

# THE WORLD BANK AND MOZAMBIQUE

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## FOREWORD

Mozambique and the World Bank have maintained continuous relations since the country joined the institution in 1984. Over these years, the World Bank has provided development assistance to Mozambique in accordance with the country needs and priorities, from economic stabilization in the 1980s, to post-war reconstruction in the early 1990s, to a broader and comprehensive assistance starting in the 2000's.

Today, Mozambique's overarching long-term development challenge is to translate its economic growth into poverty reduction by stimulating a more diversified and inclusive growth. In a shorter term, the country needs to address the challenges posed by the previously undisclosed loans, which led to a rapid deterioration of its macroeconomic stability, by restoring investors and development partners' confidence.

It's against this backdrop that we have recently updated our operational strategy with Mozambique, renamed Country Partnership Framework (CPF) for the period 2017-21. The strategy's indicative financing envelope is US\$1.7 billion from the Bank's International Development Association (IDA). Under this strategy, we offer a multifaceted assistance that includes lending, technical assistance, and development knowledge. Considering the country's debt and fiscal crisis, high priority will be assigned to using our knowledge products to strengthen transparency and accountability, particularly related to State Owned Enterprises, and management of public investment and debt, among other pressing issues.

With more than 20 ongoing lending operations in our portfolio, we support the government in areas as diverse as infrastructure development, including water, energy, roads, irrigation, but also agriculture, environment, and natural resources management, education, health, social protection, governance and public financial management, among other sectors.

This *IDA at Work* brochure highlights IDA results in Mozambique as we renew our conviction that *#Africa Can End Poverty*; the term adopted in the region to express our steadfast resolve to addressing the root causes of poverty in Africa and in Mozambique.

We selected a few examples of results offering a glimpse into some of the most impactful work being undertaken by IDA in Mozambique. IDA, also known as the *World Bank's Fund for the Poorest* provides the bulk of the financial support to Mozambique among the five institutions comprising the World Bank Group. The country benefited from a total of US\$5.4billion in IDA financing to date, 90 percent of which in the form of low interest credits.

We hope that some of the stories of success illustrated in this brochure serve as an inspiration to the work ahead to all who direct or indirectly contribute to the goal of a country free of poverty. We are proud to have done our part in addressing some of the country's development challenges along the years. We remain committed to our mission and believe that with everyone joining the fight, Mozambique and *#Africa Can End Poverty* within a generation.



**Mark Lundell**

*World Bank Country Director for Mozambique*



## About IDA and Mozambique

IDA lends money to Mozambique on concessional terms. This means that IDA credits have a zero or very low interest charges, and repayments are stretched over 25 to 40 years, including a 5 to 10 year grace period.

IDA lending terms are determined with reference to the recipient countries' risk of debt distress, the level of GNI per capita, and the creditworthiness for the International Bank for Reconstruction and Development (IBRD) borrowing. IBRD is one of the five institutions of the World Bank Group, which lends to governments of middle-income and creditworthy low-income countries.

IDA also provides grants to countries at risk of debt distress. Under the new World Bank Group Strategy with Mozambique for Fiscal Years 2017-21, the country currently receives IDA support in the form of non-reimbursable grants (zero interest rates) at least for three years starting in 2017.

IDA Analytical and Advisory Work represent a combination of hands-on technical assistance, results evaluations, policy notes and broader reports and are a complement to our investments. These knowledge products inform policy dialogue

as well as the preparation of future operations where knowledge gaps exist.

Of the current IDA lending portfolio to Mozambique comprised of over 20 active funded projects, IDA commitments today exceed US\$1.8 billion. Of this amount, 953.42 million have already been disbursed. In addition, the country currently benefits from 26 recipient-executed trust funded operations with a total allocation of US\$190 million.

In addition to concessional loans and grants, IDA provided significant levels of debt relief to Mozambique through the Heavily Indebted Poor Countries (HIPC) Initiative. In April 1998, Mozambique was the sixth country to be declared eligible and to benefit from the HIPC Initiative, ensuring some \$1.4 billion (in nominal terms) in debt relief.

In September 2001, Mozambique reached the completion point under the Enhanced HIPC Initiative. Of the total estimated debt-service relief to Mozambique under HIPC of some \$4.3 billion, the World Bank provided about \$1.1 billion. The HIPC Initiative helped to improve Mozambique's external viability and economic sustainability.



## The World Bank Operational Strategy for Mozambique

The World Bank has a new operational strategy, renamed Country Partnership Framework (CPF), for its work with Mozambique for the Fiscal Years 2017-2021.<sup>1</sup> The CPF was discussed by the institution's Board of Directors in April of 2017. Its preparation involved close collaboration with the government, development partners, civil society, and the private sector.

The World Bank applied the following filters to arrive to its new priorities for Mozambique:



<sup>1</sup> Note that the World Bank Fiscal Year starts on July 1<sup>st</sup> and ends on June 30<sup>th</sup> each year.

# The Strategy (CPF)'s New Priorities



**CPF**  
**IDA Financial Commitments**  
The new Strategy (CPF) comes with a new financing envelope

**IDA resources**

The indicative financing envelope under the new strategy is US\$1.7 billion from IDA. Approximately US\$120 million were available during FY17.

From FY18 onwards an indicative IDA allocation in the range of US\$350-410 million per year is planned subject to the annual IDA performance-based allocation and overall resource availability.

**IDA Regional, PSW, GPE, PFF, REDD+, FIP, TFs**

The core IDA allocation is expected to be supplemented by resources from Regional IDA projects; the IDA18 Private Sector Window (PSW); and recipient-executed Trust Funds (TFs), including the Global Partnership for Education (GPE), the Global Finance Facility (GFF), Reducing Emissions from Deforestation Degradation (REDD+), and the Forest Investment Program (FIP).

## IDA Indicative Lending for Fiscal Years 2017-21 in Mozambique

PROJECT NAME	IDA (USD MILLION)
<b>Fiscal Year 2017</b>	
<b>Focus Area 2: Investing in Human Capital</b>	
Education Sector Support Project (AF)	59
<b>Focus Area 3: Enhancing Sustainability and Resilience</b>	
Social Protection Project - AF (El Nino CRW)	10
Emergency Resilient Recovery Project AF (El Nino CRW)	20
Mozambique Forest Investment Project	15
FY17 Total	104
<b>Fiscal Year 2018 - 2021</b>	
<b>Focus Area 1: Promoting Diversified Growth</b>	
Power Efficiency and Reliability Improvement	150
Integrated Feeder Roads Development Project	150
Regional Power Transmission Development <sup>a</sup>	300
Mining and Gas TA Project - Additional Financing	28
Accelerated Program of Economic Integration DPO II <sup>a</sup>	10
Smallholder Agriculture Productivity Improvement (PROIRRI 2)	80
Agriculture and Natural Resources Landscape Management II	40
<b>Focus Area 2: Investing in Human Capital</b>	
Health Sector Strengthening Project PforR	80
Education Sector Support Program II	80
Water Service and Institutional Support II (AF)	60
Enhancing the Skills Base	60
Strengthening Safety Nets	80
<b>Focus Area 3: Enhancing Sustainability and Resilience</b>	
Conservation Areas for Biodiversity and Development -- Phase 2	40
Municipal and District Government PforR	100
Mozambique Statistical Capacity Building	62
Secondary Cities Sanitation and Drainage	80
National Land Administration	100
Fiscal Sustainability and Resilience DPO series <sup>b</sup>	

Note: <sup>a</sup> Regional project

<sup>b</sup> Subject to resumption of policy-based lending

# IDA at Work in Mozambique

## Results Highlights

IDA work in Mozambique spans development assistance to natural resources management, forest and wildlife conservation, sustainable tourism, agriculture, including irrigation, among others. We also support the expansion of access to energy, including particularly in rural areas; social protection; health and education; but also urban development, including water supply and sanitation infrastructure. We support governance; business environment; financial systems; and public financial management. Below are highlights of some of IDA work in Mozambique further developed along the brochure.

## Agriculture Development, Irrigation

- Through World Bank financing to the Sustainable Irrigation Development Project (PROIRRI), small farmers grow and sell rice, maize, baby corn, and vegetables thanks to rehabilitated and new expanded irrigation schemes in selected districts of the provinces of Sofala, Manica, and Zambezia. Thus, more than 6,000 local farmers benefited directly from the PROIRRI project. The project is expected to guarantee, at its conclusion, the irrigation of a total of 3,000 hectares, of which 1,700 hectares dedicated to rice production, 800 to horticulture and 500 to contract farming.

## Environment, Natural Resources Management, Rural Development

- The World Bank supports Mozambique preserve its rich diversity of forest, wildlife and fisheries resources, which are rapidly being depleted. One focus is on the management of conservation areas and the reintroduction of wildlife and reforestation. Another supports communities with alternative sources of income to diversify their livelihoods. A third focuses on the promotion of sustainable tourism in Mozambique where the community has a central role. Likewise, we support sustainable agriculture and fisheries involving the community, with technical assistance, credit lines, and access to technology.

## Safety Nets

- Mozambique benefits from World Bank funding to consolidate its safety net systems and expand the government's Productive Social Protection Program. Zambézia province, with a poverty rate of close to 70%, has one of the largest beneficiary coverage under this project, which directly benefited 8,500 people in Zambézia province alone and used community consultations to help determine the target beneficiaries.





## Access to Energy

- Through World Bank funding to the Energy Development and Access Project (EDAP), we supported the expansion of photovoltaic solar energy in rural areas not connected to the national grid, thus providing power to more than 500 health centers and 300 schools throughout Mozambique. The project also helped with the construction of new transmission lines.

## Access to Water

- The World Bank through the Global Partnership on Results Based Assistance (GPOBA) invested a \$ 6 million grant to expand water services to poor peri urban districts in five major cities in the country: Maputo, Beira, Nampula, Quelimane and Pemba. The project financed piped water to 28,950 houses that were previously not connected to the system, benefiting a total of 468,000 people.

## Access to Education, Including Higher Education

- The World Bank has been supporting the democratization of access to higher education in the country. Through the Higher Education, Science and Technology Project, the institution invested in the development of Distance Learning Systems (DLS) in Mozambique. DLS have helped expand access to basic and higher education throughout the country. Today many people from remote communities do not need to move from one province to another to attend higher education, making education more accessible to more Mozambicans.

## Improving Health Services

- Through the World Bank-funded Health Services Delivery Project, more than 350 new health professionals were trained in Nampula at the Nampula Health Training Institute. New community health agents were also trained and deployed to ensure the effective dissemination of good practices among rural communities and to serve as liaison between rural communities and health professionals.

## TRANSPORT, IRRIGATION, AND ENERGY INFRASTRUCTURE





## Rehabilitating Vital Infrastructures

Macarretane Dam is a vital multipurpose infrastructure comprised of a railway, a road, and a dam, all in one, and whose operations had been severely undermined by cumulative malfunctions over the past 12 years, mostly caused by the successive and devastating floods of the years 2000 and 2013. The latter resulted in the loss of 113 lives and over 170,000 people displaced, as well as the destruction of numerous buildings, including schools, hospitals, and private property, making this episode the worst disaster to hit Mozambique in the recent past.

*Elisa Moiane, a 41-year-old widow who traded her job as an activist with a local NGO to embrace farming, spoke about the impact of the Macarretane Dam repair on her life. "This dam is a lifeline for us," she noted. "The dam means more tomato and vegetables, and tomato is life and financial stability for my family," she said with a large smile, while placing her produce in boxes for subsequent transportation to markets further away.*

Thanks to IDA investments, Macarretane Dam's irrigation system now covers about 37,000 hectares of arable land downstream, thus helping to restore the narrative of Chokwe as the country's supplier of food staples. The intervention allowed at least 50,000 people among farmers and traders to resume their activities in full, which, per official reports, have

contributed to the price stability of rice and vegetables in the Southern region of the country.

The infrastructure benefited from World Bank financing for a total of US\$32 million used mainly to rebuild the dam's dykes and barriers, thus protecting the dam's foundations, as well as to rehabilitate its hydro-mechanical system that controls the flow of water to the valley downstream. **Edgar Chongo**, the Limpopo Basin Director responsible for the management of the dam, explained that the floods had led to the erosion of the banks and cracking of sections of the dam downstream, threatening the stability of the dam's foundations, which could potentially lead to its collapse. "An intervention like this was urgently needed," he noted. "The risk of inaction could be the collapse of the infrastructure altogether over time, and with it a destruction of an entire chain of production and livelihood established in this valley for over 60 years."

Let alone the deterioration of the infrastructure that could potentially lead to the interruption of the road and rail traffic. The railway system on top of the dam is of regional importance, deemed vital in the Limpopo Corridor System, which provides access to Maputo harbor for landlocked countries such as Zimbabwe, Botswana, and Zambia.



## Supporting Rural Electrification



*José Filimone, a carpenter and wood artisan in Boane district in the outskirts of Maputo city, owns a small business with about 5 workers. He tells us how his business is thriving these days thanks to electricity. "We are now using electric tools, which means working faster, getting better finishing quality, and working with much harder wood, something that hardly ever happened before," he recalls visibly happy. "We have bigger orders now, and our lives improved significantly."*

IDA supports the expansion of photovoltaic solar energy programs, connecting over 500 rural health centers and 300 schools throughout Mozambique. The \$120 million IDA-funded program contributed to building new transmission lines and distribution networks, expanding access to electricity. The program also supports the use of environmental-friendly cooking stoves, which brings down pressure on wood fuels, reduces deforestation, and protects women and children against carbon monoxide and volatile particles emanating from coal.

Families of the little village of Damo in the Moamba District, some 90 kilometers away from the capital of Mozambique, remember the times when firewood and kerosene lamps were the only sources of light to illuminate the interior of their homes. With World Bank support to the Government of Mozambique's Energy Development and Access Project (EDAP), life in this and many other villages across the country have changed dramatically in recent years. "My life is not

the same anymore," said **Laura Chissico**, a resident of Moamba district who recalls how life has changed for better. "Now that we have electricity, we have been able to earn 5,000 to 7,000 MTs (about \$60 to \$100) a month from the sale of 'badjias' and other cookies. We even started to use a conventional oven that allowed us to diversify our products and expand the business."

As many other residents in Moamba and other districts impacted by the project - including those in the provinces of Cabo Delgado, Niassa, Manica, and Inhambane - **Laura** used "xiphefo," a homemade unreliable kerosene lamp, as the main source of light, rendering almost impossible any public or commercial activity at night in the district.

The World Bank (IDA) is currently in the second phase of a \$120 million program. As part of this project, which is about to close, 42,500 new clients from peri-urban settlements have been added to the network. Investments under the project include the expansion of existing networks in fast-growing areas as well as in large cities, including over 400 kilometers of new transmission and distribution lines. Other areas benefiting from World Bank support are the improvements of institutional and regulatory capacity in the energy sector, as well as efforts to extend access to energy in rural areas through off-grid renewable solutions such as photovoltaic solar panels installed in the provinces of Inhambane, Manica, Cabo Delgado, and Niassa.

# URBAN DEVELOPMENT, WATER, SOLID WASTE MANAGEMENT, AND SANITATION





## Supporting Urban Development

Through the *Pro-Maputo I&II*, the World Bank has been supporting Maputo urban development for the past ten years. The program brought tangible gains to the city of Maputo and its residents, notably by strengthening the institutional capacity of the municipal authorities; investing in urban infrastructures, including roads, walkways, drainage systems, parks, and by contributing to improvements in local governance. Thus, over one million people have access to improved solid waste management services in Maputo city, and more than thirty thousand families were granted land titles, known as DUAT, and there has been an increase in property tax revenue, to name a few examples.

George Dimitrov is the name of a populous and flood-prone informal settlement in the outskirts of Maputo which benefited from major investments under *Pro-Maputo II*. It now boasts new drainage systems, paved access roads, new recreational spaces, a rehabilitated primary school, and improvements in solid waste collection. An estimated 40,000 residents directly benefited from the upgrades, including 2,000 primary school children whose school has been totally renewed.

*Thanks to the school renovations, Antónia Soquisso, a teacher for more than 12 years in the community, said she felt like the happiest teacher in the world. "The school results of my pupils, the environment around the school and within the community are among the best," she said. "In the last year and a half we had no interruptions due to flooding and we had an above average enrollment rate for the first time in years."*



In George Dimitrov, local businesses have grown to include more than 800 people, mostly women. The support included several initiatives geared towards income generation and social inclusion.

With community participation, new facilities such as a library, a computer training room, a coffee shop, and a covered market with stalls to host vendors were developed in the neighborhood.

## Improving Livelihoods through Greater Access to Clean Water

*Things have certainly improved for twenty-year-old **Dávia Macaneta**, from Maxaquene-D, a populous neighborhood in the northeast outskirts of Maputo. Dávia recalls how she used to wake up at 4 or 5AM every morning, walk about a kilometer, stand in line for half an hour to fetch water from a public well. "It took me one or two hours every day just to get 20 liters of water," she said. Since January 2014 and thanks to the GPOBA project funding, all Dávia has to do is to turn on her water tap. "It's so easy now, it saves me a lot of time!" she notes with a large smile. Like her, many more residents are thankful for the investments made and the benefits those investments brought about in their lives.*

The World Bank through the Global Partnership on Output-Based Aid (GPOBA) invested \$ 6 million grant to extend water services to poor peri-urban neighborhoods in five major cities in the country, Maputo, Beira, Nampula, Quelimane and Pemba. The project funded piped water to 28,950 households that were previously not connected to the system, benefiting a total number of 468,000 people. Metering and billing is being promoted to encourage people to save water and prevent leakages and waste.

In Mozambique, many people who moved to the cities end up in informal settlements without access to basic services such as clean water and sanitation. This has impacted negatively on their health and well-being, especially for women and children. Over the past decade, the country has invested substantial amounts of resources into improving the quality, coverage and maintenance of water and sanitation infrastructures. Investments such as the one under the World Bank funded project have made a huge difference in the lives of shanty town residents in Maputo and elsewhere in the country.



## Community Participation and Partnerships, Citizen's Monitoring Platforms, Open Data

World Bank collaboration with Maputo city includes activities aimed at enhancing community participation and engagement through innovative platforms of citizens monitoring, as well as open data innovative approaches, which collectively have the potential to significantly improve the way in which citizens interact with local governments in the city.

Maputo became in 2017 the second city in sub-Saharan Africa to have its own Open Data platform—one of many exciting outcomes from its new Open Data Roadmap. The platform arrives at a critical moment. The Mozambican Government is under pressure from the international community to increase its transparency and accountability. In this context, Maputo's adoption of this technology-enabled transparency and collaboration through open data is not only a strategic decision, but a necessary one.

In 2016, another World Bank supported citizen-interface service called MOPA was launched. MOPA helps citizens of Maputo to report problems about their municipal waste management systems and track their local service delivery in real time. Citizens report waste-related issues to the municipal government using mobile phones. This information is fed into a real-time report of issues and resolutions that is open to the public. Data visualization and statistics allow city officials to address problems as they arise and monitor service quality. MOPA opens a channel of communication between the municipality and the people, including those from low-income areas that traditionally lack proper waste services.



## Addressing Sanitation in Maputo Informal Settlements

Lack of adequate sanitation, especially in informal settlements in the city of Maputo, represents a major challenge for municipal authorities. The World Bank has financed the development of the Maputo Metropolitan Sanitation and Drainage Master Plan, as well as its priority works through a project called Cities and Climate Change Project, as well as implemented small scale Peri-urban Sanitation Projects in the urban district of Chamankulo, one of the most populous informal settlements of the capital city.

With these investments, it was possible to improve access to sanitation facilities to over 8,000 residents of the Chamankulo District, as well as improve drainage systems and other related infrastructures and services.

Looking ahead, the World Bank will support the rehabilitation of the wastewater treatment plant in the Infulene district, and will support the development of a new urban drainage and sanitation project, which, in addition to the City of Maputo, will cover other provincial capitals of Mozambique.

## HEALTH, SOCIAL PROTECTION, EDUCATION, SCIENCE, AND TECHNOLOGY



## Promoting Excellence in Higher Education

*Mozambique is benefiting from an IDA supported initiative to establish regional centers of excellences in Africa, known as Eastern and Southern Africa Higher Education Centers of Excellence Project (ACE II). Mozambique launched its center of excellence in the first half of 2017, which is dedicated to the field of oil and gas.*

The selection of Mozambique was obtained through a competitive process that involved other countries in the region under the Regional Project for the establishment of Center of Excellences supported by the World Bank. The country received \$6 million for five years under the program. This funding will be used to develop new programs, expand enrollment, provide research facilities, build capacity among faculty and management, and strengthen partnerships with leading regional and global institutions as well as the private sector.

The center aims to be a training hub of excellence at national, regional and international levels in oil and gas engineering. It is set to assist the country and the region to fill skills gap in those fields. Among the expected results, the center intends to train over 200 MSc in petroleum engineering, hydrocarbons processing engineering as well as oil & gas related

geology, and safety and environmental engineering, in its first 5 years of operation. Over 150 professionals are to be targeted for short training courses during the project lifetime. Of the total beneficiaries, 25% of them are expected to come from other countries in the region.

The establishment of centers of excellence in Africa, started in 2013 with the first ACE project in West and Central Africa. All together the region has now 46 centers of excellence representing a platform for greater network among professionals across the region and in Africa with focus on science and technology. The World Bank Group is a proud supporter of the ACE as it believes in the merits of supporting the development of human capital as the front and center of its global efforts to end extreme poverty and boost inclusive economic growth.

Reflecting the World Bank Group's drive for development results, the project employs an approach known as results-based financing, in which money is disbursed when pre-agreed targets are met. This helps to incentivize the centers and build stronger ownership of goals, and to ensure that both female and male students from across the region ultimately benefit from outcomes.





## Expanding Education Access through Distance Learning

*The World Bank through IDA invested US \$ 45 million in support of Higher Education, Science and Technology Project which included support to the development of Distance Learning Systems (DLS) in Mozambique. DLS have helped expand access to basic and higher education throughout the country. Today people from remote communities do not have to move from one province to another to attend higher education, making access more affordable.*

There are currently 14 institutions providing distance education, benefiting about 52,389 students distributed in 51 courses in Mozambique. The most recent distance learning center serving the central region was inaugurated in 2017 by the President of Mozambique, Filipe Jacinto Nyusi.

Financing provided to DLS is a part to a wider World Bank support to higher education project [Mozambique Higher Education Science and Technology Project (HEST) second phase] with a total funding of \$ 45 million. The Project has been effective in increasing the number of graduates of higher education in Mozambique. It has also raised the quality of higher education programs and has had a major impact on the country's research capacity linked to economically relevant sectors. Further, HEST has been important in supporting the Government of Mozambique with the design and implementation of related policies and reforms.



## Supporting 'Scientists of Tomorrow'

*The World Bank is supporting the "Scientists of Tomorrow Program" led by the Ministry of Science, Technology, Higher Education and Professional Education. The program is using the motivational effects of robotics to encourage interest in mathematics, science, technology, and engineering among undergraduate young students.*

As part of the program, a group of young students represented the country in the first World Robotic Olympics in Washington, USA in 2017.

The training in robotics was funded under the IDA-funded Higher Education Science and Technology Project (HEST), which was approved by the World Bank Board in April 2015. Part of the project's funding is supporting the government's current thrust to instilling interest in mathematics, and in building capacity in technical and vocational education.



## Supporting Greater Results in Education and Health

The IDA-funded Public Financial Management Program for Results in Health and Education shifted the attention from inputs into results to improve medicines supply chain and school management. The project adopted a problem driven and iterative approach towards implementation. Government officials focused their attention on identifying bottlenecks to the achievement of results in their sectors, bringing people out of their silos to craft integrated solutions.

Weak implementation of Public Financial Management (PFM) systems and procedures had a negative impact on the medical supply chain and school performance. In the health sector, this led to stock-outs, expired or damaged medicines on the shelves, and inability to provide treatments to those in need. In education, weak school governance with limited community participation, ineffective supervision, high absenteeism, and delays or diversions of school funds contributed to low student retention, completion rates, and poor learning outcomes.

*Since the inception of the program, improvements have been made in both health and education targets. Key improvements in the health sector include increasing the availability of essential maternal health medicines at the facility level, which increased from 78.6% in 2013 to 85% in 2015, as well as decreasing the number of treatment sites with stock-outs of a tracer set of antiretrovirals from 27% in 2013 to 5% in 2015.*

The program also provided a unique support structure to create a network of reinforcing incentives. A just in



time capacity building window ensured that sectors collaborated with PFM agencies and had the resources they needed to implement. A performance based allocation window allowed the sectors to create their own incentives to drive behavior at the sub-national level. Coaches and facilitators were assigned to each sector ministry and in each province to support the coordination, behavior change and implementation discipline needed to reach the targets.

In the education sector, prior to 2014 the allocation of education grants to schools was never accomplished on time. By 2016, 93% of complete primary schools had received their education grant by February and the majority of districts expenditures on education had been re-classified appropriately.

## Expanding Access to Health Services

*Through an IDA-supported project, more than 350 new health professionals have been trained and deployed in the province of Nampula and surrounding areas in Mozambique. A total of 455 professionals have graduated from the Nampula training institute, which receives World Bank support. New community health agents were trained to ensure effective dissemination of best practices among the communities as well as to serve as a communication bridge between rural communities and health professionals.*

The Instituto de Ciências e Saúde (ICS) of Nampula, a rural health training institute in Northern Mozambique, has deployed more than 351 newly-trained health professionals in the province and surrounding areas to help tackle the human resource shortage and improve health in rural communities. Financed through the IDA-supported Health Service Delivery Project, the institute trains qualified health workers to reach some of the underserved regions of the country, specifically the Nampula, Zambezia, Cabo Delgado and Niassa provinces, which make up 50% of the country's total population.

Mozambique's health system faces acute human resources challenges, public financial management, health care financing, health coverage and quality of care. The country has the fifth lowest ratio of health workers to population in any country in Africa, with 0.03

doctors, and 0.21 nurses per 1,000 people. Although access to key health services such as vaccination for children and pre-natal care has improved between 2001 and 2011 and resulted in decreased mortality rates for children under five, glaring inequalities persist across regions and between urban and rural areas. Among other benefits from the project, a total of 455 professionals were expected to graduate until the end of the project, and most of them trained at Nampula's ICS. Given the high rate of malnourishment among children in rural areas the project is also training nutritionists in the City of Quelimane, center of Mozambique, to be deployed across the country.

Currently, Mozambique relies heavily on external financing for its health system. The health budget as a proportion of the total budget increased slightly from 7.2% in 2012 to 8% in 2013, but remains low by regional standards, and it offers little space for the government to increase salaries without reducing financing of basic inputs. The WB is committed to assisting the Government of Mozambique to tackle some of these challenges, including by supporting improvements in the Public Financial Management (PFM) in the health sector through a variety of instruments such as those linking disbursements to PFM reforms in health and education, among other supports.



## Fostering Inclusion through Productive Social Protection

*Mozambique benefits from the World Bank's \$50 million funded project to consolidate social safety net systems and scale up the Government's Productive Social Action Program. The Zambezia province, with its 70% percent poverty rate, has one of the largest coverage of beneficiaries under this IDA-funded project, which benefits directly 8,500 people in the province, and uses community consultative mechanisms to determine target beneficiaries.*

Known as Programa de Acção Social Produtiva or simply PASP from its Portuguese acronym, the program receives World Bank funding funneled through the Social Protection Project, which aims at providing temporary income support to extremely poor households and thus help put in place the building blocks of a social safety net system in the country.

The PASP provides an income transfer to extremely poor households who have at least one adult member able to work. Support to beneficiaries in rural and urban areas are provided in return for their participation in labor-intensive public works subprojects. Through their participation in those activities, beneficiary households are able to stabilize their income, begin regular savings and access to economic opportunities, linking them back to complementary activities such as community savings and financial literacy. The program also supports social inclusion through actions that facilitate household access to social services, especially health, education, and nutrition.



# AGRICULTURE AND NATURAL RESOURCES MANAGEMENT



## Promoting Integrated Landscape and Forest Management in Mozambique

*With a robust series of projects consisting of technical assistance, investments, results-based finance, and analytical work, the World Bank is employing a multi-sectoral approach to promoting sustainable land and natural resources management in Mozambique.*

Together, these interventions amount to more than US\$200 million. Known as the Integrated Landscape and Forest Management (ILFM) Portfolio, issues are

tackled in integrated manner through a landscape-based approach that recognizes the inextricable links between forest and natural resource management, agriculture development, and energy use. Working primarily in Zambézia, Nampula and Cabo Delgado provinces, the ILFM Portfolio collectively works on a range of activities, from spatial planning, natural forest management and biomass energy, to fisheries development and climate-smart agriculture.

As part of the World Bank ILFM investment portfolio, Mozambique's Agriculture and Natural Resources Landscape Management Project, known as SUSTENTA aims to reach over 100,000 people by integrating rural households into sustainable agriculture and forest-based value chains in the Zambézia and Nampula provinces. SUSTENTA promotes business-oriented climate-smart agriculture by combining the provision of technical assistance with facilitated access to finance, and other types of support, such as transport and irrigation infrastructure rehabilitation, land tenure regularization and the restoration of degraded areas; establishing links between emerging and smallholder farmers, and micro, small and medium agribusiness enterprises.

"Climate-smartness" cuts across SUSTENTA's interventions, particularly in its support to climate resilient infrastructure rehabilitation, agriculture extension, and the promotion of weather-based index insurance schemes. Furthermore, a zero-dollar contingency emergency response component, enables the Government of Mozambique to request World Bank resources to finance emergencies in the wake of natural disasters.

While climate-smart agriculture is at the core of SUSTENTA's work, other projects under the ILFM Portfolio also provide agriculture support based on the principles of mitigation, enhanced productivity, and adaptation/resilience, including, for example, agroforestry systems under the Mozambique Forest Investment Project (MozFIP).



## Supporting Irrigation for Greater Agricultural Productivity

*For over five years IDA has supported the Government of Mozambique's Sustainable Irrigation Development Project (PROIRRI), providing a total of \$70 million in financing. The objective of the project is to increase agricultural production and raise farm productivity with new or improved irrigation schemes in the Provinces of Sofala, Manica and Zambezia in Mozambique.*

Maize and rice hold a special place in the lives of many Mozambicans. As a food staple, many rural residents rely on these cereals as a primary source of daily intake of nutrients as well as to generate income. However, the prolonged droughts of recent years, coupled with nonexistent or poor irrigation systems and soil salinization, as well as the rising production costs, have long crippled many small farmers, most of whom are women. Recent developments have given farmers in central Mozambique good reason to be more optimistic.

The IDA funded Sustainable Irrigation Development Project (PROIRRI) has helped small farmers grow and sell rice and vegetables through rehabilitated and expanded irrigation schemes in those three central provinces. Over 6,000 local farmers have directly benefited from the project, which is managed by the government's INIR (Instituto Nacional de Irrigação) and benefits from its complementary funding. At completion, the project is expected to ensure irrigation over a total of 3,000 hectares, of which 1,700 hectares dedicated to rice production, 800 to horticulture, and 500 to contract farming.



## Improving Forestry Management

The World Bank has been actively supporting the Government of Mozambique in activities aimed at reducing deforestation and forest degradation.

Some of the ongoing support includes for the development of a national forest inventory, which will produce an updated map of land use and coverage, detailed forest map, existing species and volumes, annual cut by species and by province, as well as the stock of carbon, among other information.

This investment will be complemented by the establishment of national certification standards for sustainable management of forestry resources. This work is being carried out in consultations with all stakeholders directly and indirectly involved in activities related to logging. In addition, the World Bank is supporting the government develop its Forest Information System, which will allow the authorities to make forest licensing automatically, improve planning and monitoring of forest concessions, and support forestry inspection services.

Other support provided by the World Bank includes reforms in the forest concession systems, such as reviewing the legal and institutional framework related to forest concessions in order to design a new framework on forest concessions; design of a National Forest Program, which will define a 20-year common vision for the sector reflective of the views of various stakeholders that directly and indirectly deal with the sector; strengthening of the forest inspection system; the development of community forestry partnerships to reduce potential for conflicts and improve benefits of forestry exploitation to the communities; and the implementation of payment systems for emission reduction due to deforestation.



## South-South Cooperation on Sustainable Rural Development between Mozambique and Brazil

*World Bank sponsors Mozambique and Brazil's south-south partnership to improve sustainable rural development. The two countries share many similar challenges and opportunities; they are both biodiversity hotspots, and both grapple with resource exploitation challenges.*

Mozambique is richly endowed with natural resources including 40 million hectares of natural forests. Despite their tremendous potential, the country's natural forests are being rapidly depleted at an annual rate of approximately 0.35 percent a year, representing an annual loss of almost 140,000 hectares.

The threat that the current rate of deforestation poses to rural livelihoods, wildlife and biodiversity habitats, as well as emissions of greenhouse gases generated by deforestation, is significant.

The World Bank is supporting Brazil and Mozambique's south-south cooperation on the matter, particularly in sustainable rural development.

To that effect, a Memorandum of Understanding (MoU) spanning a broad range of issues, from land management and biodiversity to climate change mitigation and adaptation was signed on May 2017 in Maputo between Brazil and Mozambique.

Some of the specific ongoing learning objectives under the MoU include effective public policy reforms for environment and conservation agriculture; innovative measures to increase land regularization; planting technologies for restored areas; value chain development and the promotion of rural smallholder entrepreneurship; and the potential for public-private partnerships to provide rural credit streams for smallholders and agribusinesses.



## Marine and Fishery

Conflicts over the use of marine and coastal resources tend to intensify throughout the world and particularly in the African continent. These conflicts result from greater pressure on the use of marine and coastal resources by different actors and for different purposes, including fishing, tourism, extractive industry, transportation, among others. At present, the costs of ocean and coastal degradation are not correctly calculated, and the oceans' contribution to human well-being has been heavily undervalued. The situation tends to worsen because of climate change, which causes acidification of the oceans and adversely affects marine ecology.

The World Bank is helping Mozambique address some of these challenges, especially through the regional program known as SwioFish, where Mozambique is one of the beneficiaries. Some of the results and ongoing investments include:

The development of a sea and coastal planning; support to the development of regional and national surveillance systems, which includes the Center for Regional Coordination of Marine Surveillance to be installed in the region of Catembe in Maputo; support to the development of fisheries information systems as well as related statistics; support to artisanal fisheries through access to credit, infrastructure, and community-based fisheries organizations; and international cooperation, including under the Regional Fisheries Control Plan (PRSP) involving other countries.

The World Bank support to the sector also includes improvements to the management of marine protection areas, including in the Quirimbas National Park, the Bazaruto Archipelago National Park, and the Ponta do Ouro Marine Reserve, which are provided through another World Bank-funded operation called MozBio.

## GOVERNANCE, PUBLIC FINANCE MANAGEMENT, AND FINANCIAL MARKETS



## Supporting Governance

Governance represents a cross-cutting theme in our funded operations.

For instance, we are currently working closely with the Ministry of Finance and the Economy to develop better mechanisms to manage fiscal risks, including those originating from debt ridden state-owned enterprises.

We are working with the ministries of education and health to help strengthen the quality of public service delivery at the local level, by shifting the attention from inputs to results in health and education sectors.

We have recently supported the City of Maputo in developing a citizen feedback application, called MOPA, which allows citizens to interact directly with municipal service providers to improve solid waste collection in underserved neighborhoods.

In the context of our Mozambique Forest Investment Project, we are supporting the Government in its efforts to improve forest management and illegal logging.

Finally, in the context of our support to sustainable natural resource management, especially through our ongoing Mining and Gas Technical Assistance Project (MAGTAP), we are strengthening institutions that are responsible for management of natural resources.

## Supporting Financial Inclusion for Greater Inclusiveness of Growth

*With support from the World Bank, Mozambique has developed a financial inclusion strategy designed to increase access to financial services from 24% to 60% of the population by 2022. The strategy provides a road map for public and private institutions to support greater financial inclusion in Mozambique.*

“We are in this because we (World Bank) truly believe that financial inclusion is the surest way to pursue an inclusive and shared growth in Mozambique,” noted Mark Lundell, the World Bank country director for Mozambique at the launch of the strategy. He also reminded that approving a financial strategy should not be seen as another bureaucratic milestone, but rather an important step towards actually achieving financial inclusion. “Recent data shows that countries which adopted financial strategies achieved much higher levels of financial inclusion than those that don’t have a strategy.”

In Mozambique, about 24% of adults in urban areas have access to formal financial services, according to the Finscope Consumer Survey of 2014. Access is even lower in rural areas, and women are disproportionately under-represented in both rural and urban areas alike. As the country lags behind its regional peers, a Bank sponsored financial inclusion strategy seeks to expand financial services throughout the country by 2022. The strategy, which benefitted from technical

support from the World Bank, provides a roadmap of concerted efforts between public and private financial institutions in support of a greater financial inclusion. The document sets as targets to reach 40% of the population with access to physical or electronic financial service by 2018, and 60% by 2022.

Developed with technical support from the Financial Inclusion Support Framework (FISF) Technical Assistance Program, the financial inclusion strategy is viewed by the country’s financial authorities, including the Central Bank and the Ministry of Economy and Finance, as its most important instrument in its current thrust to accelerate the pace with which financial inclusion is taking place in the country. FISF is a World Bank Group (WBG) initiative supported by the Government of Netherlands and the Bill and Melinda Gates Foundation.

The strategy has three pillars; access and use of financial services, strengthening of financial infrastructure, and consumer protection and financial education. The successful implementation depends on the ability of the state institutions to ensure a conducive inter-institutional coordination; adequate macroeconomic and legal environments; provision of basic infrastructure; and the commitment of the private financial sector operators.

# IDA CURRENT PORTFOLIO

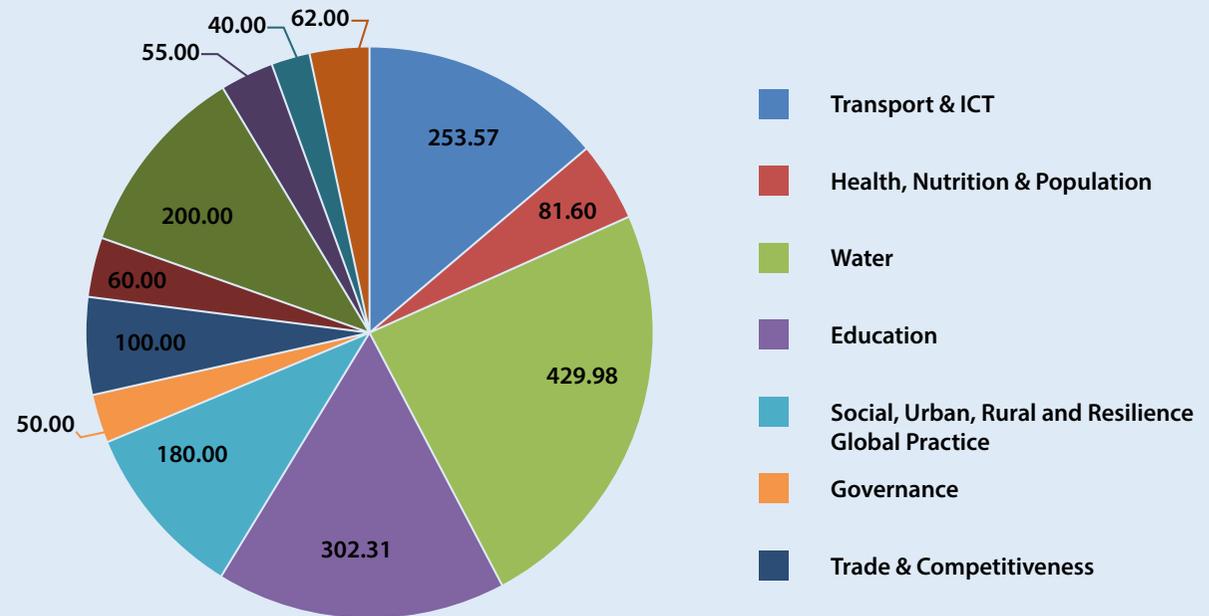


## Supporting Mozambique's Priorities

The current IDA lending portfolio to Mozambique is large and diverse. As of November 2017, there are over 20 active IDA funded projects with an overall net commitment of over \$1.8 billion in benefit of Mozambique. In addition, the country benefits from 26, recipient-executed trust funded operations with a total allocation of \$190 million. Below is the list as well as a graph with a distribution by sector.



### Net Commitment Amounts - IDA (\$M)



## List of Current IDA Funded Projects in Mozambique (As of November 2017)

Project ID	Project Name	Area of Focus	Net Commitment (\$US Million)	Disbursements (\$US Million)	Balance (\$US Million)	Disbursements (Percentages of total)
P083325	Mozambique -Roads and Bridges Management and Maintenance Program - Phase II	Transport	253.57	189.74	60.69	75.8
P099930	Health Service Delivery Project	Health	81.60	74.11	4.64	94.1
P107350	Water Resources Development	Water	102.00	40.09	52.40	43.3
P107598	MZ PROIRRI Sustainable Irrigation Development	Irrigation, Agriculture, Water	59.98	54.83	0.25	99.5
P111592	Higher Education Science and Technology	Education	82.31	66.72	12.87	83.8
P123201	Cities and Climate Change	Urban, Resilience	120.00	81.70	29.61	73.4
P124615	Mozambique Public Financial Management for Results Program	Governance	50.00	34.10	11.88	74.2
P125120	Greater Maputo Water Supply Expansion Project	Water	178.00	52.47	114.59	31.4
P125127	Education Sector Support Program	Education	220.00	146.51	71.59	67.2
P127303	Mozambique - Integrated Growth Poles Project	Trade, Competitiveness	100.00	22.89	70.62	24.5
P129524	MZ-Social Protection project	Social Protection, Labor	60.00	12.43	44.14	22
P129847	Mozambique Mining and Gas Technical Assistance Project	Energy, Extractives	50.00	27.82	18.76	59.7
P131965	Mozambique GEF Conservation Areas for Biodiversity and Development Project	Environment, Natural Resources	40.00	23.31	13.59	63.2
P149377	Water Services & Institutional Support II	Water	90.00	0.00	92.12	0
P149620	Moz Agriculture and Natural Resources Landscape Management Project	Agriculture	40.00	11.05	28.22	28.1
P156559	MZ - Emergency Resilient Recovery Project	Social, Rural, Resilience	60.00	23.84	36.77	39.3
P158249	Power Efficiency and Reliability Improvement Project (PERIP)	Energy	150.00	0.00	150.49	0
P160033	Mozambique Forest Investment Project	Environment, Natural Resources	15.00	0.00	15.78	0
P162621	National Statistics and Data for Development	Poverty, Equity	62.00	0.98	63.00	1.5

**The World Bank Group**

The World Bank Group is one of the world's largest sources of funding and knowledge for developing countries. Its five institutions share a commitment to reducing poverty, increasing shared prosperity, and promoting sustainable development.

**Who we are**

With 189 member countries, staff from more than 170 countries, and offices in over 130 locations, the World Bank Group is a unique global partnership made of five institutions working for sustainable solutions that reduce poverty and build shared prosperity in developing countries.

**Our Mission**

To end extreme poverty by reducing the share of the global population that lives in extreme poverty to 3 percent by 2030; and promote shared prosperity by increasing the incomes of the poorest 40 percent of people in every country.

# THE WORLD BANK GROUP'S FIVE INSTITUTIONS

## IDA

### THE INTERNATIONAL DEVELOPMENT ASSOCIATION

- Known as the fund for the world's poorest countries, IDA borrows money in the form of grants and credits with zero or low interests. **Mozambique** benefits mainly from IDA since it became member in 1984.

## IBRD

### THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

- even though **Mozambique** has benefited from an IBRD guarantee once, IBRD usually lends to governments of middle-income and creditworthy low-income countries.

## IFC

### THE INTERNATIONAL FINANCE CORPORATION

- IFC offers investment, advisory, and asset-management services to encourage private-sector development in developing countries. IFC has a large and diverse portfolio in **Mozambique**.

## ICSID

### THE INTERNATIONAL CENTRE FOR SETTLEMENT OF INTERNATIONAL DISPUTES

- **Mozambique** has never made use of ICSID services.

## MIGA

### THE MULTILATERAL INVESTMENT GUARANTEE AGENCY

- MIGA promotes foreign direct investment (FDI) into developing countries by providing guarantees to investors against non commercial risks such as expropriation, war, political unrest among other things. **Mozambique** is MIGA's member country, and has benefited from several of its guarantees over the years.