Statement by Balmiki Prasad Singh  
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**MOZAMBIQUE - Country Assistance Strategy**

The joint IDA/IFC Country Assistance Strategy for the Republic of Mozambique has brought out, in fascinating detail, the problems being faced by the Government and the people of that beautiful country and the heroic steps that they have taken to pull their country out of deep poverty trap that it is in. A long and prolonged civil war would have destroyed the spirit of many a people. Mozambique has shown that despite this debilitating war, it is possible for a society to launch on a sustainable path of growth on the twin pillars of democracy and market economy.

The Bank team of Mozambique and their colleagues in Washington are to be congratulated for preparing this report, which is a blend of sensitivity and objectivity. We are in general agreement with the proposed strategy. However, there are a few issues that we feel should be addressed in order that the Bank in partnership with Mozambique and other well-wishers are able to make a strong impact on poverty reduction.

1. **Agriculture:** 80 percent of Mozambique’s poor live in the rural areas: about 70 percent of the rural population is poor and over 90 percent of rural adults work in agriculture. Additionally, barely 15 percent of the arable land is under cultivation and even though small holding farms have increased their productivity substantially, only about half of all agricultural households sold part of their output. Needless to say, the largest part of the private sector of Mozambique is in agriculture and agro-based activities. Naturally, this sector should be the focus of any effort towards substantial poverty reduction. The national poverty assessment and the interim PRSP highlights this and if the five points on
page 4 are seen, four of these relate to the agricultural and related sectors. We are, therefore, surprised that the total amount proposed for Rural Action (encompassing agriculture amongst others) is only US$40 million out of Base Case lending of US$455 million. The reason for giving such little importance to this sector in the proposed IDA programs for the present CAS period. (FY 2001-2003) is surprising.

2. **Literacy**: Literacy remains extremely low and even the projections for the end of the CAS period and beyond, seem very modest. The numbers of primary schools are limited; repetition rates are high. The silver lining is that the drop out rate is a low 8 percent. This would indicate that the quality of education and perceived relevance by parents is fairly high. In such circumstances, the aim should have been to increase gross enrolment to 125 percent from the present level of 79 percent (for males) and 60 percent (for females), to take into account over-aged children and repeaters. This would translate into net enrolment of approximately 95 – 100 percent. This could be achieved by increasing the physical number of schools, as experience elsewhere has shown. One really wonders why this matter has not received priority in terms of proposed lending or non-lending programs.

3. **Gender**: Disparity in gender access to education, health and resources seem to be quite high. It has been pointed that the prevalent legal structure promotes this discrimination as it gives women limited rights to property. However, the Portuguese Civil Code in existence in its’ colonies prior to liberation, based on the Napoleamic Code, provided for the communion of property on marriage. The properties of both partners were merged and both became one-half owners of the consolidated property. On the death of a person, the surviving spouse was entitled to not just 50 percent of the total property but an equal shareholder with the children on the other 50 percent. It is not clear if these laws have been repealed or are not being followed, leading to this adverse situation for women. If so, it should not be too difficult administratively to bring these provisions into force. The government recognizes this as a priority; the Bank, NGOs and other Development Partners could help, at little cost, evolve dialogue and arrive at progressive positions and keep the Board informed at six-monthly intervals about progress achieved.

4. **Governance**: This has rightly been brought out as a key issue. Emphasis on proper personnel policies and training needs no emphasis. However the contracting out of customs services in 1996 should be re-looked at. Revenue collection is a sovereign function and whilst in special circumstances like that prevailing in Mozambique, it could
be farmed out to a private party, as a matter of policy it should be handled by the government. This would be in the interest of governance and sovereignty.

5. **Fiscal**: It is seen that even after rescheduling of its debt under the enhanced HIPC framework, total debt service as a percentage of exports remains substantially high, at 28% for 1999. Mozambique has a substantial current account deficit since its imports are more than 3 times its exports, a ratio not likely to change for some time to come. At the same time, while its current revenues are growing at a healthy rate, the need for enhanced expenditure in the social sector and consequent to public sector reform would pose serious threats to its macro economic stability. Aid has been meeting this gap all these years. But should the Bank not work towards the situation where reliance on aid is reduced and its fundamentals improved substantially?

To sum up, we are confident that Mozambique in collaboration with its’ Development Partners would be able to tackle the challenges that it is facing successfully and this CAS, followed by the PRSP would guide it in achieving its’ objectives.