screening and review process to determine the specific investment activity. Subcomponent 1.3 will finance, by a matching grant scheme, specific nature-based economic activities (tourism, wild commodity trade and carbon trade) that are based on sustainable land management; the PIM will develop eligibility criteria and exclusion list. Component 2 will finance infrastructure works that will be determined by a set of criteria (see paragraph 49, details to be developed in PIM). Component 2 selection criteria includes the social, environmental, and climate change impact criteria. They will be synchronized with the GRZ regulations and also guided by the ESMF to screen potential impacts including external risks that may arise such as increased competition for land and water resources use. The ESMF will also provide further guidance on the requirements for specific activities - the mitigation measures and management plans (ESMPs, BMPs, CHMPs that will be guided by a mitigation hierarchy based off ESSs, ESHG and GIIP. Cumulative impacts will be assessed in the site-specific E&S instruments (ESIAs and ESMPs) and suitable mitigation measures provided. Subproject sites will apply the mitigation hierachy, an exclusion list and will only consider the development and implementation of a Biodiversity Management Plan (BMP) or a Cultural Heritage Mangagement Plan (CHMP) if any residual risks and adverse impacts on habitats and their biodiversity or cultural heritage respectively remain. If required, the BMP or CHMP will be developed as standalone or as part of the site specific ESMP. In any event, a Chance Finds Procedure will be developed for every subproject E&S instrument and implemented during construction activities. An exclusion list is included in the ESMFand listed in the ESCP.

51. **Social Safeguards.** The project is expected to contribute to enhancing the performance of the tourism sector, leading to opening up of new tourist sites and increasing the length of stay for tourists. It is envisaged that through these developments, there will be increased job creation opportunities for communities within the project footprint. Further, the focus on nature-based tourism will foster resilience and sustainable use of natural resources by communities and tour operators, thereby resonating with the country's drive to safeguard against climate change. Proposed infrastructure development will not only serve immediate tourist sites but will ease access for hard-to-reach areas and will ultimately lead to improvements in provision of social services to rural areas where the project will be implemented.

52. Proposed activities under Component 1 pose a low social risk, however, subcomponent 1.3 which focuses on administering of matching grants may result in the risk of exclusion for selected community groups owing to the stringent requirements for accessing this support. Whilst technical capacity will be provided, the possibility of elite capture exists and may see women and other vulnerable groups such as

persons with disability not benefiting from initiative due to low literacy levels, including financial and business acumen. Furthermore, existing social and cultural norms that perpetuate gender inequalities may limit women's participation in the project. The project has developed an ESMF that provides guidelines for assessing and addressing the risk of exclusion to ensure project benefits are maximized by all. This has further been enhanced through the Stakeholder Engagement Plan (SEP) prepared for project, which places emphasis on the participation of all identified stakeholders especially women and vulnerable groups by ensuring accurate information is made available at various stages of project implementation. The SEP also provides a Grievance Redress Mechanism (GRM) for lodging complaints that may arise from the project, and a channel for giving feedback on project performance consistent with ESS 10.

53. Under Component 2, planned project activities constitute a social substantial risk given planned infrastructure works that will be implemented in various project sites. Construction of access roads, bridges and airstrips may result in land acquisition and involuntary resettlement for communities in the construction pathway, as well as those with livelihoods dependent on natural resources derived from protected areas. Specific subprojects are yet to be designed, including geographic locations. This will be determined after project effectiveness. To manage potential risks and impacts on resettlement and restricted access to natural resources, the project has adopted a framework approach and prepared a Resettlement Policy Framework (RPF) and Process Framework (PF) respectively. These documents provide guidelines for addressing risks and impacts that may arise due to planned infrastructure works and specifies triggers for preparing site specific Resettlement Action Plans (RAPs) and corresponding Livelihood Restoration Plans (LRPs) aligned with the principles of the RPF and PF. In addition, guidance is included on the methodology for ensuring inclusive consultation and disclosure of information in a culturally acceptable manner.

54. Planned construction activities may result in influx of workers to project areas leading to strain on available in local services. There is also a likelihood of increased incidents of Gender Based Violence (GBV), Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH) due to inappropriate contractor and community interactions and transmission of non-communicable diseases (NCDs). The situation maybe further exacerbated by the fact that rural communities have limited access to health facilities, including referral and support services for GBV/SEA/SH survivors. Existing social and cultural beliefs could also enhance women and girls' exposure to abuse due to power dynamics in households that maybe engaged by the project. Through the Labour Management Procedure (LMP) prepared for the project, codes of conduct will be adopted for all workers engaged on the project. This will include punitive measures for those perpetrating GBV/SEA/SH. Workers and community members will be sensitized on the available grievance mechanisms which also include provisions for reporting incidents of GBV/SEA/SH that may arise during project implementation**.**

E. Implementation

Institutional and Implementation Arrangements

55. **The Ministry of Tourism (MoT) has the overall responsibility for project oversight and coordination.** Implementation arrangements feature a number of players whose roles will be clearly spelled out in the Project Implementation Manual (PIM). The implementation structure will include the

establishment of a Project Implementation Unit (PIU) under the MoT for which staff hiring for key positions are expected to be filled by project effectiveness. The PIU will work with partners and stakeholders with established track records in TDAs, and among communities. The PIU will provide national oversight, coordination, and support.

56. **Oversight.** The project will be anchored in the MoT directly under the purview of the office of the Permanent Secretary for Tourism. The institutional arrangement takes into consideration that Tourism projects are complex by nature, involving multiple agencies and geographic locations. Therefore, general oversight will be provided by a Project Steering Committee (PSC) of Permanent Secretaries. The PSC will be chaired by the Permanent Secretary (MoT) and comprise of the Permanent Secretaries (PSs) of the ministries involved in the project: Ministry of Finance and National Planning (MoFNP), Ministry of Green Economy and Environment (MoGEE), Ministry of Transport and Logistics (MoTL), Ministry of Infrastructure, Housing and Urban Development (MoIHU) and Ministry of Lands and Natural Resources (MoLNR) among others. The MoT PS office will mobilise and liaise with the PSC as well as to provide day to day leadership and guidance to the PIU. This includes review of the plan and reports as well as clearance for contract, thresholds will be provided in the PIM.

57. **Project Implementation Manual (PIM).** A PIM will be prepared covering general purpose, project description, objectives, components, implementation timeline, institutional arrangements, implementation arrangements at both national and provincial levels, beneficiaries and project locations description, accounting policies, accounting and financial reporting system, administrative procedures (operating, administrative and financial, procurement, M&E, management of fixed assets, safeguards procedures and tools). In addition, a detailed implementation manual will be prepared for the matching grant sub-component 1.3. The adoption of the PIM is an effectiveness condition.

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