

**REPUBLIC OF MOZAMBIQUE: POVERTY REDUCTION STRATEGY PAPER
AND JOINT IDA-IMF STAFF ADVISORY NOTE**

CHAIR'S SUMMING UP*

Meeting of the Executive Directors

January 10, 2012

Executive Directors considered Mozambique's Poverty Reduction Strategy Paper and the Joint IDA-IMF Staff Advisory Note (IDA/SecM2011-0724). They appreciated the extensive consultations in its preparation and supported the commitment to keep its implementation an inclusive process.

Directors commended the Authorities for sound macroeconomic policies, which allowed Mozambique to sustain high growth in recent years. They appreciated the candid assessment that high GDP growth had not been accompanied by strong poverty reduction and noted that development must become more inclusive and broad-based. In this regard, Directors underscored the importance of producing tangible results in each strategic pillar, focusing on productivity improvements, job creation, building skills through training and education, and human and social development, through good governance and prudent macroeconomic management. The importance of considering the linkages between economic growth, policy actions and poverty outcomes was equally emphasized. The need to address the infrastructure bottleneck, develop financial markets and regulatory framework, as well as improve the overall investment climate was highlighted, as was the need for strong inter-ministerial coordination.

Directors welcomed the progress Mozambique has made towards achieving EITI membership. They emphasized the need to raise farm and fishery productivity and market participation. Remarking on the vulnerability of the population to frequent climate and other exogenous shocks, Directors underscored the need to strengthen adaptation and mitigation strategies, and operationalize strategies developed for natural disasters and provision of targeted social safety nets. They welcomed the commitment to reduce dependency on external aid by improving domestic resource mobilization. Directors stressed the importance of managing the expected revenues from natural resources development so as to maximize their benefits, filling critical investment gaps in infrastructure and social services.

With regard to poverty reduction and the Millennium Development Goals, Directors noted that strategies must take into account significant disparities among regions. They encouraged the Authorities to deepen decentralization and invest in creating stronger local capacity, including support to achieve better results in the health sector. They also underlined the importance of a solid monitoring and evaluation framework capable of tracking achievements against priorities.

Finally, Directors stressed the critical role of good governance and gender equality for faster and sustained poverty alleviation and urged the Authorities to live up to their commitment to fighting corruption, strengthening transparency and accountability in government, and in creating a dynamic and capable public sector.

*This summary is not an approved record.