

# Mozambique: World Bank Program Summary

TICAD Seminar  
October 7, 2015

# Three Broad Themes

- Mozambique's challenge is to transform natural capital (resources) into human, institutional and physical capital in a balanced combination
- Diversifying economic activities and promoting inclusive growth is the underlying goal of this process
- The emerging WBG Country Partnership Strategy with the Government of Mozambique is very much in line with the recent TICAD 5 strategy

# Mozambique: challenges & opportunities

- A vast potential...
  - Annual GDP growth averaging 7.4 percent over past two decades
  - A young population with huge potential if given the right skills
  - A large agricultural potential, with multi-billion dollar annual exports
  - The potential to become a world-class mining and gas destination
  - The potential to become a major regional transport and energy hub

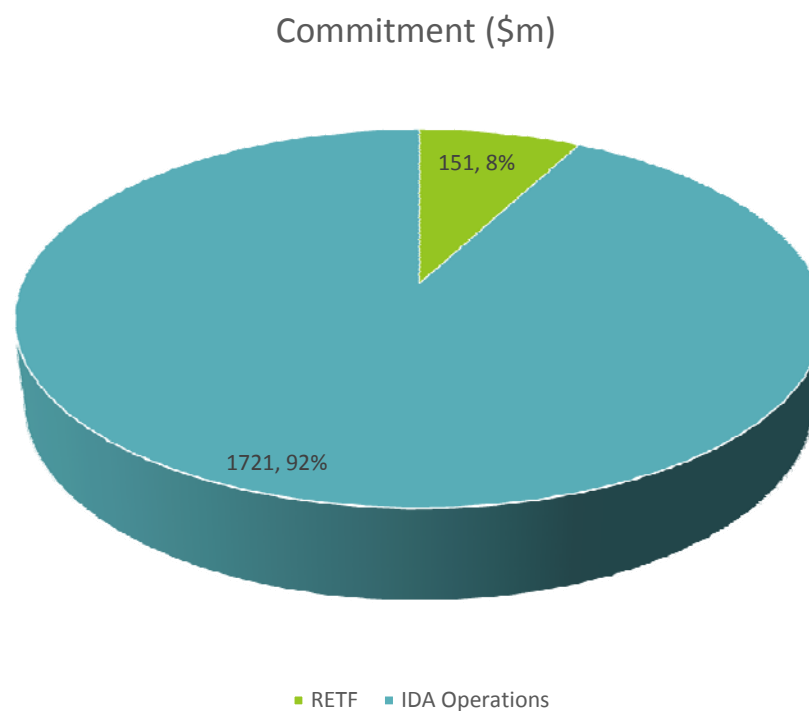
# Mozambique: Important challenges

- Rapid economic growth but little diversification of the economy and very limited diversification of Mozambique's assets base
- Concerns about sustainability of economic growth given reliance on non-renewable natural resources
- Growth elasticity of poverty reduction has declined
- Limited quality and access to public services for the poor

# World Bank Support

*A total commitment of \$1,87 million*

*23 active IDA operations accounting for over 90% of the total portfolio*



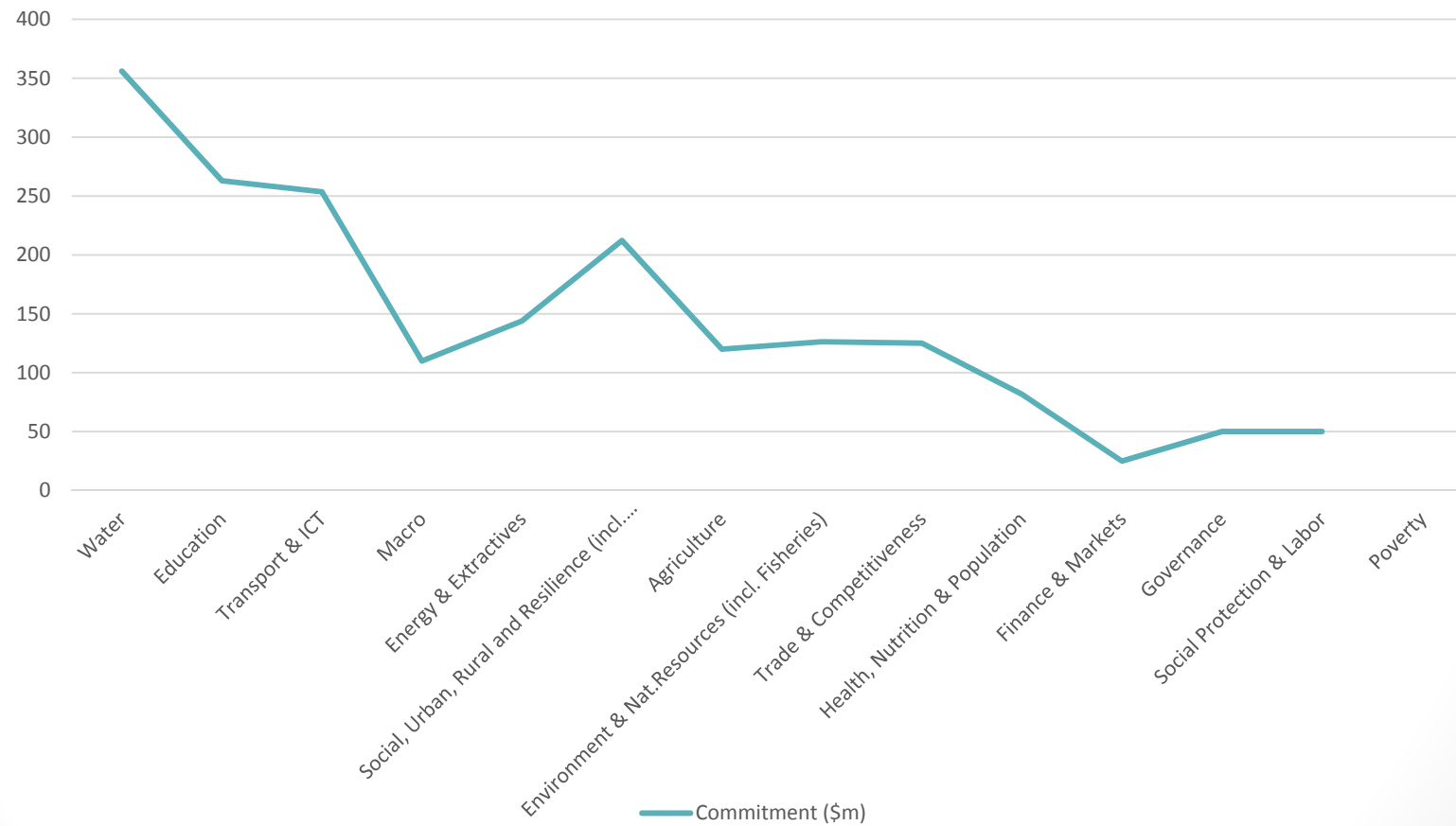
# 2/3 of Projects in 5 sectors...

*Our largest investments support increased access to water, urban-rural integration, improvement in human capital development mostly through education, energy and promotion of sustainable natural resource use*

GP/Sector	Number of Projects
Water	4
Urban and Rural Integration	4
Education	2
Energy and Extractives	3
Environment and Natural Resources Management	3
Trade and Competitiveness	1
Transport and ICT - large project	1
Agriculture	1
Health Nutrition and Population	1
Social Protection and Labor	1
Finance & Markets	1
Governance	1

# Our support - By Sectors

Volume by Global Practice



# The Future: Meeting the challenges...

## Priorities for Mozambique

- Diversification
- Sustainable Growth
- Inclusiveness
- Service Delivery



# Diversification

- Investment in human capital
  - *Reform TVET and higher education to become more relevant to the market, in collaboration with private sector*
- Macroeconomic management
  - Adapt fiscal policy, further strengthen PFM systems, create stabilization fund
- Improve business environment
  - simplify procedures for private sector (i.e. licensing, property registration, customs procedures)

# Sustainable Growth

- Energy:

*Increase focus on energy access; address substantial transmission rehabilitation, and invest in production for regional export*

- Transportation:

*Focus more on the tertiary road network; develop appropriate pricing of services and maintenance in PPPs; and devise a plan to use rail infrastructure beyond mining business*

- Urban development and spatial planning

*Develop performance-based intergovernmental finance instruments;*

- Environment, Climate Change, Forestry

*Accelerate preparation and implementation of sector plans that mainstream climate resilience; promote sustainable management of natural forests;*

# Inclusiveness

- Smallholder agriculture

- *investing in rural infrastructure; expand extension services;*
- *continue land reform; support farmers' participation in value chains*

- Access to finance for MSMEs

- *streamline regulations regarding innovative instruments;*
- *prepare regulations enhancing consumer redress and complaints mechanisms;*
- *enact law enabling establishment of private credit bureaus;*
- *prepare regulation allowing for creation of a collateral registry.*

# Service Delivery

## ● Education

- Quality-driven reform in primary education so as to develop in all Mozambican children foundational skills;
- Full implementation of school councils to improve governance and efficiency

## ● Health

- Improved coverage and quality health services.
- Improve geographical distribution, retention of staff);
- Increase affordability and efficiency, refocus spending on results and linking financing to specific indicators