



**USAID** | **SPEED**  
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# SPEED PROJECT ANNUAL REPORT #4

OCTOBER 2013 – SEPTEMBER 2014

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(SPEED)

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# SPEED Project Annual Report #4

## October 2013 – September 2014

### EXECUTIVE SUMMARY

SPEED is a USAID-funded project designed to improve the business environment through better trade and investment policies. SPEED's goal is to have more companies doing more business, resulting in increased trade and investment and a stronger competitive position for Mozambican firms, thus creating local opportunities for jobs and income growth.

The project focuses on reforming trade and investment policies and also emphasizes the policy implementation process, including monitoring implementation of reforms. The SPEED team delivers training and technical assistance to build the capacity of business associations and corresponding government institutions and catalyzes trade and investment in Mozambique.

Over the remainder of the project, SPEED will continue to support the Mozambican government to implement reform commitments under the *New Alliance for Food Security and Nutrition*, and support *Feed the Future* reforms more broadly. In addition, SPEED will emphasize communication campaigns and implementation support. The country is entering a new political cycle with national elections in October 2014. Toward the end of the fiscal year, the project began to see a significant slowdown in government reform efforts. Therefore, working to improve administrative procedures, streamline processes, and build awareness and advocacy around business environment issues will likely yield better results than promoting reforms that require legislative and/or cabinet-level approval. At the same time, SPEED will work with key partners such as CTA to help develop the private sector's agenda for the incoming government.

The SPEED approach is demand-driven and flexible, and places a high premium on the use of Mozambican expertise to achieve sustainable results. DAI and Nathan Associates implement the project with the assistance of local legal advisors Sal&Caldeira.

The activities described in this report are divided into four thematic sections: business environment, trade, and investment; agriculture; tourism and biodiversity; and democracy and governance. The report contains information on the context, activities undertaken this year, results, and next steps for each of the main activities where SPEED made substantial progress.

**Business environment, trade and investment.** SPEED works with the private sector and Government to improve the business environment via a wide range of partnerships and activities at both the **macro** and the **micro** level. At the macro level, SPEED works with the Tax Authority and Customs to improve the country's **foreign trade** systems to spur competitiveness and economic growth. SPEED also worked extensively this year on issues related to **labor**, from evaluating the competitiveness of Mozambique's labor market to supporting the private sector on minimum wage

negotiations to assessing the costs of ‘tolerancia de ponto’ (unanticipated holidays). Another big picture priority entails evaluating the **competitiveness** of key sectors in light of the economic transformation likely to accompany Mozambique’s pending resource boom.

At the other end of the spectrum, SPEED works at the more tactical level to support the Government of Mozambique’s (GOM’s) efforts to improve the country’s ranking in the IFC/ World Bank’s *Doing Business* report. This year, SPEED supported improvements in implementing the insolvency law, registering property, and starting a business (introducing a single form). **The first two reforms resulted in the largest jump in Mozambique’s Doing Business ranking in history, from 139 to 127.**

SPEED also works to strengthen the key **institutions** required for a strong business environment. One example includes support for building the capacity of **CTA**, the Confederation of Business Associations, which is the main private sector interlocutor with Government on business environment issues. SPEED contributes a Senior Advisor to CTA, facilitates strategy-building, and implements many joint projects.

**Agriculture.** With three-quarters of the population dependent on agriculture for their livelihoods, there is consensus both globally and within the country that the private sector needs to play a leading role in developing the sector. SPEED’s activities to support the competitiveness of agriculture in Mozambique center upon providing a **Senior Economic Advisor** to the Minister of Agriculture, whose primary responsibility is to develop and implement the Agriculture Investment Plan. A central focus of the Senior Economic Advisor and the rest of the SPEED team is support to the Government of Mozambique to implement policy commitments under the **New Alliance for Food Security in Africa**. In addition, SPEED supports a number of **targeted activities** that have been specifically identified by the private sector in agriculture. An example of this is work on **land** – both training officials on how to more effectively issue land use rights and assessing new regulations on land leasing. Another example entails **international trade**, seeking to support removal of non-tariff barriers such as inappropriate application of scanners or the introduction of unnecessary bureaucracy at the Nacala terminal.

**Biodiversity and Tourism.** SPEED’s work in tourism and biodiversity focuses on helping Mozambique to realize its potential competitiveness in the sector. Tourism is widely seen as one of the most effective ways of preserving biodiversity, as market forces all pull in the same direction – consumers and providers all have an interest in preserving the natural environment and ensuring sustainable use of natural resources. In addition, tourism tends to be labor-intensive, thus providing opportunities for broad-based economic growth as well as biodiversity. The majority of SPEED’s effort helps ensure a private-sector friendly **legal and regulatory regime**. An example of legal and regulatory work includes an examination of competition in aviation (Open Skies initiative). In addition, this quarter SPEED supported ANAC and Biofund, two entities set up to promote biodiversity across Mozambique’s national park system.

**Democracy and Governance.** SPEED’s work on democracy and governance aims to improve **transparency** around issues such as the impending resource boom, the increased visibility of the private sector in policy, and the improvement of corporate ethics. Specifically, SPEED continues to raise the quality and level of dialogue around the country’s **resource boom**, with a special focus on examining the impact of the boom on the competitiveness of the rest of the economy. SPEED

also launched the Cabo Delgado Sustainable Development Forum, in partnership with IUCN, to enable multiple stakeholders to discuss their issues and concerns around LNG development in that northern province. Another key area of work includes the development of a legal framework to formalize public participation in the policy process. There is now a solid consortium of actors from the private sector and civil society committed to drive this new legislation forward.

**Capacity building.** This year SPEED supported more than 52 **capacity-building events** in support of its technical programs, with a total of around 3,000 participants, including approximately 655 women (see Annex 1). Interestingly, nearly 40 percent of these capacity-building events were conducted outside of Maputo, reflecting an increased interest on the part of key partners to spread the messages around policy reform more broadly throughout the country.

**Management and administration.** SPEED welcomed three new technical staff members this year: Carrie Davies, Domingos Mazivila, Carlos Matos, and Dorival Bettencourt. On the operations side, SPEED welcomed Isadora Conceicao and Deizy Benesse, while Sheila Amaro was promoted to Procurement Officer. SPEED underwent two USAID-sponsored evaluations, the Regional Inspector General's performance audit, and an external evaluation, and both resulted in positive reviews. In addition, SPEED conducted a gender review and developed an impact framework for its work. One of the most significant achievements this year has been the take-off of SPEED's [website](#) and social media. In less than nine months, SPEED's Facebook page accumulated more than 5,000 "likes" and several blog posts attracted more than 10,000 views.

## BACKGROUND

SPEED is a USAID-funded project designed to improve the business environment through better trade and investment policies. SPEED works to improve the business environment by supporting and expanding ongoing efforts to strengthen Mozambique's economic, legal, and governance systems. SPEED's goal is to have more companies doing more business, resulting in increased trade and investment and a stronger competitive position for Mozambican firms, thus creating local opportunities for job and income growth. SPEED's [website](#) contains further information and [reports](#) published by the project, as well as a number of timely [blog](#) posts.

The project focuses on reforming trade and investment policies and also emphasizes the policy implementation process, including monitoring implementation of reforms. The SPEED team delivers training and technical assistance to build the capacity of business associations and corresponding government institutions and catalyzes trade and investment in Mozambique.

Over the remainder of the project, SPEED will continue to support the Mozambican government to implement reform commitments under the *New Alliance for Food Security and Nutrition*, and support *Feed the Future* reforms more broadly. In addition, SPEED will emphasize communication campaigns and implementation support. The country is entering a new political cycle with national elections in October 2014. Toward the end of the fiscal year, the project began to see a significant slowdown in government reform efforts. Therefore, working to improve administrative procedures, streamline processes, and build awareness and advocacy around business environment issues will likely yield better results than promoting reforms that require

legislative and/or cabinet-level approval. At the same time, SPEED will work with key partners such as CTA to help develop the private sector's agenda for the incoming government.

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SPEED just completed its fourth year of operations out of a four year program (although the program was also extended through February 2015). In this year, SPEED made significant progress on 33 reforms ranging from macroeconomic policy to sectoral competitiveness in agriculture and tourism to trade policy. Progress on these reforms is explained throughout the document and Annex 3 contains a summary.

SPEED is a four year \$19.4 million project which started in August 2010. Funding obligations for the project equaled \$18,554,506 as of September 2014, of which \$7,550,000 was obligated in fiscal year 2014.

## *This Document*

The activities described in this report are divided into four thematic sections: business environment, trade, and investment; tourism and biodiversity; agriculture; and democracy and governance. The report contains information on the context, activities undertaken this year, results, and next steps for each of the main activities where SPEED made substantial progress. In addition, those activities that address policy, regulatory or administrative procedure reforms as defined in the SPEED Indicators Tracking Table (SITT) make specific reference to the SITT stage of reform for ease of cross-referencing between this Annual Report and the SITT report (see Annex 3). Finally, the report also summarizes capacity-building activities (see Annex 1), outlines key management, finance, and administrative issues, and lists publications produced over the course of the year (see Annex 2).

## TECHNICAL ACTIVITIES

### *Business Environment, Trade and Investment*

**Business environment, trade and investment.** SPEED works with the private sector and Government to improve the business environment via a wide range of partnerships and activities at both the **macro** and the **micro** level. At the macro level, SPEED works with the Tax Authority and Customs to improve the country's **foreign trade** systems to spur competitiveness and economic growth. SPEED also worked extensively this year on issues related to **labor**, from evaluating the competitiveness of Mozambique's labor market to supporting the private sector on minimum wage negotiations to assessing the costs of 'tolerancia de ponto' (unanticipated holidays). Another big picture priority entails evaluating the **competitiveness** of key sectors in light of the economic transformation likely to accompany Mozambique's pending resource boom.

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World Bank's *Doing Business* report. This year, SPEED supported improvements in implementing the insolvency law, registering property, and starting a business (introducing a single form). **The first two reforms resulted in the largest jump in Mozambique's Doing Business ranking in history, from 139 to 127.**

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**Current year results based on previous work.** Two initiatives worked on by SPEED in its first three years have borne fruit this year. Progress made on these initiatives include:

***Analysis of extractive industries tax laws***

In 2011, the government introduced draft tax laws for both mining and petroleum / gas. As this is a highly specialized area of expertise, CTA asked for SPEED’s support to prepare comments on the laws. These laws are of critical importance to Mozambique hence the Tax Authority (AT) sought many different perspectives. SPEED mobilized a top expert, Professor Richard Westin, to prepare detailed comments to both drafts as well as to outline practices in similar countries. The main objective of these comparisons was to inform Mozambique’s government and civil society about the most important vehicles used to maximize revenues from non-renewable sectors in a transparent and fair manner. The comments to both draft tax laws were submitted to the government by CTA using the reports prepared by Professor Westin on SPEED’s behalf. Professor Westin visited Mozambique and held intensive discussions with the Tax Authority, the Ministry of Mineral Resources, the National Institute of Petroleum, the National Institute of Mining, as well as the extractive industry companies. At the time, he also gave a public workshop with over 90 participants.

In the beginning of 2014, the government of Mozambique issued a set of drafts for the revised tax laws. The drafts were sent to Professor Richard Westin for comment and the feedback received was that the government had almost completely disregarded the recommendations of the SPEED report.

The new Petroleum and Mining Tax Laws were enacted in September 2014. Unfortunately, the new laws contained very few changes from the drafts presented earlier in the year.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
49	Mining tax law and Petroleum tax law	Policy	3. Presented for legislation	Q2
			4. Passed	Q4

***Tourism Decree Position Paper***

One issue facing Mozambique’s tourism sector is the lack of clear and internationally consistent quality standards for facilities. In August 2011, the government presented a draft Tourism Decree (18/2007), and asked for a private sector opinion of the paper. Femotur, the Federation of Tourism Companies, asked for help from SPEED to facilitate the collection and aggregation of opinions from the private sector. SPEED supported consultation and the development of a comprehensive position paper reflecting the needs and concerns of the private sector which was submitted to the government for legislation. Over the year the decree paper was finally approved by government and implementation begun. The Government has taken up the standards but the inspectors still require further training to make sure they are aware of the standards in the law. The specific regulations derived from the law that would govern the classification of hotels are before the Council of Ministers.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
26	Tourism decree	Regulation	4. Passed	Q1
			5. Implementation begun	Q2

## Partnership for Trade Facilitation

**Context.** Following the recommendations from WTO, WCO and others, Mozambique has carried out a number of customs reforms to facilitate trade. Despite these efforts, reports such as the [Doing Business](#) report from World Bank still find procedural difficulties, time delays and high costs in the processes for importing and exporting goods to and from Mozambique.

USAID/SPEED engaged with the Mozambican Tax Authority (AT), CTA, and other organizations to find solutions to these problems. Specifically, under the Partnership for Trade Facilitation Program (PTF), SPEED provides capacity-building to AT in three areas: internet publication, customs transit and pre-shipment inspection.

The new WTO Trade Facilitation Agreement was reached in Bali, Indonesia in 2013, and is going to be enforced in 2015 for all member countries. Mozambique will have to comply, which will entail a number of reforms, including PSI (pre-shipment inspection) reforms.

**This year.** On [Customs Transit](#), the new customs transit procedures were neither understood by the majority of operators nor by customs officials. SPEED supported AT to provide training across the country to disseminate the new legislation to customs officials, economic operators, clearing agents and other interested parties through workshops and local media. A new Customs Transit decree, DM 116/2013, was passed and the workshops that had been started in FY13, continued through this year. All the main borders in the south, center and north of the country were covered as well as the 3 international ports. A total of 290 people participated in the workshops, 249 male and 41 female (see the Annex 1).

Over Quarter 2 and Quarter 3, an impact assessment of the dissemination of the Customs Transit decree, DM 116/2013 took place. The assessment also aimed at looking into the overall situation with customs transit which had been problematic up until the dissemination of the new regulations took place. The study found that overall the project was a success, as there is now a better perception among the private sector about the procedures involved in transit via the Single Window system. However, there are still problems at the exit borders regarding bond acquittals, which take a long time. SPEED's support also helped some organizations improve their processes, for instance Manica Freight Services used the information from the training to develop booklets on how to use the Single Window transit system. A final draft report of the study will be available by the end of 2014.

Still on customs transit, SPEED has received quotations for supply of transit equipment, as part of the support of the Transit Module roll out. The equipment is expected to be supplied and operational by the end of 2014.

On [Internet Publication](#), the international trade webpage was developed and the launch event took place on August 6, 2014. Over 100 participants attended the event including the AT President, the Charge D'affaires of the US Embassy and the USAID mission director. Users have access to new tools such as the customs fees calculator for international transactions which is a dedicated tool that provides all information about procedures to export/import, to or from anywhere in the world, and for any product in the customs tariff list; an online chat function to answer questions;

requirements per area (broker, transit agent, transporters, etc); updated table of exchange rates; news; events; etc.

Among other features this page represents compliance with the WTO Bali Agreement on Trade Facilitation, from December 2013, that recommends member countries have available, on the internet, all relevant information and regulations regarding trade across borders so as to promote trade both at national and regional levels. The page is available online on [www.at.gov.mz](http://www.at.gov.mz). SPEED also supported training AT officials for website management and sustainability, hardware equipment acquisition, and a small media campaign to make the website known and useful to all.

On Pre-shipment Inspection, an international consultant was hired to lead an assessment of PSI in Mozambique and recommend a migration strategy from PSI to a Risk Based Inspection. A Risk Based Inspection system would be coupled with a Compliance Enforcement system through the SEW (Single Electronic Window). The new system would integrate all involved institutions and mainly control safety issues and standards compliance for imports. The inspection would be conducted by local authorities, in line with national and international norms. A [report and presentation](#) were produced from the study. Consultation workshops took place regionally in Mozambique to present the study results to the private sector and customs.

**Results.** Implementation continued and was finalized on the dissemination of the Customs Transit decree, DM 116/2013.

The international trade website was approved by AT and launched during the year.

Analysis of PSI in Mozambique and recommendations for a migration strategy from PSI to a Risk Based Inspection, were carried out. Findings were presented for consultation with the public and private sectors.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
44	International trade website	Admin Procedures	4. Passed	Q1
			5. Implementation begun	Q4
SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
55	Pre-shipment Inspection assessment	Regulation	1. Analyzed	Q4
			2. Presented for consultation	Q4

**Next steps.** On customs transit, the final report of the impact assessment study is expected by the end of 2014 and equipment procurement and supply is finally expected to take place by the end of 2014.

On internet publication, the communication campaign about the new site is ongoing and there is still scope for improvement. Connection to the AT call center is pending. However, this activity can almost be considered completed as regards SPEED's intervention.

On pre-shipment inspection, next steps to the study will involve the acceptance of the proposed plan by Customs and definition of the implementation plan with defined dates.

## Making it easier to pay taxes

**Context.** Paying taxes was one of the indicators showing no progress in the *Doing Business 2013* report. In fact, the country experienced no progress over the previous three years. According to *Doing Business*, on average, firms make 37 tax payments per year, spend 230 hours a year filing, preparing and paying taxes and pay a total tax rate as a percentage of profit of 34.3%. While taxes are essential to fund public services and infrastructure (among other expenses), the difficulty and cost of paying taxes may drive substantial economic activity to the informal sector, thereby reducing tax revenue for the government. This represents a significant potential loss for the Government of Mozambique. At the same time, CTA identified simplifying and reducing the number of tax payments as one of its priorities in its Policy Matrices for 2012 and 2013.

In order to streamline the tax payment system in Mozambique, CTA asked SPEED to carry out a comprehensive study looking at: (i) the time and cost for companies to comply with tax obligations; (ii) tax payments that can be combined to reduce the number of payments over the course of a year; and (iii) possible impacts of such streamlining. Last fiscal year SPEED supported a major CTA public workshop to present the results to a wide range of stakeholders.

The e-taxation project (online tax payment platform) began with the launch of the NUIT (tax ID number) module in October 2013. The second module related to VAT payers and IRPC (corporate income tax), with implementation scheduled for April 1, 2014. But to roll out these business services, companies had to update their NUIT data and register on the online platform.

**This year.** A technical team composed of CTA, SPEED, AT and a consultant, worked to accommodate recommendations from the workshops as well as the responses from the Tax Authority. The following recommendations were selected as priorities for possible future work: i) implementing e-taxation; ii) simplifying procedures; iii) introducing information campaigns on the advantages of existing modalities of tax payments; and v) increasing the numbers of payment points in areas with high numbers of taxpayers.

As part of the study's recommendations, the Tax Authority worked with SPEED over the year in designing a campaign to update NUITs (tax payer ID numbers) and register people into the system, so that they can have access to the e-tax system for VAT and IRPC payment purposes. Other tax regimes will be incorporated in 2015. Due to the elections e-tax was not implemented. The campaign has been postponed or potentially cancelled, depending on SPEED's availability to support the campaign, given the time left for the project to run.

**Results.** AT considered and accepted a subset of the recommendations related to the study. It is expected that when implemented, these improved administrative procedures will reduce costs significantly to the private sector.

**Next steps.** There is the possibility of implementing the already planned e-tax campaign.

## Streamlining application forms for starting a business

**Context.** Of the various indicators used to classify a country in the Doing Business ranking, *Starting a Business*, is one of the most relevant. The *Starting a Business* indicator considers the procedures officially required, or commonly practiced, for an entrepreneur to start up and formally operate an industrial or commercial business, and measures the time and cost to complete these procedures, and the paid-in minimum capital requirement.

There are unnecessary procedures to commence operations under the normal licensing of private sector companies in Mozambique. A simple integration of the various registration forms required would reduce procedures from nine to three. The number of days for starting a business will likely reduce to seven from the current thirteen and costs will likely come down. This simple reform could promote the creation of more jobs in the private sector while generating more revenue for the government. It would also improve the country’s position in the *Doing Business* ranking.

In 2013, SPEED supported MIC (Ministry of Industry & Commerce) to streamline application forms for starting a business in Mozambique, coordinating with the various public institutions involved. This activity is also being undertaken in line with the new Integrated Platform of Services to the Citizen and the implementation of *BaUs (Balcão de Atendimento Unico)* – one-stop shops.

**This year.** During the course of the year, SPEED supported the printing of 10,000 forms that are being utilized to roll out a pilot project for the introduction of the new form for starting a business in Mozambique. The form is known as the Formulário Único (single form). A consultant was hired as an M&E specialist to monitor and evaluate the rollout of the implementation of the new form. The pilot is being rolled out over a 3 months period. The roll out of the pilot was analyzed and an inception report was produced by the M&E consultant. The report contains the baseline and methodology proposal for the M&E. It was then approved by MIC. The M&E covered 3 BAUs, namely Maputo, Beira and Nampula.

The M&E exercise is helping raise necessary awareness about the proper implementation of the form. There has been some resistance from a couple of institutions to fully join the BAU and accept the Single Form. However, work is ongoing and there has already been a decrease in number of days from 15 to 8 with the introduction of the Single Form in Beira. The printed forms are being distributed around the country. Although it is still too early to provide a definitive indication of impact, in places like Maputo and Beira, the forms are beginning to be used. However, the private sector is still not fully aware of the new procedures and a lack of coordination across Ministries involved remains a problem.

**Results.** The plan for implementation of the Single Form was analyzed, presented for consultation, approved and implementation of the pilot started during the final quarter of the reporting year.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
39	Streamlining application forms for starting a business	Regulation	5. Implementation begun	Q3

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
68	Application forms for starting a business - M&E	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q4

**Next steps.** The pilot implementation of the new form will continue to be rolled out and an evaluation report will be produced by the end of 2014.

## Evolution of the business environment and public-private dialogue

**Context.** At the XIII CASP (annual private sector conference with the President of the Republic) in 2013, the Minister of Industry & Commerce indicated that the government had complied with 80% of its targets for business environment reform. His comments coincided with the conclusion of the first phase of the EMAN (national strategy to improve the business environment) and preparations to implement a second phase of business environment reform.

Despite the government's optimism about its policy reform activities, businesses' experience on the ground indicates that little has changed over the past several years. Companies are still severely affected by uncertainty in the business environment, unpredictable application of legislation, and other barriers to investment.

ACIS and CTA identified the need to conduct a fact-based analysis that evaluated what has been done to improve the business environment since the CASP began in 1996.

Therefore in October 2013 CTA and ACIS published a [report](#) with support from SPEED which analyzed the evolution of business environment reform between 1996 and 2013. It looked at the various socio-political, economic and institutional aspects that conditioned the existing status quo. This required a comparison of the CASP matrices, EMAN I and its outcomes, the IAN (Investment Confidence Index) and *Doing Business* surveys. By mapping progress in the dialogue mechanism provided by CASP against actions taken in EMAN and the resulting rise or fall of business confidence (IAN) and world rankings (*Doing Business*), the paper presented a detailed overview of the impact of reforms to date, and highlighted what remains to be done.

The report highlighted a number of weaknesses in the current public-private dialogue (PPD) structure and made proposals for reform. It was followed by a qualitative analysis of the views of the private sector about the current public-private dialogue system. Both reports were then discussed by the private sector at a seminar held in March 2014. Based on the reports, the outcome of the seminar and ongoing discussions within the private sector CTA sought to propose a new model for PPD.

**This year.** An analysis was conducted to assess the evolution of the business environment in Mozambique. It looked at the various socio-political, economic and institutional aspects that conditioned the existing status quo. English and Portuguese versions of the draft document are available on the [website](#). The paper was presented to the Private Sector Working Group (PSWG) and received positive comments about how to best move forward. Specific feedback included comments on how to work at the sub-national level for better results, the need for more specific

lessons and recommendations for public private dialogue, and the best structure for coordinating business environment issues within the GOM.

As a result of this, CTA and ACIS requested assistance to analyze best practice approaches to public private dialogue (PPD), gather inputs from local opinion-formers on potential new approaches to PPD for Mozambique. Based on the analysis a workshop was held for the private sector to discuss the findings of the original report and the additional analysis.

SPEED produced a first draft position a paper in partnership with CTA which was presented to the CTA Board. The position paper consists of a proposal for a new Public-Private Dialogue model. Based on the recommendation from the CTA Board, SPEED is currently redrafting the position paper for a final [presentation](#) to CTA members and to the relevant members of government.

**Results.** The Assessment of the Evolution of the Business Environment 1996 – 2013 was completed and widely disseminated, resulting in discussion by government and donors organizations. The paper improved various stakeholders’ understanding of the evidence surrounding progress – or lack thereof – on improving the business environment over the past 18 years.

Following dissemination of the report a workshop for the private sector was held to discuss options to improve existing PPD mechanisms and to agree on approaches going forward. Additional support was provided to CTA to document the proposed new PPD mechanism which was developed out of discussions.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
52	Business Environment Evolution	Admin Procedures	2. Presented for consultation	Q2
SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
63	Public Private Dialogue Mechanisms	Policy	1. Analyzed	Q2
			2. Presented for consultation	Q2

On PPD, there has been no additional progress. However once proposed to the Government and approved, the new PPD model would make the process of raising and passing legislation more effective and transparent.

**Next steps.** The proposed PPD model will be presented to CTA members in seminars to be held in the first quarter of the FY 2015. The PPD structures discussed by the private sector should be incorporated into working practice at CTA and discussed with the government to agree upon new approaches to more effective PPD. It is envisaged that the movement to promulgate Public Participation legislation will form an integral part of this approach. Considering the elections and the subsequent reshuffle in government, CTA hopes that a proposal for a new Public-Private Dialogue model is incorporated and executed during the next presidential mandate.

## EBDI conference

**Context.** Each year, the World Bank Group organizes a regional Ease of Doing Business Conference. The purpose of these conferences is to bring together delegates from across the region to discuss reform efforts related to the Doing Business reports, share experiences, and ultimately accelerate reform across the region.

**This year.** Along with the IFC, MIC, World Bank and Irish Aid, SPEED supported the organization of the Ease of Doing Business Initiative (EDBI) conference. The conference took place in Maputo from June 30 to July 02, 2014. About 110 delegates attended the conference. Delegates included dignitaries from the participating countries.

The conference consisted of presentations on the different indicators of the DB, with clear reform examples undertaken in countries from eastern and southern Africa, thus informing participants about reforms and allowing for exchanges of experience between participating countries. Areas presented included Obtaining Construction Permits, Property Registration, Enforcing Inspections, International Trade, Access to Finance, Starting a Business and others. There was also a panel discussion on the Challenges, Opportunities and Constraints of the current investment climate in Eastern and Southern Africa.

The conference was closed by a presentation by Burundi, Ivory Coast, Madagascar and South Sudan on specific reforms currently being undertaken. There was also the opportunity to visit some institutions where reforms have taken place in Mozambique such as the Single Electronic Window, the One Stop Shop (BAU), Maputo Port and the Maputo Municipality.

**Results.** It is hoped that the EDBI will facilitate the replication of successful reforms across countries in Eastern and Southern Africa.

**Next steps.** Through contacts at the workshop, SPEED will work with support from the Municipality of Lisbon to help accelerate the various Doing Business reforms currently being undertaken.

## **Doing Business quick wins for 2014**

**Context.** The Mozambican government has firmed up its commitment to improving the country's [Doing Business](#) rankings and the overall enabling environment for private sector growth. Recently, a series of reforms on the Dealing with Construction Permits indicator saw Mozambique rise 46 positions in that specific [Doing Business](#) ranking and three positions on the overall ranking from 139 to 142 out of 185 economies. SPEED directly supported the implementation of these reforms.

Despite an improvement of three ranking positions over *Doing Business* 2013, Mozambique remains well below SADC's top performers, Mauritius and South Africa. There is need to work harder and implement reforms. Ideally, the majority of the reforms should have been implemented before the *Doing Business* 2015 deadline of June 2014. SPEED identified three indicators that could provide 'quick wins'. Quick wins are short term administrative reforms with potential for high impact. They would enable Mozambique to move up in the [Doing Business](#) rankings and have a reasonable chance of being implemented in the short term. The identified indicators are: Starting a Business, Registering Property and Paying Taxes.

**This year.** SPEED worked with MIC and other stakeholders to identify quick wins and produce scopes of work for implementation of reforms. SPEED conducted an analysis that provides estimates of the number of places that Mozambique could move up in the overall [Doing Business](#) ranking in 2015 if each of the reforms was fully implemented before June. These estimates make the following two assumptions: no new countries are added for *Doing Business* 2015, and no other countries' scores change. It is, of course, highly unlikely that other countries' scores will not change, but an analysis of likely changes in other countries' scores is beyond the scope of this exercise. See the following table for estimates on the impact of the reforms on Mozambique's overall position in the ranking.

Indicator	Before reforms	After reforms	Absolute variation	Contribution to overall impact (%)
Starting a business	139	130	9	25
Registering property	139	130	9	25
Paying taxes	139	121	18	50
<b>Overall impact</b>	139	115	24	100

On Starting a Business, in 2013, SPEED supported MIC to streamline application forms for starting a business in Mozambique and coordinate with the various public institutions involved. Streamlined forms and procedures are consistent with the new Integrated Platform of Services to the Citizen and the implementation of *BaUs* (*Balcão de Atendimento Unico, or one-stop shops*). As noted above during the course of this year, SPEED supported the pilot project of implementation of the new form and helped print 10.000 forms that were utilized to roll out the pilot project.

On Registering Property, SPEED worked together with IFC, MIC and MJ to successfully streamline procedures and eliminate two (2) steps in issuing certificates of registration. Submission of final registration certificates is now done internally between the institutions and two procedures (SISA with the Property Registry) were partially merged through the BAUs.

On Paying Taxes, the focus of reform was the introduction of an online tax payment system, the e-tax. E-tax has been being rolled out since April 3, 2014. The plan was to start primarily with the VAT and IRPC. SPEED worked with AT over the year to design a campaign to update NUITs (tax registration numbers) and register people into the system, so that they can have access to the e-tax system for VAT and income tax payment purposes. However, due to the electoral campaign the tax campaign did not materialize and has been postponed or potentially canceled given the remaining life of the SPEED project.

**Results.** Successful implementation of reforms on Registering Property and the Pilot Project of the new form for Starting a Business in Mozambique were achieved. There is hope that these activities will have an impact on Mozambique's *Doing Business* ranking for 2015.

**Next steps.** On Starting a Business, the M&E of pilot rollout of the implementation of the new form and procedures will continue until the first quarter FY15.

On Registering Property, SPEED is considering support to conduct a policy review and drafting of new legislation about procedures for property registration in Mozambique.

On Paying Taxes, the e-tax campaign might still take place, depending on time availability.

## **Insolvency law implementation support**

**Context.** The bankruptcy process in Mozambique, based on the Code of Civil Procedure from 1967, is slow, costly and complex. Attempts have been made in the past to update legislation and streamline the process, but efforts had languished at the when SPEED started up. To reinvigorate reform efforts and get new legislation passed, SPEED, working with CTA and the law firm SAL &Caldeira, conducted a series of activities including review of draft legislation, meetings with government officials and legislators, and a public seminar on the proposed changes in legislation and their expected impact on the bankruptcy process.

In 2011, SPEED [reviewed the Insolvency Law](#) that authorizes the Government to establish a legal framework for insolvency and business recovery. This law was then submitted to Parliament for legislative approval. On 19 February 2013, the President of the Republic of Mozambique ratified the law. The law was then promulgated by the Council of Ministers on 4 June 2013. Following approval of the law, SPEED was engaged by the Ministry of Justice to support the drafting of the SOW for implementation of the law and to support the process.

**This year.** Workshops for dissemination of the law and more specific technical meetings for the training of judges, prosecutors and clerks were conducted in the north, center and south of the country. In the past, there were few cases of declared insolvency in the courts. Many people were not familiar with the process. Businesses would rather dissolve than undergo a bankruptcy process due the complexity and the time taken for deliberation. At the same time many stakeholders were not familiar with the new law.

Judges, provincial directors, clerks and prosecutors were the intended audience. In Maputo, the training also included insolvency administrators/mediators, and trainers from the Judicial Training Centre (CFJJ). The latter participated in order to build their capacity to develop their own curriculum to continue with the training process starting in 2014. Overall, 45 judges, clerks, prosecutors, administrators and trainers were trained in three regions of the country according to the following table:

Date	Region	Activity	Subtotal
5 & 6 -Dec-13	Center (Beira)	Training of Judges	16
12 & 13 -Dec-13	North (Nampula)	Training of Judges	13
18 & 19 Dec-13	South (Maputo)	Training of Judges	16
		Subtotal	45
		Total	45

That number is double the target set by the GOM for 2013, which set a target of 22 judges trained for the whole country. Besides training of judges, all 11 Provincial Directors of Justice attended the dissemination workshops and had access to material to carry on dissemination in their respective provinces.

To support dissemination of the law and training activities SPEED also supported the publication of 3,000 copies of a book on insolvency legislation. These were distributed to the participants and the remainder will be sold through CTA to the private sector. The creation and legalization of an association of insolvency administrators (as envisaged by the law) shall be done outside the scope of this activity.

**Results.** The training package prepared by Sal&Caldeira was presented for consultation with the relevant stakeholders and implementation of the activity took place regionally around the country. The judges now have access to the necessary material and are ready to take up insolvency cases. **This work directly resulted in Mozambique jumping 27 places in the 2015 *Doing Business* ranking for the “resolving insolvency” indicator.**

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
57	Insolvency law - Implementation	Admin Procedures	2. Presented for consultation	Q1
			3. Presented for legislation	Q1
			4. Passed	Q1
			5. Implementation begun	Q1

**Next steps.** Going forward, there is need to create an association of insolvency administrators and train insolvency administrators. These are crucial for implementation of the law. SPEED plans to investigate whether there will be enough time from now until the end of the project to train administrators.

Also, it is clear that the private sector needs to understand the mechanics of the law as it serves them. There have been suggestions for a follow-up involving systematic and continuous dissemination work to the private sector in particular. A substantial role would be played by CTA here.

## Registering property

**Context.** The indicator of the *Doing Business* ranking relating to the registration of properties evaluates the ease with which land and buildings may be purchased for commercial use.

Economies worldwide have been making the processes of land registration and property transfer for business easier by significantly reducing the time spent in the process, adopting fixed deadlines for the procedures, introducing fewer (and simpler) internal and external requirements and creating fixed fees.

According to the *Doing Business Report 2014*, the land registry in Mozambique requires 8 procedures, takes 39 days and costs 7.7% of the property value. Overall, the country is at position 152 in the ranking (out of 189 countries) in terms of the ease of registering property. This is the worst position in the SADC community. The previous "strategy for the improvement of the business environment" (EMAN, 2008-2012), identified the need to revise and simplify the procedures for land registration, considered burdensome and costly for the private sector and individuals in general.

**This year.** This indicator was identified as a possible reform that could be implemented in the short term and would have a significant impact on the ease of doing business in Mozambique. During the year, the following reforms were implemented:

- Merging the payment of SISA (property transfer tax) and the land registry in BAU;
- Make it possible to submit a registration certificate to the municipality and the registration office internally.

This last reform is already being implemented and is expected to reduce the time needed to register property to approximately 15 days. In coordination with the IFC, brochures were produced to disseminate the short term administrative reforms that took place.

The Ministry of Justice (MJ) requested support to conduct a legal review of procedures for property registration in Mozambique, as there is need for change in legislation in light of this reform. A scope for this work was produced and a tender was published for the selection of a firm to conduct the legal review. Selection and hiring of the firm will be finalized Q1 FY15. The review is expected to take place from then until the end of 2014.

**Results.** Two steps were removed from the property registration process through the streamlining of procedures. **These efforts translated into an improvement in Mozambique’s ranking in Doing Business from 101 to 152, for an increase of 51 places.**

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
69	Registering Property	Admin Procedures	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q3
			4. Passed	Q3
			5. Implementation begun	Q3

**Next steps.** SPEED will support legal review of procedures for property registration in Mozambique.

## Streamlining the construction license process in Maputo

**Context.** The process for issuing construction permits was identified by the private sector as a major obstacle impeding business in Mozambique. According to the Doing Business report published in 2013, it takes the average business person 377 days to obtain a construction permit. Currently, Mozambique ranks 126th in obtaining a construction permit among 183 economies. There is evidence that relatively simple improvements in streamlining construction permits processes could improve the country's ranking to the 72nd position. SPEED began working with the Municipality of Maputo (CMM) on simplifying the process of obtaining construction permits in October 2011. This earlier work identified a series of recommendations focused on both short and long-term reforms. The short-term reforms have already been implemented and the longer term recommendations are currently under implementation.

The latest World Bank Doing Business 2014 report shows a substantial improvement in the country's construction permit indicator, jumping 46 places to 77th from 123rd in the most recent rankings and the SPEED support on implementation of the short-term reforms played an important role in this recent success.

**This year.** To consolidate the gains and further streamline processes for obtaining construction permits, SPEED is supporting the following activities:

- Hiring an IT specialist to evaluate and customize the business process management system implemented at the partner office within the Municipality, known as DUC, and providing training on any changes made to the system;
- Scanning of over 5000 construction permit files and storing them in a database that supports a file tracking system which complements the computerized system introduced in DUC; and
- Revising the relevant bylaws (*Postura Municipal*) to update legal instruments required for simplifying the construction permit process. This work is expected to be finalized and submitted to the Municipal Assembly by mid November 2014.

**Results.** Implementation of the business process management system has begun, but it is still too early to measure the results. It is expected that the fully functional system and database with all construction permit files digitalized will shave the time required to issue the construction license down to approximately 45 days and the internal transfers of physical files within the DUC will be eliminated which reduces to a minimum possible the time and costs, to the entrepreneur, to legally build, occupy and begin using a building.

**Next steps.** SPEED's involvement in this project is mainly complete. However SPEED will continue work with the Municipality on monitoring the implementation of other recommended reforms.

## **Electricity access and quality**

**Context.** Much of SPEED's work in the context of the business environment and Mozambique's competitiveness reveals that the perpetuating Electricity quantity and quality deficit could emerge as the biggest constraint on economic development. The private Sector including leading industries have openly complained that most of their development and expansion plans have

stalled due to the lack of reliable power. In light of this USAID/ SPEED in partnership with CTA and ACIS seeks to embark on a study to determine the economic impact of the current Power and Energy supply and quality deficit, in light of the surge in electricity demand driven by the extractives and associated industries; and increased urban growth. The study will draw on the work already done by EDM, and will contribute to the debate around how Mozambique can best leverage its natural resource base to play a determinate role in ensuring adequate energy supply at cost effective rates.

Similarly, Getting electricity was one of the indicators showing no progress in the [Doing Business 2014](#) report. In fact, the country experienced no progress over the previous three years. The [Doing Business Report 2014](#) mentions that it takes approximately 107 days to establish electricity in Mozambique, compared to 89 days on average in OECD countries.

To reduce the amount of time to connect, the Ministry of Energy, in coordination with Electricity of Mozambique has introduced substantial reforms that should result in the reduction of administrative procedures. These reforms, given their impact, need to be widely disseminated and implemented correctly across the country. The DASP (Directorate of Support to the Private Sector) within the Ministry of Industry and Trade, intends to pursue an outreach campaign explaining the new procedures for getting electricity.

**This year.** USAID/SPEED, in coordination with DASP, worked on the key messages for the outreach campaign and released a request for proposals to hire a graphic design company to produce the communications materials to disseminate and mainstream the procedures towards getting electricity. In addition, USAID / SPEED launched an analysis of the power and electricity crisis and its impact on the business environment.

**Results:** None yet.

**Next steps:** A draft study is being prepared and workshops on this topic are scheduled for early December 2015. Similarly, in partnership with DASP, SPEED will support ME/EDM to identify and implement further reforms related to getting electricity and also on the mechanisms to improve the quality of electricity.

## Competition law support

**Context.** Regulatory barriers, pervasive rent-seeking behavior, and other impediments to trade threaten the competitiveness of Mozambique's economy and private sector growth. In addition, market distortions spurred by monopolistic practices in some sectors further threaten efficiency and competitiveness. The need to respond to the dynamics of a market economy and lack of legislative tools suited to this new reality led to the approval by the Council of Ministers on 24 July 2007, of the Competition Policy.

On April 11, 2013, Law n. ° 10/2013 was published, approving the new legal framework for competition in Mozambique. The competition law entered into force on July 10, 2013 and the competition regulations and statutes of the new Competition Authority should have been approved by the Council of Ministers by the end of 2013. The new competition law creates a Competition Regulatory Authority of Mozambique, which shall operate as an independent

administrative authority. SPEED was asked by the Ministry of Industry and Commerce (MIC) to support the design of the regulatory framework for the competition law.

**This year.** SPEED worked with the Minister’s office to select Zakumi Legal Consultants to draft the required regulations. During this year, technical meetings with the MIC Technical Council helped refine the first phase of the assignment to draft three regulations to help set up the Competition Authority (CA): an organizational statute for the CA, an operational regulation for CA and internal regulations of CA.

**Results.** Drafts of three legal instruments were submitted for approval as part of the implementation of the competition law. These legal instruments were approved by the Council of Ministers.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
9	Competition law	Policy	5. Implementation begun	Q1
SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
62	Competition law - regulation	Regulation	1. Analyzed	Q2
			2. Presented for consultation	Q2
			3. Presented for legislation	Q3
			4. Passed	Q3

**Next steps.** To operationalize the Competition Authority, the Minister must nominate the leader of the new organization. This is expected to happen before the end of 2014.

## Industrial policy review

**Context.** Mozambique is currently in the process of updating its industrial policy. Several initiatives involving MIC, UNIDO and AIMO are under way to develop content for a policy. At the same time the GoM has approved its National Development Strategy (ENDE) which also includes a strong focus on industrialization. Globally, industrial policies are becoming increasingly popular but whether or not they achieve the desired impacts remains in question. Historically Mozambique’s attempts to implement industrial policies focusing on sectors from textiles to tourism have achieved little success.

The proposed industrial policy and discussions around its implementation tie in to work on competitiveness, agriculture and overall business environment reform.

**This year.** SPEED prepared a discussion document entitled [“An Industrial Policy for Mozambique”](#) which describes global trends in industrial policy development, highlights successes and failures in other jurisdictions and in Mozambique, and provides several recommendations for consideration in the discussions around Mozambique’s development of a new industrial policy.

**Results.** A discussion document was disseminated through the SPEED [website](#), and blogs on the development of an industrial policy and the industrial focus of ENDE were posted on the web site

and disseminated through social media. The outcomes of the manufacturing competitiveness study will also be shared with MIC to feed in to the industrial policy development process.

**Next steps.** This will depend on the progress of development of the industrial policy under the new government.

## **Manufacturing competitiveness**

**Context.** The Government is currently considering the development of an industrial policy aimed at strengthening the country's manufacturing base. Significant discoveries of coal and natural gas have been confirmed and exports of these products will likely increase rapidly. The mineral resources sector will generate major inflows of foreign exchange that could rapidly transform the country. These resources have the potential to increase public revenues, which may be used to improve productivity, incomes, and the country's competitiveness. However, massive inflows of foreign exchange could place significant pressures on an economy. For example, the value of the Mozambican Metical could appreciate in real terms, causing so-called "Dutch Disease," i.e., bringing shifts in the relative prices of tradables and non-tradables, labor costs, incentives to trade, and negative pressures on economic competitiveness.

Outside of agriculture and in addition to the resource extraction industries, tourism and manufacturing are expected to be cornerstones of the future Mozambican economy. These sectors are also likely to be affected by resource boom-driven changes. Light manufacturing and more capital intensive manufacturing for export most likely rely on importing materials or components and exporting assembled or processed products. If manufacturing is based on assembling or transforming imports for re-export, the advantages of lower costs of imports will not be strong, because the import component is just re-exported. If labor costs increase, however, this would have particular impact on the profitability of labor intensive light manufacturing. Manufacturing that depends on a natural resource (e.g. local power or minerals) will more likely be insensitive to labor availability or costs. An appreciating exchange rate may put Mozambique at a comparative disadvantage to other resource-rich locations.

Manufacturing for regional markets may hold promise, if transport service and availability is robust but any industrial business model would have to be robust to overcome South Africa's head start in terms of skills, manufacturing infrastructure and logistics. Agro-processing, adding value to Mozambique's own-grown products, or regionally-produced products could motivate local growth and sustained development.

The GOM's National Development Strategy (ENDE) focuses heavily on industrialization as the key for economic development based on the resource boom but does not provide clear indications of how the government proposes to realize this. At the same time the annual SADC conference also focussed on the need to industrialize to make the region competitive. Legislative developments such as the Mozambican petroleum legislation also indicate a strong interest at parliamentary level to see income from the resource boom channelled into industrial development.

Following on from a preparatory trip report prepared in 2013 by Martin Weber, SPEED, in partnership with CTA is undertaking a series of studies aimed at assessing Mozambique's

competitiveness in light of the resource boom in key sectors including manufacturing. These studies along with others already undertaken will then be compiled into a publication about competitiveness.

**This year.** A study into competitiveness in the manufacturing sector is underway in liaison with CTA’s industry sub-committee. Field work has been completed and the final report is expected to be available by mid-October.

**Results.** Research was undertaken into the profile of manufacturing in Mozambique and likely impacts of Dutch Disease.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
76	Competitiveness study - manufacturing	Policy	1. Analyzed	Q4
			2. Presented for consultation	Q4

**Next steps.** The study will be completed by October 2014 and then disseminated for comments and presented at a series of seminars to take place in early December and included in a compilation publication of reports about competitiveness. The report will be shared with MIC and the consultants working on industrial policy as well as MPD which is responsible for the implementation of ENDE.

## Impact of “tolerancia de ponto”

**Context.** The Mozambican Labor Law provides for the concept of Tolerâncias de Ponto – TdP. These are ad hoc public holidays that must be declared by the Minister of Labor and communicated with a minimum warning period of 48 hours. As a matter of practice the Minister consults with the tripartite labor committee (CCT) for approval when declaring TdP. However, since the body is tripartite, unions and government are able to out-vote the private sector. This means that TdP are generally declared even if the private sector opposes them. On the other hand, even when the business community is consulted through the CTA representative at CCT, the time given to respond is rarely sufficient to permit a wider consultation among the private sector.

TdP represents a political tool which is particularly used in election years to gain favor with the electorate. For example, by February 2014 there had already been three TdP as well as two official public holidays in a 39 day period.

There is increasing pressure from the private sector to limit the declaration of TdP and to take into account its impacts on business, as well as to improve predictability in the working year. In light of this, CTA requested support from SPEED to quantify the economic cost of TdP to business and identify the various economic issues affecting business so that these can be put forward as a basis for developing an improved legal framework to manage the TdP issue. Using an evidence-based formula, economic analysis found that **the economy loses at least 48% of daily GDP, or an estimated US\$ 26 million per day.** The legal analysis resulted in alternative policy options that CTA can use in discussions with the government.

**This year:** SPEED and the legal consultants (Sal & Caldeira) produced a report and presented the findings of the study to the Board of CTA. Since the legal analysis offered several alternatives that

could be recommended to the government, the board was asked to select their preferred option to be incorporated in the final report. There was also a request to include anonymous case studies of the experiences of companies of companies on during a TdP. Sal & Caldeira then produced a final report which has since been delivered to CTA to be submitted to the Government of Mozambique.

**Results.** Report produced and awaiting presentation to the Government of Mozambique.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
64	Economic cost of "tolerancia de ponto"	Regulation	1. Analyzed	Q2
			2. Presented for consultation	Q3

**Next steps.** Sal & Caldeira will present the findings of the report to the Government as soon as a date is set by CTA.

## Support to minimum wage framework

**Context.** In Mozambique, minimum wages are set by government, in consultation with the Consultative Labor Commission (CCT), a tripartite body that includes representatives from workers (labor unions), employers (CTA), and government. Since 2000, the government introduced minimum wages by sectors, and currently there are minimum wages set for 7 main sectors (some of which also include sub-sectors). With the development of the economy there is a need to revisit the predefined sectors and the criteria taken into consideration in determining the minimum wage in Mozambique.

CTA requested that SPEED assist in identifying and contracting a consultant to provide technical advisory services to CTA in respect of its role on CCT. The main aim of the consultancy was to assist with the annual national minimum wage negotiation process.

In addition to the support for the specific minimum wage negotiation round in early 2014, CTA requested support to evaluate the overall framework for determining minimum wage, and compare it with international practices. Specifically, CTA has asked for support to assess the context and criteria of the minimum wage framework in Mozambique, implications due to the resource boom and international case comparisons. The work will recommend ways forward in addressing wage negotiations.

**This year.** SPEED provided support to CTA in the form of a consultant to assist CTA negotiators during the minimum wage negotiations for 2014. The support included the consultant assisting negotiation teams and assisting CTA in preparing internal approval by the CTA labor sub-committee and preparing for discussions in CCT plenary sessions at which the agreed wages were validated by the tripartite forum.

For the broader assessment, consultants were identified and initial field work undertaken.

**Results.** The matrix comprising the negotiated minimum wage for each sector was submitted to the CTA labor sub-committee for consultation and then submitted for approval by CCT. The new

wages were adopted by CCT and then passed into law by Cabinet and applied nationwide, backdated to 01 April 2014.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
67	Technical Assistance to CCT	Admin Procedures	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q3
			4. Passed	Q3
			5. Implementation begun	Q3

**Next steps.** Based on experiences in the 2014 negotiations additional assistance may be provided to prepare for the 2015 negotiations to ensure that the CTA negotiating teams are better prepared and that the agreed minimum wage increases better reflect the needs of business.

For the broader work to analyse the overall minimum wage framework, SPEED will finalize the analysis and present the findings and the recommendation by early 2015.

## Immigration requirements

**Context.** ACIS approached SPEED having received requests for assistance from members who are being affected by the implementation of new procedures by the National Immigration Service with regards to inviting potential clients and investors to visit the country. The new procedures are adding significant complexity to the process of obtaining visas for potential investors. ACIS requested SPEED’s assistance in determining whether or not the new procedures have basis in law and what can be done to simplify the system while at the same time retaining the protection required by the Immigration Service against illegal immigration.

Companies regularly have investors, clients, overseas suppliers and other interested parties who need to visit them and do business. *Procedure pre 01 April 2014:* Companies were required to apply to the Provincial Directorate of Immigration for a certificate of no impediment to then be provided to the visa applicant in support of their visa application. The document was usually issued within 7 working days. A fee was payable. *Procedure post 01 April 2014:* Anyone requiring a certificate of no impediment in order to obtain a visa for entry into Mozambique must apply at least one month in advance (in fact on average applications take two months to process). All requests are now processed in Maputo. This procedure is a precursor to the visa application process. The certificate, once issued, must be couriered in the original to the traveler who can then submit it with additional documents to a Mozambican Embassy.

**This year.** On the basis of the request from ACIS, SPEED contracted lawyers to undertake an analysis of the procedures, determine what the legal basis is for their application and provide a series of recommendations as to how the same objectives could be met but with less delay, cost and difficulty to travelers. The analysis and recommendations are due to be presented by mid October 2014, after which lawyers will support ACIS in addressing the recommendations to the National Immigration Service.

**Results.** None as yet

**Next steps.** After development of the analysis and recommendations ACIS is expected to address the matter with the National Immigration Directorate. If necessary legal support may be required to assist the Immigration Service in developing legislation which simplifies the procedures for applying for visas, or if the current system is determined to be being applied outside the law attention will be drawn to this.

## Trade unions “parecer”

**Context.** ACIS approached SPEED having received requests for assistance from members who are being affected by the implementation of charges by Trade Unions for issuing documents which business is required by law to obtain from the Trade Unions.

Companies are for example required under the Labor Law to request from trade union bodies opinions about their applications to employ foreign workers. These opinions are referred to in Portuguese as “pareceres”. Where a company does not have an internal trade union they are required to request these opinions from the relevant national union body for the sector in which they operate. Unions are increasingly instituting charges for the issuing of these opinion documents. This increases costs to business for obtaining a document which they are required by law to have.

In addition provincial directorates of labor are insisting that companies which do not have unions within the company have their annual named list of employees (*relação nominal*) stamped by the relevant national union, for which there is a charge. Other charges are also reportedly being levied by unions.

**This year.** On the basis of the request from ACIS, SPEED contracted lawyers to undertake an analysis of the situation and to determine what the legal basis is for the charging of these fees and to provide a series of recommendations as to how ACIS and its members can contest the charges. The analysis and recommendations are due to be presented by mid October 2014, after which ACIS is expected to address the recommendations with CTA’s employment sub-committee with a view to determining how to remove the charges.

**Results.** None as yet

**Next steps.** After development of the analysis and recommendations ACIS is expected to address the matter with CTA. If necessary additional legal support may be required to assist ACIS and CTA in negotiating with unions and government, through the tripartite labor forum (CCT), to remove these charges.

## Cross-border price differentials

**Context.** Mozambique’s major retailers, mainly in Maputo City (Shoprite, Game, Pick n Pay, and Spar) rely heavily on South African imports, yet charge much higher prices than their South African operations, and branches of the same stores within Mozambique also charge different prices. These price differences have raised numerous concerns in many circles, including government, consumers, and private sector.

This activity seeks to contribute to the understanding of the pricing patterns between South Africa and Mozambique. It will unpack and shed the light on the differences between prices in Nelspruit (South Africa) and those in Maputo and attempt to estimate the price transmission mechanisms between the two cities / countries, by examining the prices of both South African produced commodities and prices of those produced in both locations (e.g. sugar, milk, oil, etc.). In addition, the study will look at pricing patterns throughout the country by focusing on the Mozambique's largest cities/markets: Maputo, Beira and Nampula.

**This year.** Price data were collected at the Nelspruit and Maputo markets. Interviews with key informants and site visits conducted.

**Next steps.** Report writing and organization of business briefings to present the findings and recommendations.

## Cost of capital

**Context.** Mozambique ranks 130 out of 189 countries in terms of the legal and institutional strength for getting credit, according to the World Bank's 2014 *Doing Business* Report. Lending rates are very high in the country's banking system (between 16 and 20%). These hefty borrowing costs slow entrepreneurship and business expansion. Access to credit is rated as a major hindrance to the business environment. Less than 15% of Mozambicans hold accounts with formal financial institutions and, of these, less than 5% record positive savings. Notwithstanding, poor credit information infrastructure and contract enforcement methods make long-term lending too risky for many banks. Other typical suppliers of long-term finance such as insurance companies and pension funds are limited by underdeveloped capital markets, making reliable long-term investments difficult.

The resilience of the average lending rate also signals considerable credit market distortions and limited monetary policy transmission. High interest rates and banking fees have also curtailed SME access to credit, leaving much of the credit expansion attributable to private consumption. Overall, Mozambique's financial system is characterized by high interest rate spreads and high real interest rates signalling an underdeveloped banking sector with little or no competition.

This study is to be undertaken in partnership with CTA to investigate the reasons for prevailing high and unaffordable interest rates and interest rate spread and the way this in turn impacts the cost of capital in Mozambique. The study will assess the reasons for the persistent large spread between deposit and lending rates, and the high banking fees in Mozambique's financial system, bearing in mind the Banco de Moçambique's (BoM) strategic objective "to promote a healthy and competitive financial sector with attractive interest rates, diversified financial services, and lower transaction costs".

**This year.** Data collection and interviews with key informants began in the fourth quarter.

**Next steps.** Analysis and production of the report. Organize business briefings on the study findings and recommendations. Work with the Central Bank and other stakeholders to find solutions to the problem of excessive interest rates.

## Impact of Central Bank procedures on business environment

**Context.** BoM is the main regulator of economic activity in Mozambique. It has been relatively successful with its core mandate which is macroeconomic stability and inflation targeting. However, to achieve this stability the institution has kept tight control over the activities of economic agents and over the movement of capital. Input from various stakeholders in the business, legal, banking and investment community indicate that certain BoM regulations and procedures present an obstacle to doing business and a disincentive to investment. Issues cited included approval processes for import/export of capital, inconsistent application of foreign exchange legislation, arbitrary application of rules pertaining to corporate guarantees and intercompany loans and the process for registration of investment projects. In August 2014, ACIS requested that SPEED undertake a study to assess the impact of the regulations and procedures of applied by BoM on the Mozambican business and investment environment.

**This year.** A Scope of Work defined the study in terms of scope, tasks and deliverables. The consultant has initiated preliminary work.

**Results.** None yet.

**Next steps.** Consultant will complete preliminary work and field interviews by the last week of October and deliver a draft report on the 3<sup>rd</sup> of November. A workshop will be held on the 19<sup>th</sup> of November to discuss the report with stakeholders and the final report delivered on the 21<sup>st</sup> of November.

## Top Mozambican SMEs

**Context.** The latest Doing Business indicators published annually by the World Bank, showed Mozambique recovering seven places, at a time when the Small and Medium Enterprises (SMEs) begin to gain visibility and market opportunities. The Institute for the Promotion of Small and Medium Enterprises (IPEME) has contributed to the improvement of the business environment for SMEs by providing information relevant to the business and investment; guiding business, and ensuring competitiveness through corporate assistance.

SMEs account for 98.7% of the Mozambican business community. They have the expertise to generate direct and indirect employment and a vehicle for entrepreneurship, which translates into increased income for Mozambicans in general and for young people and women in particular. To further promote and encourage SMEs in Mozambique, the Grupo SOICO and the MIC, through IPEME, launched the top 100 SMEs award, an initiative to encourage excellence and promote competitiveness in this key sector of the national economy. Published annually under this initiative, the magazine "Mozambican SMEs" aims to be a reference for all those interested in micro, small and medium enterprises in Mozambique.

In this context, IPEME, requested assistance from SPEED to help select the best companies from a short-list. A study is to be conducted with Mozambican SMEs with results published in the 'Mozambican SMEs' magazine.

**This year.** The top 20 SMEs were selected from the short-list. After this selection, a sample was selected for consultation about the current situation for SMEs in Mozambique, in terms of challenges, gaps, marketing ability and exposure in particular and the current state of the business environment for SMEs in general. Terms of Reference for the study, were produced.

The study will be conducted in FY15. The findings will be disclosed in the annual magazine "Mozambican SMEs" and will inform and facilitate monitoring and targeted assistance to SMEs in the future. The study will also inform decision making as well as encourage the formulation and implementation of policies for SMEs by GOM, and others involved in the implementation of reforms to improve the business environment.

**Results.** None yet.

**Next steps.** Conduct an analysis of the current situation of SMEs in Mozambique as regards enterprise development and business environment. Publish findings of the study in a magazine and disseminate through regional workshops.

## Levels of decision-making

In recent years, Mozambique has made efforts to improve the business environment and attract investment. However, in many areas linked to business (import and export, opening and closing a business, paying taxes, getting construction permits, etc.), Mozambique consistently underperformed relative to competitors. Consistent implementation of reforms emerges time and again as a key constraint.

A specific problem is the lack of clarity about the decision-making powers of the central, provincial, municipal and district authorities in administrative processes related to economic activities. In many sectors, there is no clear, consistent source of information about procedures officially required, or commonly practiced, for an entrepreneur to start up and formally operate an industrial or commercial business. Plus there is unevenness in terms of competence of the units at the front line involved in undertaking administrative tasks related to economic activities.

SPEED engaged with CTA, and other organizations to find solutions to these problems. Specifically, the purpose of the work is to identify and make accessible to the business community relevant information regarding the decision-making powers at different levels of government.

**This year.** In response to private sector concerns, SPEED is mapping the decision making levels and competence in the central, provincial, district and village level, giving most emphasis to those authorities working with in sectors affected by the *Doing Business* indicators.

**Results.** None yet. But it is expected that the study will make available relevant information about levels of decision-making to the business community, which will speed up administrative processes and improve the business environment. It is also expected that from this work it will identify possible reforms aimed at improving the business environment.

**Next steps.** Work on reforms emerging from this work and disseminate the relevant information regarding the levels of decision-making.

## Institutional support to CTA

**Context.** CTA is the primary private sector counterpart that advocates for policy change with Government. It has received institutional capacity building support from USAID over the past decade and is a key SPEED partner. To strengthen the quality of services provided to its membership, SPEED is providing capacity support to CTA in the form of a Policy Analyst and Technical Assistance on demand. With this assistance, CTA is more effective in engaging the government in policy dialogue on behalf of the private sector

**This year.** SPEED secured a bridging grant to support the CTA's Executive Director position until the organization secured additional funding for the position.

With the support of the Policy Analyst, CTA designed the TOR's and secured funding for several studies including:

- review and update of the Industrial Policy and Strategy for Mozambique for the next 5 years,
- analysis of cabotage in Mozambique,
- analysis of the possibility of introducing a training levy to support private sector efforts to improve workforce skills
- options for global advertising of Mozambique as a tourism destination.
- analysis of the impact of a new legislation regulating the production, packaging and distribution of alcohol drinks in Mozambique.
- assessment of the current state of international trade and highlighting trade related issues such as non-tariff barriers with particular focus on SADC, and in developing a position and strategy paper to support the organization in advocating for trade-related reform efforts, particularly in export-oriented sectors;
- analysis of LAM's tariffs to better understand the structure of these and the impact of government taxes and levies on air ticket pricing;
- analysis of proposed legislation on Agriculture, Food Security and Nutrition;
- analysis of public sector participation in business and its impacts on business and competitiveness;
- analysis of the electricity tariff structure to understand why electricity is so expensive for the commercial and industrial consumers in Mozambique;

In addition the Analyst is overseeing a study on sources of financing in Mozambique, including considering what banks and other financial institutions are offering to the private sector. The results of this study are being transformed into a web platform to facilitate access to the information gathered.

TOR's for new studies are being developed by CTA with the assistance of the Policy Analyst, including an assessment of which agricultural products could increase the farmer income and have potential for export. The idea is to promote the diversification of products by studying the potential of 5-10 agricultural products that could improve farmers and smallholder income.

Another assessment, will focus on why the Mozambican poultry industry is not competitive, with those of Brazil and South Africa.

Following the study about Local Content undertaken by CTA with SPEED support, the purpose of which was to understand how local firms can take advantage of the natural resource boom in Mozambique by providing services and goods to the multinationals that will explore the resources CTA has prepared new TOR's to seek support on the implementation of some of the recommendations of the original report.

The support will include the establishment of a Local Content Task Force (LCTF) comprising public and private entities, the design of its governance and its action plan. For this task SPEED is providing support for all stages.

In coordination with ACIS a seminar to disseminate the results of the Local Content study was organized in Maputo. Other seminars are expected to follow.

Finally, with SPEED support, during the US-Africa Summit held from 04 to 06 of August, the CTA's Policy Analyst was invited to attend the Civil Society Forum which was attended by opinion makers from several African countries. The Policy Analyst participated in group discussions, panels and seminars on Inclusive Economic Growth, Good Governance and Food Security in Africa. Other activities included a trip to Sofala and Manica provinces to visit farms, agro-processing firms, agriculture inputs producers and suppliers, agro-products buyers, cooperatives among other companies related to agriculture. On this trip the team also met with potential participants in the New Alliance including ETG (Export Marketing), OLAM, DECA and Cargill

Following the study undertaken by CTA to evaluate the impact of air transportation constraints on the tourism Sector the Government represented by the IACM (*Instituto de Aviação Civil de Moçambique*) recognized CTA as its main private sector partner for policy reform in the aviation sector. As such, CTA has been consulted on various pieces of legislation, including the Revision of the Civil Aviation Law, Revision of the Bilateral Agreement Mozambique/South Africa, and introduction of a new regulation on Non-Compliance and Respective Penalties for the aviation industry.

SPEED has supported CTA throughout the year in its focus on the extractives sector including reviewing the regulatory framework for oil, gas & mining including the Petroleum Tax Law, Mining Tax Law, Petroleum Law and Mining Law.

Following the assessment of policy options for local content, with SPEED support CTA has created a Local Content Task Force, comprising public institutions and private sector and undertaken an advocacy campaign around local content. A Multi-Stakeholder Dialogue Platform was established which aims to build on work done in the extractives sector and local content policy initiatives.

Additional support was given to increase labor competitiveness, under which SPEED supported CTA by providing an Assistant to the CTA Labor Working Group with particular focus on supporting the organization during minimum wage negotiations. SPEED also supported with an evaluation of the impact of "*Tolerâncias de Ponto*" (ad hoc public holidays) on Mozambique's

productivity, and assisted CTA to participate on the CCT, a tripartite body which discusses labor policy and regulation, including the minimum wage.

With SPEED support, CTA is negotiating with government to improve the Public-Private Dialogue (PPD) model, to enhance the effectiveness of dialogue for policy reform and to improve the business environment.

**Results.** Under an interim Executive Director, CTA showed improved institutional capacity to undertake the public-private sector dialogue including supporting its own working committees (*pelouros*) and reporting at the bi-annual meetings with the Prime-Minister.

CTA and ACIS' report on the status of the public - private dialogue was well received by the private sector, resulting in significant media coverage.

There was a change of board in April and the new board, which includes a number of members of the previous board continues to have difficulties with ensuring the day to day operations of the organization keep up with the demands placed on it.

CTA has strengthened its analytical capabilities, aiming to improve its capacity to influence policy reforms for a better business environment.

**Next steps.** A new Executive Director is soon to be appointed and will require support to begin addressing a number of internal reforms required within the organization, as well as capitalizing on the opportunities offered by a new government to revitalize the public—private dialogue process.

Technical assistance will continue to be needed to respond to the policy reforms required to increase competition in the air transport sector.

Support will continue to be required to fully operationalize the multi-stakeholder dialogue platform and support local content policy development.

Based on the local content work CTA will have a roadmap for how to tackle this complex issue.

During the next quarter CTA also expects to have (i) the Local Content Task Force (LCTF) established, running and with an action plan; (ii) undertake seminars to discuss the first draft of the Industrial Policy and to validate the Maritime Cabotage assessment; (iii) identify 5-10 products that have potential to increase the smallholder's income.

## **AMCHAM strategic plan**

**Context.** The United States-Mozambique Chamber of Commerce (AMCHAM) is an independent, non-profit organization dedicated to the promotion of trade and investment between the United States and Mozambique. The Chamber's goal is to put the private sector at the forefront of Mozambique's development. SPEED is supporting AMCHAM to develop a five year strategic plan that will enable it to fulfill its mission and become a key facilitator between Mozambican and US

business communities and thus make a considerable contribution to Mozambican economic growth.

**This year.** SPEED funded a consultancy to develop AMCHAM's five year strategic plan. The consultants undertook the following activities: Visioning, Gaps Analysis and Strategic Thinking; Drawing Development Strategy; Draft Action Plan and Budgeting; produce a draft report of the Strategy (includes Action Plan and budgeting).

**Results.** Draft Strategic Plan and Budget was presented for consultation. It is expected that with an improved strategic plan, AMCHAM can become a key facilitator of the business relations between Mozambique and USA increasing trade between countries and conforming to international best practice for chambers of commerce.

**Next steps.** A workshop to discuss the major findings will take place in October 2014. No new assistance to AMCHAM has been identified at this stage.

## **CACM Grant to introduce informal arbitration**

**Context.** In recent years, the number of conflicts among companies has increased, as have the time and expense to resolve business disputes and enforce commercial contracts. These trends represent a major barrier to development, sustainability and competitiveness in business. The Center for Arbitration, Conciliation and Mediation (CACM) is a nonprofit institution under the aegis of the CTA, formed to encourage and provide access to alternative and appropriate mechanisms for resolving disputes. Dispute resolution systems provide a better solution for business since they are generally rapid, cost effective, and fair. SPEED provided a grant to CACM to implement the following activities:

- Resolution of conflicts
- Prevention of conflicts
- Training of mediators and arbitrators
- Providing public information on alternative dispute resolution mechanisms
- Expanding the culture of arbitration to other geographic areas and activities
- Connecting with other regional and international forums of mediation and arbitration.

**This year.** During this year CACM received eighteen requests for arbitration, and held sixteen formal arbitration hearings and fourteen arbitration meetings. CACM intensified prevention efforts and spread the culture of alternative dispute resolution through talks with the business community, the Bar Association and universities.

**Results.** Across the country, alternative methods of conflict resolution in areas such as employment negotiations were made available for the first time.

**Next steps.** The CACM grant is ending and no additional funds will likely be provided for this activity. SPEED will continue helping CACM to find viable alternatives to make the organization financially sustainable.

## Agriculture

**Agriculture.** With three-quarters of the population dependent on agriculture for their livelihoods, there is consensus both globally and within the country that the private sector needs to play a leading role in developing the sector. SPEED’s activities to support the competitiveness of agriculture in Mozambique center upon providing a **Senior Economic Advisor** to the Minister of Agriculture, whose primary responsibility is to develop and implement the Agriculture Investment Plan. A central focus of the Senior Economic Advisor and the rest of the SPEED team is support to the Government of Mozambique to implement policy commitments under the **New Alliance for Food Security in Africa**. In addition, SPEED supports a number of **targeted activities** that have been specifically identified by the private sector in agriculture. An example of this is work on **land**— both training officials on how to more effectively issue land use rights and assessing new regulations on land leasing. Another example entails **international trade**, seeking to support removal of non-tariff barriers such as inappropriate application of scanners or the introduction of unnecessary bureaucracy at the Nacala terminal.

### New Alliance for Food Security and Nutrition

**Context.** To boost the implementation of the CAADP Compacts, in 2010 the African Union, NEPAD and the World Economic Forum launched the “New Vision for Agriculture” focusing on agriculture transformation in developing countries. In this context, G8 members launched the *New Alliance for Food Security and Nutrition* (hereafter referred to as New Alliance) in Africa in May of 2012. The initiative aimed at generating greater private investment in agricultural development, scaling innovation, achieving sustainable food security outcomes, reducing poverty and ending hunger. Eight African Countries (including Mozambique) and the G8 members committed to the *New Alliance* in the pilot phase.

In Mozambique, the initiative was formally launched in April 2013 at a two day international conference chaired by the Minister of Agriculture and attended by international delegations from the G8 member countries, FAO, NEPAD, World Economic Forum, AGRA and national stakeholders representing public and private sectors and farmer organizations and civil society organizations. At this meeting, the Government committed to implement 15 key policy reforms under the [Country Cooperation Framework](#), and the donor community promised to support the policy reform process and private sector committed to make investments in agriculture projects that have a pro-poor element. The framework cooperation agreement under the New Alliance was endorsed by the Council of Ministers in September 2012.

So far, the Government has made some progress on those promised reforms (see table below). However, much work remains, especially in terms of ensuring that these reforms facilitate private sector involvement in the sector and implementation.

Private sector representatives have indicated that they intend to invest in Mozambique’s agriculture sector in support of the CAADP/PEDSA National Investment Plan for Agriculture and Food Security (PNISA). In 2014, 18 more companies signed Letters of Intent (LOI) bringing the total of LOI companies up to 39 that have committed to invest in Mozambique under the New

Alliance for Food Security in Mozambique taking the total amount pledged by LOI companies to \$668m.

G8 Members Countries have made commitments in support of CAADP/PEDSA investment plans and the goals of the New Alliance for Food Security and Nutrition. In all, \$190m has been committed in sector support.

<b>New Alliance for Food Security &amp; Nutrition in Mozambique - Policy Framework</b>		<b>Status</b>
<b>1</b>	Revise and Implement National Seed Policy	Completed
<b>2</b>	Implement approved regulation governing seed propriety laws which promote private sector investment in seed production (basic and certified seed).	Completed - with quality concerns
<b>3</b>	Revise and approve legislation regulating the production, trade, quality control and seed certification compliant with the Southern African Development Community (SADC) Seed Production (basic and certified)	Completed - Quality concerns
<b>4</b>	Develop and implement a national fertilizer regulatory and enforcement framework	Completed
<b>5</b>	Assess and validate the National Fertilizer Strategy	Completed
<b>6</b>	Adopt procedures for obtain rural land use rights (DUATs) that decrease processing time and cost	Some Progress
<b>7</b>	Develop and approve regulations and procedures that authorize communities to engage in partnerships through leases or sub-leases (Cessão de Exploração).	Some Progress
<b>8</b>	Eliminate permit (guia) requirements for inter-district trade in Agriculture commodities	Some Progress
<b>9</b>	Develop and approve invoices that can be issued by purchasing firms on behalf of suppliers (i.e. smallholder producers) that are not registered taxpayers; develop and approve respective monitoring and control procedures. Implement fiscal education program for small holders, concluding tax registration.	Some Progress
<b>10</b>	Eliminate the Simplified VAT scheme and replace with the existing ISPC (Simplified Tax for Small Contributors	Some Progress
<b>11</b>	Approve a decree allowing the setup of Private credit information bureaus	Some Progress
<b>12</b>	Enact mobile finance regulations that are risk-based and allow for experimentation and innovation	Not Completed

13	Enact approved Food Fortification Regulations (including bio-fortification).	Some Progress
14	Determine optimal structure for institutional coherence within nutrition, as per SUN country - Level Strategic priorities	Completed
15	Ensure the PAMRDC and CAADP/PEDSA implementation plans are aligned with one another	Completed

**This Year:** During the course of the year, SPEED deepened and accelerated engagement with the Ministry of Agriculture, USAID, LOI companies and other stakeholders to increase private sector engagement in the New Alliance process, support progress toward implementation of key policy commitments, and promoting coordination and collaboration across various stakeholder groups.

SPEED, CTA and LOI companies with the aid of a local consulting firm MB Consulting held the inaugural High Level Business Advisory Working Group on the New Alliance, a dialogue forum that will allow private sector companies to jointly address their policy related concerns. The objectives of the meetings were to (i) present the results of a survey that was conducted to identify the key issues faced by private sector within the New Alliance, the main issues of concern related to information, coordination with local authorities and access to finance - meeting minutes can be found [here](#) (ii) present the results an analysis undertaken in the context of the review of the land legislation related to ways of allowing transaction of land through rental agreements, known as Cessão de Exploração (iii) nominate a Group Chair and Co-Chair.

Additionally, during the Grow Africa meeting of the World Economic Forum further financial support was pledged (including travel expenses for companies participating in the meetings) as further meetings could likely occur in different provinces (other than Maputo) in order to bring the meetings closer to where companies are operating.

On seeds, GOM through approved the regulation pertaining to new plant's breeder rights to supplement the Seed Regulation which was already approved. SPEED conducted a high-level analysis of the seed legislation to establish whether it promoted competitive, private sector agriculture input markets, especially for smallholder farmers. SPEED also conducted a seed policy and market analysis to (i) examine how much of breeder seed is produced, and how much of basic seed is multiplied locally and how is it distributed to farmers (focusing on specific crops - maize, soy, pigeon peas, legumes); (ii) estimate the seed market size for these crops and analyze share of the seed market in terms of quantities and suppliers (domestic seed companies, farmers association, self-store, and import) and buyers (commercial farmers, government, small holders); (iii) examine how a typical smallholder accesses seeds (buy from market/input suppliers, buy from neighbor, self-store, out grower);(iv) examine what factors affect the smallholders adoption of improved seed and why are adoption in some crops is more successful than others.

Preliminary findings indicate that the vast majority of certified seed in the market is bought by the public sector for distribution to farmers at subsidized prices, either during normal preparation of agricultural season or in emergencies. The seed demand from the public sector creates an immediate and assured market for seed companies but prevents the development of sustainable market as it does not create an effective and growing demand from smallholder farmers. It could

be argued that the share of purchased seed from companies for further distribution is smaller compared to the great potential that is still covered by the use of grain, but the indirect damage to the establishment of a sustainable seed chain may be higher. Thus, the role of the public sector should focus on regulation and monitoring of the sector in order to provide breeder seed to companies and basic seed production and ensure that the market provides quality seed to farmers.

SPEED co-financed and participated in the National Seed Conference, an event aimed at ensuring the establishment of policies and regulations that promote competitive, private-sector agricultural input markets, especially for smallholder farmers. SPEED supported the establishment of the National Seeds Dialogue Platform, a forum that gathers government, private sector, civil society, smallholders and other key players to discuss and address constraints related to the seed value chain. SPEED is currently assisting the platform in drafting its Strategic Plan and disseminating the seed regulations.

On fertilizers, SPEED established the National Platform for Dialogue and Promotion of Fertilizer Use in Mozambique, alongside the Ministry of Agriculture (The National Directorate for Agrarian Services), the African Fertilizer and Agribusiness Partnership (AFAP), the International Fertilizer Development Center (IFDC), the Alliance for the Green Revolution in Africa (AGRA) and International Rice Research Institute (IRRI). The platform is a mechanism that hosts regular meetings for policy dialogue and debate on issues related to the fertilizer value chain, with a view to promoting the sustainable use of fertilizer by farmers to increase agricultural production and productivity in Mozambique. SPEED also assisted the platform in drafting its annual action plan and is currently assessing the need of drafting a fertilizer law as requested by the platform.

On land, the SPEED Economic Advisor has been working with MINAG to advance the drafting of regulations on land entitled “Cessão de Exploração”, a legal structure which would permit the leasing of land, within the constitutional provisions which stipulate state ownership of all land. This matter was considered at the last land consultative forum held in Niassa last December, and it was agreed to move forward with a comprehensive measure on land subleases. A SPEED contracted consultant undertook a review of the proposed draft regulation. Findings of the analysis were presented at three regional workshops. SPEED will similarly share the report with the Government of Mozambique at the next land consultation forum scheduled to be held in November of 2014. It is envisioned that these recommendations will be incorporated into the proposed law. Additionally SPEED is working with the Ministry of Agriculture on streamlining the process for obtaining land.

On illegal taxes, SPEED, CTA, MIC and the Ministry of Agriculture designed a campaign aimed eliminating illegal and unnecessary fees and taxes in agriculture. See sections on “Rural land legal framework capacity building” and “Illegal fees campaign” for more details.

On taxes, CTA, with the support of SPEED, proposed a pilot project to implement the policy in selected provinces (e.g., Manica, Tete, Zambezia and Nampula). The 12-month pilot aims to identify formal and recognized companies that are allowed to issue receipts on behalf of unregistered farmers and bring them into the tax system.

On nutrition a SPEED contracted consultant initiated the process of data collection and interviews with key informants in government, private sector and development partners in the context of the

review of the Food Fortification Law and Program, which seeks to legally oblige industries to supply only fortified foods. The law aims to address the nutrient deficiencies of the general population which is especially critical to children within the ages of 0 – 5 years old. The report is being prepared after which presentations will be given at the National Nutrition Congress.

SPEED produced the [2014 New Alliance Annual report](#), which includes updated country information on: (1) the status of the implementation of the New Alliance policy reforms; (2) a donor tracking exercise of funds spent in the agriculture sector by the development partners; and (3) an updated activity tracker of LOI companies, including levels of investment and activities.

On private sector engagement, the Agribusiness Forum organized by CEPAGRI in Zambezia offered further opportunities to interact with different stakeholders. SPEED also took part in a Global Alliance for Improved Nutrition (GAIN) Technical Advisory Committee, charged with selecting innovative nutrition-improving agribusiness ideas which would benefit the largest number of people in addition to being profitable. SPEED is working with GAIN to set up the SUN Business Network with the view to facilitating partnerships between the private sector and civil society/development sector to scale up nutrition in Mozambique. Additionally SPEED liaised with the World Economic Forum - Grow Africa, to partner more closely with the private sector to accelerate sustained, inclusive agriculture growth.

**Results.** This year SPEED made five presentations based on the New Alliance Annual Report at the (1) Business Advisory Working Group, (2) CEPAGRI, Quelimane - Mozambique Agribusiness Conference; (3) Unilurio, Northern Region Development Forum; (4) AGREED Donor Working Group; and (5) Agribusiness Donor Working Group. SPEED hosted five workshops (i) The National Fertilizers Dialogue platform (ii) The Business Advisory Working Group Meeting (iii) and three regional presentations on Cessão de Exploração. SPEED also launched [The New Alliance Website](#) that contains all of the updated work that has been done by the New Alliance Team. (3) The facilitation team assisted an additional 13 new companies or individuals, interested in investing, bringing the total number of entities assisted, since July 2013, to 84. These companies have been contacted to actively engage and present their concerns through Business Advisory Working Group. The Grow Africa Geneva office has strengthen its technical support to Mozambique by appointing a dedicated country desk who visited the country three times in 2014, to perform needs assessment and discuss work program to translate letters of intent in actual investment commitment by the private sector.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
72	Cessao de exploracao	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q4

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
73	Assessing the quality of seed policy, legal and regulatory framework	Policy	1. Analyzed	Q3

## Next steps.

- The senior advisor will build on SPEED support to strengthen the tracking of implementation of Government policy commitments, as well as setting up a forum for stakeholder dialogue over New Alliance (NA) and Grow Africa platforms. This will include convening a stakeholders meeting to validate the reports to be submitted to NA Coordinating office through the African Union Commission. The second meeting of the High Level Business Advisory Working Group is scheduled for mid-November 2014.
- On fertilizers, SPEED will continue working with the National Platform for Dialogue and Promotion of Fertilizer Use in Mozambique, to raise awareness, stimulate demand and engage and assist the implementation of its action plan.
- On taxes, SPEED will continue to work with CTA and the Tax Authority to advance and pilot the agreed reforms.
- On nutrition, SPEED will work with UNILURIO and MIC to disseminate the findings on the food fortification.
- On Private Sector Engagement SPEED will continue to build on the assistance it has been providing to investors (LOI Companies) by recirculating the donor activities tracking document through the various stakeholders, adding information to the already existing information on each institution based on most recent inquiries, and create a plan for facilitation training in CEPAGRI's provincial delegations. SPEED will continue working with GAIN to establish the SUN Business Network. Following the US-Africa Summit and the adoption of road map to the next New Alliance Leadership Council Meeting, the senior advisor will work within MINAG to ensure that relevant directorates incorporate the New Alliance Agenda in their plans for 2015 and that Mozambique is present in the working groups created
- Finally, SPEED will continue to improve dissemination and communication on progress towards the New Alliance goals via the [website](#), a blog series, workshops, and other activities.

## Support to CEPAGRI for New Alliance LOI companies

**Context.** In early 2013, 19 companies signed agreements under the New Alliance for Food Security in Mozambique, committing to contribute to sustainable agricultural development through investments in numerous commodities and value chains. Because CEPAGRI has limited capacity to dedicate the time required to assisting the investors, SPEED hired a consultant to engage as an investment facilitator to support CEPAGRI in this endeavor. The investor facilitation activities expanded from assisting New Alliance companies, to all companies that approach CEPAGRI for investor assistance or basic agribusiness information.

The CEPAGRI leadership decided to make available one of its investment analysts to assist in facilitation activities, therefore requiring a slight restructuring of the team's activities. The team was structured so that each team member tracks all the activities of a specific company, and copies the other team member on the correspondence exchanged with the investor. This allowed for

increased flexibility in scheduling of meetings and participation in them, and also allowed some investment analysis tasks to be undertaken by the CEPAGRI staff member.

**This year.** A total of 99 companies were assisted during the course of the year. The concerns or requests were responded to, even though at times resources were limited (such as specific data that was requested at times was not as recent as the investor would have liked). The interest ranged from gauging Mozambique's agricultural potential to providing financing solutions for agricultural projects. CEPAGRI met with members of a large association representing South African farmers, that gave indication of the likely influx of South African investors into Mozambique, and they have a desire to see CEPAGRI at the forefront of assisting these possible new investments.

The facilitation team continued to provide assistance to New Alliance companies, such as by assisting Corvus Investments with identifying suitable land for the additional planned investment activities, helping Cargill obtain information on specific donor activities, assisting Rei do Agro with identifying opportunities in alternative electricity solutions for their project, and guiding Sumitomo Corporation toward opportunities for financing for their fertilizer facility. There has also been an increased emphasis on encouraging more companies to sign up for the New Alliance initiative; a suggestion that has been generally well received. There were opportunities for the facilitation team to interact more with different stakeholders through the 2nd Agribusiness Forum organized by CEPAGRI that took place in Zambezia, which was notably well attended.

Outside of the regular assistance provided to investors, the facilitation team took part in a number of activities that contributed to the effectiveness of the team's performance. This included participation in the Global Alliance for Improved Nutrition (GAIN) Technical Advisory Committee, Nepad Business Foundation Southern African Agriculture Development Partnership Platform (SAADPP) meeting, and participation in a Trade Facilitation Workshop organized by the Ministry of Industry and Commerce.

The team worked with the SPEED New Alliance team on recommendations for participants in the Business Advisory Working Group. In coordination with Grow Africa, the team assisted in the elaboration of the Grow Africa Investment Forum 2014 report, as it pertains to NA companies' progress. The first BAWG (High Level Business Advisory Group) meeting was held in September 2014, and CEPAGRI agreed to continue to actively participate in the activities of the Group by accepting to Co-Chair the same.

There has also been an increased emphasis on encouraging more companies to sign up for the New Alliance initiative; a suggestion that has been generally well received. Over the course of the year, notable activities include an additional 21 companies making commitments to the New Alliance Initiative, bringing a total LOI's in Mozambique to 40 companies, with plans to increase investments by an additional \$500million US Dollars.

The facilitation team suffered a slight setback as there was a change in the staff member that supported the Consultant, due to an opportunity for advanced studies. We are currently in the process of bringing the new team member up to date on New Alliance activities taking place.

**Results.** The initiative to support CEPAGRI in investor facilitation efforts, has been well received by the business community, and can be said to have increased the community's confidence in the

institution's capacity to assist them. This is shown by the regular assistance investors are seeking from CEPAGRI.

The interest to invest in agriculture remains high, mainly due to the available low cost arable land, although some have expressed frustration with the difficulties in obtaining the land. Although overall progress in obtaining concrete results has been low (including the slowdown in inquiries during the period leading up to the election in October 2014), pending investments are promising.

**Next steps.** In the next year the Facilitation Team plans to continue to build on the assistance it has been providing to investors, and plans to increase the effectiveness of coordination with the provincial delegations, by making site visits, and possibly implementing facilitation recommendations. CEPAGRI will continue its active participation in the BAWG meetings, contributing to providing a voice within the government, to address LOI companies' concerns.

## **Agro.biz media project**

**Context.** Agriculture is a critical sector for Mozambique's economy. From small scale family sector farmers through to major commercial agriculture projects, each has a contribution to make to the development of the economy. Mozambique has committed through the New Alliance and Feed the Future initiatives and its agriculture development plans and strategies to promoting agriculture development based on the participation of business. However these initiatives are framed within the country's coming resource boom which is likely to transform the economy and brings with it the risk of Dutch Disease. The impacts of the economic transformation are likely to be strongly felt in the agriculture sector, with increased costs such as labor and imported inputs as well as a rise in land conflicts. However with these challenges could also come opportunities such as more competitive exports and a diversification of crops as well as a growing national consumer base.

At the same time the agriculture sector faces significant challenges in access to land, infrastructure, skills, and inputs. Mozambique is well-placed to take advantage of shortages within the region and is a potential transport hub for the export of agricultural commodities. It is a fertile country with significant areas of land for cultivation. Both companies and individuals in the sector are involved in innovation and experimentation.

CTA, in partnership with SPEED has been seeking ways to increase dialogue around economic and business development, and particularly agriculture and agribusiness. With this in mind CTA and SPEED sought proposals from media companies to create a partnership focusing on the development of an innovative series of media actions aimed at promoting dialogue and discussion around agriculture policy, the role of agribusiness, to showcase the opportunities and constraints faced by companies in the sector and illustrate success stories as well as promoting discussion of wider policy issues.

**This year.** On the basis of the proposals received Soico was selected as the company to take the project forward, based on their technical capacity, the demographic reach of their media group and the innovation of the proposal.

Soico is the leading independent media company in Mozambique with TV and news channels broadcasting in Mozambique, Angola and Portugal, a radio station and a national newspaper as well as a strong online presence.

The project is called Agro.Biz with the sub-title “Cultivar Mercado para Todos” (*cultivating a market for everyone*). The Soico proposal envisages using a variety of approaches to communicate key messages about agricultural development (including competitiveness and gender) to a wide variety of audiences using all the media types at the company’s disposal. The range of activities will therefore include development of short success story feature spots, case study mini documentaries, televised debates, audience participation through phone-ins and publication of content in print media.

The project is being guided by a content committee comprising representatives of USAID, CTA, MINAG, SPEED and Soico. The committee has identified a series of key themes based on the New Alliance framework and competitiveness issues. The themes are: structural transformation of agriculture, the relationship between commercial and subsistence agriculture, agro-industry and competitiveness, inputs (land, seed, fertilizer and credit) and the role of the state. Based on these themes companies and individuals have been selected to take part in mini documentaries, debates and the development of opinion articles.

The project will begin roll-out at the start of October ramping up to full strength following the elections on 15<sup>th</sup> October and running until the end of 2014.

**Results.** An operational plan has been developed and approved by the content committee. Work is underway to prepare the first documentaries and newspaper content, and work is ongoing to develop the remaining material for expected launch on 01 October.

**Next Steps.** The Agro.Biz project will be undertaken from October – December 2014 as follows:

- 1 televised national interview program with key decision-maker
- 5 televised debates on the O País Económico program
- 5 televised phone-in programs on Linha Aberta
- 10 x 4 page supplements in O País newspaper with a specific focus on agricultural success stories and challenges
- 10 x 1 page opinion / editorial articles in O País newspaper
- 20 x 60 second real life case study success stories broadcast on radio and TV
- 12 x 15 minute Agro.Biz mini documentaries on key issues broadcast on TV

## **Agriculture competitiveness**

**Context.** Mozambique’s future growth story should not be limited to the extractive industries. The importance of other sectors, including agriculture, should continue to pave an important path to Mozambican development. Indeed agriculture has been an important player on the country’s economic space. Its contribution to the country’s GDP is around 30 percent and provides an occupation for almost 80 percent of population. The agriculture sector has been growing in tandem with economic growth. Since mid-1990s the agriculture sector average growth rate stood at 8% and at the same period the economy had an average annual growth of 9%. The sector

provides food and other agricultural products to more than 25 million domestic consumers as well as raw material to a growing agro-industry. Agricultural exports have consistently contributed about 20% of the total value of exports of Mozambique; in a context of rapid export growth, driven by exports of major mega-projects (aluminum, electricity, and heavy sands) including the emerging gas and coal industries.

The expected gains from the Mozambique's emerging and fast growing extractive industries, particularly coal, gas and other minerals, projects a strong growth over the coming years. However, massive inflows of foreign currency can also place significant pressures on an economy. Sharply rising inflows of foreign currency from mineral sands, gas and coal export sales can lead to strengthening of the value of the local currency, relative to foreign currencies. The immediate "exchange rate effect" is appreciation of the local currency, which may set in motion a set of economic consequences, causing pressures on economic competitiveness and on the growth of tradable industries such as agriculture.

As is well documented elsewhere including in the SPEED's research-work on [Competitiveness and Natural Resource Boom](#), the potential risk of Mozambique falling into so-called "resource curse" cannot be ignored. Cognizant of the potential occurrence of "Dutch disease" that may emerge from the natural resource boom, how can the growth opportunities arising from resource boom can be capitalized upon so as not to jeopardize the livelihoods of 80% of the population who rely on the agriculture economy? How can Mozambique build on the benefits of coal, gas, and other mineral resources to spur resource-led growth that can lead to more diversified economic growth, including a competitive agriculture?

The Mozambique's agriculture sector in light of the natural resource boom [report](#) aims to inform Mozambique's private sector and government policymakers about the potential impacts of the country's natural resource boom on the agricultural economy, thus providing insights to decision makers to choose "appropriate policy options, and to investors to take "right" decisions and actions today. The study will also help build understanding and develop consensus around the opportunities and challenges to Mozambique's economic competitiveness, in the context of the current resource boom.

**This year.** In a follow up to SPEED's overview of the range of potential impacts of a resource boom on economic competitiveness (Webber 2013), SPEED contracted a team of consultants to undertake the study on agricultural competitiveness in the context of resource boom. The study started in May 2014 and was completed in September 2014. The study benefitted from an extensive stakeholders' consultation. Five agricultural value chains – bananas, cotton, rice, soybeans, and tomatoes were selected with input from agricultural private and public sector representatives as examples of what might happen in the case of strong appreciation of the metical in the wake of the natural resource boom. Two products (bananas and cotton) are mostly grown for export, two (rice and tomatoes) are fundamental foods in Mozambicans' diets that are imported to meet the shortfall in domestic production, and the fifth – soybeans – is a rapidly growing crop that is grown, at present, as a feed input for poultry operations. Study findings were presented to both private and public audiences.

The assessment suggests that bananas, cotton, soybeans, and tomatoes value chains are relatively competitive at current costs, yields, and world prices, whereas rice is not. However, should the

metical strengthen to 20 MT/\$ (Dutch disease impact), cotton and soybeans look vulnerable and their competitiveness is under threat. The rice non-competitive situation is accentuated. Similar to other industries (e.g. tourism) raising productivity is key to mitigating challenges that may arise from Dutch disease. The combination of a stronger metical with a 25-45 percent increase in yields restores economic profitability to cotton and soybeans; however, more than a doubling of yields (to 9 tons of paddy rice per hectare) is required in rice, all else equal, to compensate for the metical's simulated appreciation.

**Results.** The study is contributing to raise awareness on likely impacts of a potential Dutch disease on agriculture competitiveness. It provides information to support policy and investment choices in a dynamic environment influenced by a developing extractive industry. It contributes to raise awareness of the need for a more competitive agriculture sector.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
70	Competitiveness study - agriculture	Policy	1. Analyzed	Q4
			2. Presented for consultation	Q4

**Next steps.** Continue dissemination of study findings.

## Labor market competitiveness

**Context.** Despite over a decade of strong economic growth, Mozambique remains an extremely poor country with low human development outcomes. Employment promotion is part of a three-pronged government strategy to reduce poverty in Mozambique, the other two elements being 1) improvement in agricultural and fisheries production and productivity, and 2) increased access to quality health and education services.

Mozambique's poverty reduction strategy paper highlights three employment-related priorities: 1) stimulating the creation of new employment, 2) improving the employability of the Mozambican labor force, and 3) facilitating linkages between labor supply and demand.

Growth of the extractives sector is expected to lead to growing demands for labor. As demand for labor increases in mining areas and related sectors, able-bodied males may opt to leave family agriculture in search of mining jobs. Those left behind, particularly women household members, in the rural sector may face labor shortages. Alternatively, rural labor may not meet skill demand requirements in the resource extraction sector. In such a case, the rural economy may be largely insulated from higher-wage urban labor markets, and therefore agricultural production may not face significant labor-related pressures, and low cost labor may continue to be available for labor-intensive manufacturing and other activities taking place in rural areas. However appreciation of the Metical will likely affect other sectors which are traditionally labor intensive, such as manufacturing and tourism.

In order to better understand Mozambique's labor market dynamics and what is required to ensure the competitiveness of the sector and following on from a preparatory trip report prepared in 2013 by Martin Weber, SPEED in partnership with CTA is undertaking a series of studies aimed at assessing Mozambique's competitiveness in light of the resource boom in key sectors including

labor. These studies along with others already undertaken will then be compiled into a publication about competitiveness.

**This year.** A study of Mozambique’s labor competitiveness in light of the resource boom was undertaken. This study will contribute to an understanding of the opportunities and challenges to Mozambique’s economic competitiveness and growth presented by the coming boom in natural resource exploitation and export. In particular, this study explored the impacts of a potential appreciation in the value of the Metical in response to the resource boom, and its implications for the relative prices of tradables and non-tradables, labor demand, wages, and hence economic competitiveness.

As a detailed study of the Mozambican labor market the report characterized the market’s segmented structure, costs, and elasticities, described expected labor market impacts of growth in the mining and construction sectors, characterized through a set of alternative scenarios the expected impacts of such changes elsewhere in the Mozambican economy, including on rural smallholders in Mozambique, examined current policies that affect the labor market and present scenarios of alternative policies to mitigate the expected impacts.

**Results.** The report is available on the SPEED website [here](#) It was disseminated through SPEED and CTA contact lists as well as to those who participated as informants. On 5<sup>th</sup> June the report was presented at a workshop in Maputo attended by around 50 people from government, unions, business and NGOs.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
66	Competitiveness study - labor	Policy	1. Analyzed	Q3
			2. Presented for consultation	Q3

**Gender.** In light of the potential changes arising from the resource boom it is likely that men will migrate seeking access to employment leaving women headed households particularly in rural areas, with less access to the labor required to undertake farming activities. While the report indicated that skills shortages are likely to reduce the probability of migration in labor in the country it also highlighted that lack of access to education and skills development will more heavily impact women.

**Next Steps.** The content of the report will be used by CTA to feed in to discussions with government about policy to deal with competitiveness in light of the resource boom. The Ministry of Plan and Development expressed interest in using the report’s findings to assist with the roll-out of the National Development Strategy (ENDE). Blogs about the report’s contents have been published on the SPEED web site in order to keep the matter in the public eye and the report will be one of those included in a compilation book about competitiveness which SPEED and CTA will publish towards the end of 2014. The labor component of the competitiveness studies series will be a major focus in a series of seminars to be held in the first week of December which will aim to draw attention to the findings and serve as a call to action for the incoming administration.

## Illegal fees campaign

**Context.** The SPEED study on [Non-Fiscal Barriers](#) (NFB) to Agriculture in Mozambique (August 2013) commissioned by CTA identified several obstacles to the development of the agriculture sector. These included a number of illegal taxes, permits or fees required in certain parts of the country. The taxes, permits and fees had either been formally abolished or had no legal basis and were simply arbitrarily applied in certain places.

To address this issue, the study recommended a national communication campaign to make people aware of this practice and to call for a standardization and removal of taxes, fees and permits with no basis in law. SPEED supported CTA to engage a professional marketing firm, Golo, to design and implement a communication campaign aimed at making people aware of the impacts of the application of extra-legal taxes, fees and permit requirements on the agriculture sector and to encourage those being charged for such taxes, fees and permits to report this to the Tax Authority's hotline. The campaign is designed to target audiences working in the transport and trade of agricultural commodities and will target the specific geographical areas where these extra-legal barriers to business are arising.

**This year.** SPEED worked with CTA and other relevant stakeholders - Ministry of Agriculture (MINAG through CEPAGRI), Ministry of Industry and Trade (MIC), and the Revenue Authority (AT) to ensure that GOLO developed a campaign agreed by all parties. The initiative was led by CTA and secured full buy-in from MIC and CEPAGRI. However difficulties were encountered with MINAG which felt that the campaign should focus not on extra-legal taxes and fees but on encouraging citizens to pay taxes. The final outcome of this process continues to be negotiated with CTA working with CEPAGRI to agree on a solution which will ensure that the campaign is a meaningful response to the New Alliance goals of removing non-tariff barriers created by the application of extra-legal taxes and fees on certain products in certain parts of the country.

**Results.** None so far. The initiative is expected to result in the reduction or total elimination of illegal taxes on agriculture supply chain. In the long-term the elimination of these illegal taxes will contribute to improve agriculture competitiveness and reduction of transaction costs as well as compliance with New Alliance goals. However it will be essential to have buy-in from all stakeholders for the campaign to move forwards.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
58	NTB - Illegal taxes campaign	Admin Procedures	1. Analyzed	Q1
			2. Presented for consultation	Q2

**Next steps.** Launch the campaign, scheduled for end 2014. Possibly expand the campaign to additional Feed the Future districts if successful.

## Rural land legal framework capacity building

**Context.** Land may be one of the most important policy issues limiting agriculture development in Mozambique. Difficult access to land discourages new investments and hampers the expansion of

commercial agriculture. In Mozambique all land is the property of the state. The Land Law recognizes the right to land use, known by the Portuguese acronym, DUAT (Direito de Uso e Aproveitamento de Terras). There is a growing perception that Mozambique's land law is relatively complex and gaining access to land is still a cumbersome process, involving multiple institutions. The process to acquire DUAT does not facilitate investments, particularly in the agricultural sector. DUATs obtained for business purposes, are indeed leased parcels for a period of 50 years renewable.

Reports on land conflicts between local communities and large-scale investors have been on the rise. These conflicts are partly explained by the increasing pressure and high demand for land associated with limited administrative capacity of DUATs both at central and local levels. Furthermore, gaining access to land with emerging mineral, gas and coal industries is compounding the challenge, raising tensions amongst community, government and extractive industry. The challenges potentially increase opportunities for social instability, corruption and other inappropriate practices in land administration and management. It is therefore critical to strengthen processes and procedures for obtaining land rights, respecting the legal procedures as well as understanding the macro, institutional and business environment framework underpinning the process of acquisition of rural land. This will help with conflict prevention and facilitate business in a community 'friendly' environment. Furthermore, under the New Alliance for Food Security and Nutrition, the GOM has committed to specific policy reforms related to obtaining and trading rural land rights. One of these commitments is to streamline the process for obtaining rural land.

In 2012, ACIS requested SPEED's support to produce the third edition of "The Legal Framework for Recognizing and Acquiring Rights to Land in Mozambique in Rural Areas - a Guide to Legalization and Occupation," known as the Land Manual. The [Manual](#) was prepared by Sal & Caldeira in collaboration with the National Directorate of Land and Forests (DNTF). The Manual aims to support the institutions responsible for the administration and management of land, investors, activists and other stakeholders dealing with the processes and procedures related to land access in rural Mozambique.

**This year.** Engaged consulting firms (Sal & Caldeira and DELCAM Consultoria e Serviços) to undertake: a) a training of trainers (ToT), b) training replication, and c) produce a preliminary assessment and evaluation of the underlying reasons for land conflicts, and constraints associated with the processes and procedures for acquiring DUATs, including developing a baseline on average time it takes to issue a DUAT, particularly in rural areas of Maputo, Sofala and Niassa provinces.

The training of trainers (ToT) took place on April 24, 2014. Sal & Caldeira and DELCAM Consultoria e Serviços conducted the training to 18 trainees (20% more than target), managers and senior staff from DNTF and DELCAM. The training sessions were interactive with good engagement of trainees.

The replication of training took place in Maputo, Sofala and Niassa provinces. The training was carried out by DELCAM Consultoria e Serviços in collaboration with the Ministry of Agriculture/ DNTF on May 26-28, 2014 in Maputo and on June 4-6, 2014 in Sofala and Niassa concurrently, with a total participation of 74 trainees, well above the planned target of 55.

Overall, the training was done successfully. It contributed to reduce the knowledge gap of the land law and other associated legal aspects and procedures. It provided an opportunity to broaden dissemination of prevailing laws, regulations and procedures to access to land. It is felt that a fuller grasp of the legal framework will allow practitioners to introduce greater flexibility to the process of issuing DUATs.

In addition to poor institutional and human capacity, other key constraints identified include: a) inadequate inter-institutional coordination; and b) the need to streamline and clarify institutional set up – currently creating some inconsistencies on responsibilities regarding land management process.

A communication and awareness campaign was associated with the training and included distribution of training materials - Land Manuals (130) and *collectanea* of laws and regulations associated with the land law (130) to trainers, trainees, and local authorities in Maputo, Sofala and Niassa. Advertising materials, 130 T-shirts and 130 caps and 500 posters indicating the steps required to acquire DUATs, were distributed across provinces.

An assessment report of the underlying reasons for land conflicts and constraints associated with the processing of DUATs including a baseline on average time required to issue DUATs was produced.

## Results.

- 18 trainers trained;
- 74 practitioners and activists with responsibility for land administration and management in the provinces of Maputo, Sofala and Niassa trained;
- Improved knowledge on underlying reasons for land conflicts, and constraints associated with the processes and procedures for acquiring DUATs, and average time to issue DUATs across different steps. This can inform/recommend where the process of issuing DUATs can be improved.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
54	Land manual training and dissemination	Admin Procedures	5. Implementation begun	Q3

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
74	Land Rights study	Admin Procedures	1. Analyzed	Q4
			2. Presented for consultation	Q4

**Next steps.** Engage authorities on potential areas of reform toward streamlining the process for obtaining DUAT for rural land. Explore potential private sector tailored training to facilitate access to land by investors.

## Agriculture, food security and nutrition law review

**Context.** In January 2014 the Parliament issued a draft law on agriculture, food security and nutrition for discussion. SPEED was asked to provide a high-level analysis which immediately highlighted a number of significant legal and economic concerns with the draft. On this basis, and based on feedback received from USAID and MINAG two consultancies were undertaken, a [legal analysis and an economic analysis](#).

**This year:** A high-level analysis followed by a legal and an economic [analysis](#) of the law were undertaken. [Blogs](#) on the subject were also prepared for discussion, and a briefing presentation was given to USAID and other development partners.

Key issues highlighted in the legal analysis included potential unconstitutionality of the law, overlaps and inconsistencies with existing legislation, and costs related to implementation and creation of new government bodies. In terms of unconstitutionality one of the key issues was the impact the draft law would have on the right to undertake business without undue government intervention in the economy.

The economic analysis therefore built on the legal analysis particularly focusing on the potential impacts of this type of legislation on the development of the economy. International best practice options for legislating in the areas of agriculture, food security and nutrition were discussed with a view to providing alternative options for achieving the desired results but without causing undue damage to the private sector.

The law, including an English translation, and the [legal and economic analyses](#) were disseminated both through SPEED's web site and social media and through other development partners and SPEED's partners CTA and MINAG. SPEED continued to contribute to the debate around the proposed legislation by providing detailed comments to FAO legal team's commentary on the draft and providing inputs to the USAID and AGRED teams discussing this issue.

**Results:** The draft legislation has been discussed widely with other development partners and with CTA's agriculture sub-committee. Divergent views continue to exist as to how best to achieve the laudable aims of improved agricultural production, food security and nutrition, but consensus is gradually being reached that this legislation will not deliver the type of results required. The situation is complicated by the fact that the law was drafted by parliament, which is an unusual occurrence and something which is being broadly encouraged by development partners to further democratic participation in the legislative process. Therefore it is a sensitive matter to comprehensively criticize one of the first pieces of legislation created in this way.

No further progress is reported on the passage of this legislation and therefore no further action is expected until after the elections in October.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
61	Food Security and Nutrition law review	Policy	1. Analyzed	Q2
			2. Presented for consultation	Q3

**Next Steps:** It is unlikely that further progress with the passage of the legislation will take place before early 2015 if at all, given that the content was reportedly of particular interest to a group of parliamentary deputies who may not be in parliament in the next term. SPEED will continue to provide support on the issue when requested.

## Nacala special terminal

**Context.** In February 2010, the Government of Mozambique approved the creation of a new Port Terminal in Nacala (TEEN) which was later concessioned to a private company (NCL & Africa Import and Export Ltd) to operate. The purpose of the terminal was to unblock the International Maritime Terminal which was completely overloaded. The two terminals were operating simultaneously and providing the same services to exporters and importers until January 18, 2012, when the customs authority announced mandatory use of the new terminal by exporters.

Traders in the northern provinces represented by Antena Norte (CTA’s representation in the north) and ACIANA (Commercial and Industrial Association of Nampula) complained about the introduction of this terminal, which, in addition to the existing scanner at the Port of Nacala, duplicated tasks, increased costs, was time consuming, was located in a difficult place to access and lacked the minimum technical standards required for an export port terminal.

To address these issues, CTA asked SPEED to conduct an evaluation of the TEEN that would look at both economic impact and legal issues.

**This year.** The study was conducted and the main conclusion is that the TEEN is illegal, because the concession by which it was awarded to the operator does not have formal authorization from the Administrative Court (*Tribunal Administrativo*). Public consultations to present the study to GOM and private sector took place during the last quarter of the year. The private sector asked for an end to mandatory use of TEEN and they emphasized that if this measure is not taken seriously they might stop exporting goods through the TEEN.

After consultation, a list of concerns was sent by the private sector to the President of the Tax Authority. The tax authority issued a response that consisted of developing a ministerial diploma that regulates the use of the TEEN, while reducing the rates applied. Although this represents implementation of some of the recommendations from the study, and thus improvement, the private sector is still concerned about the mandatory use of the TEEN. On behalf of the private sector, CTA is going to prepare a proposal to revoke the service order that determines the mandatory use of the TEEN by the exporters.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
60	Nacala Port Terminal - legal review	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q4

**Results.** Analysis was completed along with consultation with the GOM and private sector. Regulation of the use of the TEEN has been prepared and submitted for legislation.

**Next steps.** Approval and implementation of new regulation. On behalf of the private sector, CTA plans to prepare a proposal to revoke the service order that determines the mandatory use of the TEEN by the exporters

## Non-intrusive inspection (scanners)

**Context.** In April 2006, the Council of Ministers approved the Decree 10/2006 which allowed the introduction of non-intrusive customs inspections using modern scanning technology. The service is provided through a concession to a private sector operator. The Decree provided that the operator could recover its costs by charging fees to users.

Since the introduction of non-intrusive inspection of goods at ports and borders in Mozambique, there has been recognition of the importance of the use of scanners to facilitate imports and exports. The private sector has also expressed some dissatisfaction; CTA does not agree with the costs and procedures involving the use of scanners, and believes that the legislation is not aligned with international best practices. Similar to pre-shipment inspection, this issue that has long been on the list of CTA policy priorities. Studies have been conducted around the implementation and cost of scanners in Mozambique and recommendations made for improvement, with no real reforms to date. Moreover, there is no regulatory framework in place for implementation of procedures for scanning goods in Mozambique.

**This year.** CTA requested support from SPEED to conduct a study to review the legal framework for scanning in terms of the appropriateness of its requirements for each mode of transport (air, sea, rail and land), and inform the development of appropriate regulatory framework. The study was conducted and provided an analysis of the customs scanning in Mozambique as well as a comparative analysis of the law with those of other countries in SADC and international trade standards. Public workshops took place regionally in the country. After consultation, the private sector and Tax Authority agreed to draft a new regulation on scanners.

**Results.** Analysis (study) conducted and presented for consultation with the private sector and GOM.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
59	Non-intrusive Inspection (Scanners)	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q3

**Next steps.** The private sector and Tax Authority agreed to draft a new regulation on scanners, that will try to resolve some of the problems raised by the study.

## Agriculture investment plan

**Context.** In May 2011 the GOM approved the Strategic Policy for Agriculture Sector Development (PEDSA) as the key national CAADP implementation instrument in Mozambique. Subsequently, in December 2011 GOM, development partners and Civil Society Organizations, signed the CAADP Compact. In January 2012, the GOM launched the preparation of the Agriculture Sector National Investment Plan (PNISA). USAID was asked for assistance and

SPEED provided a senior economic advisor to coordinate the process. The Investment Plan was approved in December 2012 and submitted to the NEPAD Secretariat for peer review. This was concluded in February 2013 and in April 2013 the Investment Plan was launched at the Business Meeting held in Maputo and presided over by the Mozambican Head of State, H.E. Armando Emilio Guebuza. The implementation of PNISA started effectively in 2013 with the then ongoing investment programs but it gained momentum with the approval and implementation of the 2014 state budget.

**This year.** According to CAADP principles the implementation of the National Investment Plan requires require strong partnerships, including mutual accountability of all in many ways involved in the implementation process. Government of Mozambique undertook to increase efforts to strengthen evidence-based policy planning and implementation, including through broad based dialogue, benchmarking and review of the implementation of PNISA. Following the agreement on a mutual accountability and review mechanism, an assessment of the status of implementation of PEDSA/PNISA was carried out with ReSAKSS assistance and a report has been issued and will serve as a basis for the Joint Sector Review (JSR) to be held before the end of 2014. The national political dynamics have hindered important events planned to support the implementation of the CAADP process in Mozambique, leading to several postponements of important dialogue and review events designed to support PNISA implementation. Notwithstanding, the senior advisor has been influencing a positive institutional relationship between MINAG and development partners and knowledge support such as IFPRI and ReSAKSS.

Following the signing of an agreement between the Directorate of Economics (DE) and ReSAKSS it is expected that a senior researcher will start working on knowledge support to CADDP implementation in Mozambique. The senior researcher acting as the coordinator of the ReSAKSS support unit will be based at the DE/MINAG and the Economic Advisor will work closely with the coordinator and the ReSAKSS support unit.

Recently, the economic advisor participated in the IFPRI/ReSAKSS annual symposium in Addis Ababa where he presented Mozambican experiences in capacity building for knowledge support to MINAG and evidence based policy planning and implementation. This was an opportunity to highlight SPEED and USAID's support to the agriculture sector and specifically to MINAG, including through the New Alliance Initiative as well as the agriculture sector competitiveness study due to be concluded soon.

The Senior Economic Advisor has also been working closely with the African Union, ensuring Mozambican participation in setting of the continental agenda for agriculture sector development. One important development in this regard is his participation in the preparation phase of the new Malabo Declaration of heads of states setting new goals for agriculture development in the African Continent in the next decade.

With regard to funding of PINSAs, development partners are still showing concerns with regard to capacity of the MINAG to manage large amount of funds and therefore are pressing for the development of disbursement mechanisms. They are withholding disbursements and making them contingent on the development of a disbursement mechanism. Only few donors have started making funding available to PNISA through ongoing initiatives and new commitments.

In addition, there are concerns regarding the alignment between PNISA and the state budget. The World Bank has agreed to fund a consultancy to develop a tracking mechanism for agriculture related budget expenditures to allow the alignment between PNISA and the state budget and support the PNISA reporting mechanism. However the overall concern is still not resolved and it is unlikely that it will be resolved this year.

**Results.** 2014 is first year of full implementation of PNISA. One significant result of this is the budget increase by almost 12% in 2014, for the Ministry of Agriculture. It must be noted that disbursement of funds by development partners is generally very low causing the 2014 budget for the sector to be short and because of the funding gap important activities remained unfunded this year. In fact, the total state budget for MINAG in 2014 represents only 50% of what PNISA foresees for this year. It is anticipated that the funding issue will be one of the main priority topics for MINAG to discuss with development partners. Some positive results are that under the PNISA umbrella the Government of Mozambique has mobilized World Bank support align the National Budget expenditures in the agriculture sector with the sector strategic planning document, and boost DE analytical capacity provided by IFPRI and ReSAKSS.

PNISA document has become a reference for policy dialogue in the agriculture sector and it is a leading document for public sector investment in this sector.

NEPAD report appraising PNISA in lieu with the review and mutual accountability process has been finalized and distributed to stakeholders. SPEED contributed significantly to the report by providing an independent analysis on government policy commitments and donor funding analysis.

**Next Steps.** One major activity will be the preparation and convening of the first Joint Sector Review. To this end, the senior advisor will continue working closely with DE and the Support Unit to make sure that the review process is successful. Considering the original principals enshrined in PEDSA/PNISA the Joint Sector Review will facilitate broad-based and inclusive consultations and dialogue among all relevant stakeholders including private sector, farmers and civil society. The advisor will also focus his activities on the World Bank project to align the National Budget with PNISA. Another focus activity is related to the Mozambique Agriculture Risk Management mechanism which started in January and has reached the stage of solutions development for water management and irrigation, crop protection and market access. A joint Government-World Bank solution designing mission was scheduled to start working in August 2014. However, due to the general elections in Mozambique this mission has been rescheduled for later in October 2014.

As a member of the technical working group the Economic Advisor will continue supporting this important phase of the implementation of the Investment Plan, as well as to support the Director of Economics in strengthening the internal coordinating structure of the Investment Plan implementation within the Directorate of Economics. The Directorate of Economics is the central unit in MINAG to ensure that the Investment Plan remains the main reference document for budgeting activities in the agriculture sector and to coordinate agriculture related activities of government ministries.

Following the taking over of the coordinating role of the Agriculture and Rural Economic Development Group (AgRED) by the US Diplomatic Mission in Mozambique in June 2014, DE Director and the senior advisor will participate regularly in the AgRED meeting and ensure that AgRED and MINAG work on a common for agriculture development approach in Mozambique.

The Senior Advisor will also continue facilitate the coordination between MINAG and AU/NEPAD and support the preparation of Mozambique's participation in continental activities related to "2014 Year of Agriculture and Food Security in Africa" and celebrations of 10<sup>th</sup> Year of CAADP, Anniversary of the adoption of the Comprehensive Africa Agriculture Development Program(CAADP)

## **MINAG Capacity-building (Senior Advisor)**

**Context.** The Ministry of Agriculture experienced a very high rotation in its leadership in last few years, which reflects the elevated expectations – mostly unfulfilled – about its contribution to poverty reduction and the fight against hunger in Mozambique. In fact, agriculture is one of the sectors accorded the highest priority in the Poverty Reduction Strategy. The newly appointed Minister, an agriculture expert, asked USAID to second a senior economist to serve as his advisor as a way to strengthen the capacity of MINAG. SPEED was asked to provide one of its professionals to MINAG in 2011.

**This Year.** The main contribution of the SPEED sponsored senior economic advisor to the Minister of Agriculture was his participation in the discussion of relevant documents the Agriculture Joint Sector Review process and for the Agriculture Sector Coordination Committee. He also provided technical analysis to investment proposals submitted to the Minister and economic regulations proposals submitted to Council of Ministers for approval, including the participation in review of the draft text of a revision of the constitution. He facilitated the visit to Mozambique by the senior official from the Grow Africa Office in Geneva. He represented the Ministry in CAADP events in Malabo, Equatorial Guinea. He participated in the Minister's visit to China and pushed for the Sanitary and Phitosanitary Cooperation Agreement to be signed as soon as possible. This will allow for Mozambican agricultural products such as bananas and other fresh products to be exported into China.

The Economic Advisor was asked to work alongside DE in devising measures to curb the under invoicing in export of agriculture products such as pigeon pea and sesame.

The advisor continued to facilitator the constructive dialogue between the MINAG and the development partners and sought to be a true assistant to the Minister in the field of diplomacy and economic cooperation. This included the preparation and participation in the bilateral meeting between the US Ambassador and Minister of Agriculture to discuss the agenda of US leadership of AgRED.

The economic advisor has been pivotal in the promotion of technical cooperation between the Ministry of Agriculture and research and educational institutions both national and international, including the Mississippi State University.

**Next Steps.** Continue monitoring the implementation of the Joint Sector Review process under PEDSA/PNISA and maintain and improve the level of dialogue and engagement between the Ministry of Agriculture and development partners as well as investors. This is critical to success of the implementation of the agriculture development strategy and its investment plan. The advisor will continue providing support to the Minister and to the Ministry in the implementation of the dialogue mechanism with the development partners and all the national stakeholders. The review and mutual accountability process will be an important contribution to the strengthening of management of PNISA implementation and the senior advisor will continue working towards its realization before end of 2014.

The Economic Advisor continue facilitating the World Bank Mission for solutions identification to agriculture sector risks as per the assessment report presented last year and will continue supporting the Minister in various programs and projects, including giving advice on strategic documents submitted to Cabinet for approval.

## *Biodiversity and Tourism*

SPEED's work in biodiversity and tourism focuses on helping Mozambique to realize its potential competitiveness in the sector. Tourism is widely seen as one of the most effective ways of preserving biodiversity, as market forces all pull in the same direction – consumers and providers all have an interest in preserving the natural environment and ensuring sustainable use of natural resources. In addition, tourism tends to be labor-intensive, thus providing opportunities for broad-based economic growth as well as biodiversity. The majority of SPEED's effort helps ensure a private-sector friendly **legal and regulatory regime**. An example of legal and regulatory work includes an examination of competition in aviation (Open Skies initiative). In addition, this quarter SPEED supported ANAC and Biofund, two entities set up to promote biodiversity across Mozambique's national park system.

### **Open Skies initiative**

**Context.** Mozambique's legal and regulatory framework for the civil aviation sector has undergone important changes over recent years. Under different structural adjustment programs and working closely with institutions like USAID, the World Bank, and the IMF, the government has successfully introduced some reforms, although much remains to be done. Last year, SPEED worked with CTA to complete a study on [Open Skies](#) that examines the underlying bottlenecks and proposes practical ways forward. The study explored the possible impact of air transport liberalisation on business and economic competitiveness. The activity provided a clear set of recommendations; including: (i) a clear separation between policy making, operations, and regulation within the civil aviation authority (IACM); (ii) strengthening the capabilities and independence of the IACM as a regulator; and (iii) limited government involvement in the main airline and airports management. The Mozambican authorities and the private sector are fully aware of the need to implement these recommendations, which are in line with International Civil Aviation Organization (ICAO), and international best practice in the sector, and have made it a priority to seek advisory services in the field.

**This year.** As a follow-up to earlier work, SPEED conducted additional research through interviews with key informants, and addressed some of the pertinent concerns from the various stakeholders. SPEED finalized and translated an extensive [report](#), including a review of the prevailing air transportation situation in Mozambique and identification of possible scenarios; and an assessment of the economic impact of air transportation was produced and presented to the various stakeholders. Prior to the delivery of the report, SPEED arranged various consultative meetings, including with the Mozambique Civil Aviation Authority (IACM); Mozambique's airlines *Linhas Aereas de Moçambique* (LAM) - the country's flag carrier; Ministry of Tourism; air industry operators, and the private sector umbrella organization (CTA). These consultative processes helped fine-tune the analysis and shape the recommendations.

The [final report](#) was launched at a well-attended seminar jointly organized by SPEED and CTA in Maputo. In addition to the high-level audience and impact, the report benefited from strong media coverage. Following the successful launch of the analysis, SPEED prepared and sustained a number of outreach activities, including participation in televised debates and [blogs](#) on air transport liberalization in Mozambique.

Since the report's launch and a wide dissemination of the results of the SPEED analysis, the authorities have had to fast track a number of reforms, partly in response to the increased demand for better service delivery and accountability. A number of laws, regulations, and administrative procedures were identified for revision while a reengineering process was initiated at the country's main carrier, LAM. To keep up with the pace of reforms, CTA asked SPEED to augment its response capacity by building a flexible team of civil aviation experts that could be rapidly deployed in support of CTA on demand. Specifically, the team will provide timely, remote and (if needed) on-the-ground technical assistance and advisory services to the country's authorities through CTA.

**Results.** SPEED's support to Mozambican authorities has brought a new dynamism into the sector. IACM has embarked on a speedy process of reforms, such as implementing ICAO standards, reviewing and drafting laws, regulations and bilateral air service agreements (BASA), and negotiating the Fifth Freedom with South Africa. The private sector, through CTA, has been called upon regularly to participate in the process and provide technical inputs on policy and legislation reviews on civil aviation. Previous to SPEED's work, the private sector was rarely, if ever, consulted.

In addition to the analysis being completed and presented for consultation and approval, the following reforms have been undertaken (not necessarily fully attributable to SPEED's work):

- Partial steps towards the separation of functions within the industry, with government fully aware of the need to reduce its role;
- Fleet reinforcement to meet the present demand, through leasing and acquiring aircrafts;
- Preparation of new laws and reviews of existing regulations with consultation;
- Organizational reengineering, including changes in the leadership of the country's flag carrier (LAM); and
- Improvements in customer services.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
37	Open Skies	Policy	2. Presented for consultation	Q2
			3. Presented for legislation	Q4
			4. Passed	Q4
			5. Implementation begun	Q4

**Next steps.** The rapid response team will continue providing technical assistance and taking part in legal and regulatory reviews and other reforms. Specific tasks include:

- Timely advisory services in the area of air transportation planning, policy implementation and monitoring. This is in compliance with ICAO recommendations, including measures that will see Mozambique’s air transportation sector more competitive;
- Build CTA’s analytical and technical capacity to raise and address issues related to civil aviation and air transportation in a timely manner.

## Impact of renewed conflict on the tourism sector

**Context.** During 2013, there were a series of attacks which took place initially in the Province of Sofala and subsequently along the main north-south highway, the EN1 between Sofala and Inhambane provinces as well as in Nampula and Inhambane provinces. The number of deaths and serious injuries resulting from the attacks led to widespread press reporting in the region and internationally. Much of the reporting focused on potential destabilization of Mozambique’s economic development. Businesses expressed concern that the escalation of the conflict had had a significant impact on the tourism sector.

**This year.** SPEED, in support of ACIS, undertook a study to understand and quantify the cost of renewed conflict on the tourism value chains and its estimated impact on the overall economy and competitiveness. The analysis was presented at a discussion forum and was widely covered in the local press.

**Results.** There has been widespread media coverage of the renewed conflict and tourism downturn in the country, which has triggered the authorities and business’ interest for developing detailed monitoring tools for tourism value chains.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
65	Cost of conflict on tourism	Policy	1. Analyzed	Q3
			2. Presented for consultation	Q3

**Next steps.** None contemplated. However, the results were incorporated into the tourism competitiveness study (see below).

## Tourism competitiveness

**Context.** Mozambique is an attractive destination for tourism. According the World Tourism Organization and UNWTO World Travel & Tourism Council (WTTC), the total contribution of travel and tourism to Mozambique's GDP, including its wider economic impacts, is forecast to rise by 6.4% each year over the next 10 years. By 2021, travel and tourism is predicted to support over 700,000 jobs in Mozambique. However, massive inflows of foreign exchange can place significant pressures on an economy. For example, the exchange rate could appreciate in real terms, causing pressures on economic competitiveness and on the growth of the traditional tradables sector (including tourism), in particular.

The business environment in Mozambique is characterized as weak. Increases in the cost of and demand for specialized/skilled labor as a result of the resource boom may create significant risks to Mozambican tourism industry as it is presently structured. Therefore there is a critical need to understand the potential scenarios and develop policy options to manage the potential risks to the tourism sector as one of the key economic sector to generate jobs opportunities and revenues.

In order to better understand Mozambique's tourism market dynamics and what is required to ensure the competitiveness of the sector and following on from a preparatory trip report prepared in 2013 by Martin Weber, SPEED in partnership with CTA is undertaking a series of studies aimed at assessing Mozambique's competitiveness in light of the resource boom in key sectors including tourism. These studies along with others already undertaken will then be compiled into a publication about competitiveness.

**This year.** A study was undertaken to assess the competitiveness of Mozambique's tourism sector. The study focused on business and leisure tourism and gathered data from a variety of operators around the country. The study was strongly supported and guided by CTA's tourism sub-committee.

On the basis of data collected a model was developed which enabled analysis not only of the likely impacts of Dutch Disease on the sector but also quantified the costs of various existing barriers to business as identified by CTA. By manipulating the model to either apply Dutch Disease scenarios or the removal of barriers it is possible to see the potential impacts of business environment reform on the sector.

Overall the initial analysis showed an industry in crisis, with very low levels of profitability which would be strongly affected by any appreciation of the currency. The scenarios developed by the team generally paint a bleak picture for all but business tourism. When currency appreciation is overlaid onto the current constraints the scenarios are of major concern. However the model also shows that the removal of certain barriers could have a positive impact on the sector.

**Results.** The initial findings were presented to a seminar in Maputo with 80 participants. There was also significant media interest in the event. Based on discussions with CTA the team is now finalising the report which will include an analysis of the various possible scenarios ranging from the current situation through removal of barriers to the sector and appreciation of the metical.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
71	Competitiveness study - tourism	Policy	1. Analyzed	Q4
			2. Presented for consultation	Q4

**Next steps.** The study will be completed by mid October 2014 and then disseminated through the SPEED web site and included in a compilation publication of reports about competitiveness. It will also be discussed at a series of workshops on competitiveness to take place in early December 2014 with a view to informing the incoming government.

## Support to ANAC

**Context.** The Government of Mozambique (GoM) has set aside large segments of the country as protected areas (PAs) in an attempt to conserve its natural heritage while promoting sustainable economic growth. Many of these are important sites of high biodiversity such as Gorongosa Mountain, Lake Niassa, the Quirimbas Archipelago, Monte Namuli, the Chimanimani Massif, and the newly created Primeiras e Segundas Marine Protected Area. According to national estimates, the country is home to more than 5,500 plant, 220 mammal, and 690 bird species, many of which are endemic. Mozambique includes 14 ecological regions, of which seven have global importance as per the WWF Global 200 Ecoregion list. As of 2012, six categories of PAs, covering approximately 159,126 Km<sup>2</sup>, represent approximately 20% of the country's total surface area.

Mozambique's low agricultural productivity, overfishing and high population growth rates have resulted in i) a rapid expansion of the agricultural frontier, ii) a decline in aquatic and marine resources, and iii) severe threats to PAs and ecosystem services. People have for many years been living inside park boundaries and freely exploit natural resources. Pressures on land and natural resource use have further intensified in recent years as the Mozambican economy continues to expand. Weak marine, forest, wildlife, and land use governance have been key contributors to deforestation, poaching, and habitat degradation. As forests are converted to other uses and wildlife populations reduced, demands on remaining natural areas and resources are escalating, creating an environment conducive of greater economic inequality and conflict over these limited wilderness areas. In this light, there is an urgent need to understand the current state of PAs in the country, determine immediate threats to their biodiversity, and find the best ways to reduce and mitigate these threats.

Until recently conservation areas were managed by DNAC, the National Directorate for Conservation Areas, which was part of the Ministry of Tourism. Now however ANAC, a parastatal agency, has been created to take over management of PAs. The aim is therefore to professionalize the management of PAs and undertake management along private sector lines as has been successfully achieved in Botswana and Madagascar.

ANAC is expected to be self-sustaining in the medium term, and its autonomy will depend on this. Until ANAC is 2/3 self-funded it will continue to receive limited funds from the state budget. ANAC is expected to manage a portfolio consisting of National Parks and Reserves, Marine Parks and Reserves, Hunting Areas (*Coutadas*), and Game Farms (*fazendas*). While estimates vary, all agree that currently this network is extremely underfunded, to the point where it has difficulties in fulfilling its primary mission, which is to conserve a representative sample of Mozambique's

biodiversity for future generations. Related to funding difficulties are HR issues; most of these areas do not have sufficient staff (quality and quantity) to provide protection according to international norms and standards, though there is a cadre of professional and experienced Park Administrators and professional staff to call upon.

The challenge is thus at least three-fold:

1. First, ANAC must bring itself into being as an effective and efficient conservation management entity, with staff, strategies, policies, and operational systems to support its mission;
2. Second, ANAC must develop strategies to effectively conserve the biodiversity (measures both qualitatively and quantitatively) found in the various conservation areas in the face of population development, and political pressures, and climate change;
3. And lastly, ANAC must develop funding mechanisms that allow it to fulfil its mission on into the future, drawing on the full range of possibilities, which include tourism revenue, partnerships, donor relations, and the newly-created BIOFUND, among others.

The Headquarters Staff so far consists solely of the Director, supported by former DNAC staff with no formal affiliation with ANAC. The individual conservation areas have transitioned to ANAC and maintain their staff teams, assets, and State Budget contributions (mostly salaries according to the GOM scale). Without clear plans, ANAC is having trouble moving forward. To unblock the situation, the General Director of ANAC requested support from SPEED to provide a senior advisor and contract a consulting firm to conduct a strategic planning exercise.

**This year.** The senior technical advisor was contracted and is working to support the ANECD director, particularly with responsibility of seeing through the development of the organization's strategic plan.

A consulting firm which specialises in conservation management has been selected and has begun initial work on developing the outline for the strategic planning exercise, which aims to be fully participatory.

SPEED has also assisted ANAC in bringing the directors of 6 key parks with elephant populations to Maputo to take part in a two-day national seminar about the new Conservation Law. The seminar was organized by the Attorney General's Office with support from USAID's Democracy and Governance department. The directors also took advantage of the seminar to have initial meetings with the team preparing the strategic plan.

**Results.** Initial work is being undertaken on the strategic plan with no formal results as yet. A senior advisor is in place and supporting the ANAC director. 6 park directors took part in a seminar about the new conservation law.

**Next steps.** The strategic plan is to be developed and is expected to be presented at a national seminar at the end of November 2014. Support will continue with the provision of a senior advisor who will assist the director in implementing the strategic plan.

## Support to Biofund

**Context.** BIOFUND is an independent entity created to support the conservation of biodiversity in Mozambique and facilitate its sustainability. A key target for BIOFUND is to develop the concept of biodiversity offsets in Mozambique with a view to using these offset payments for the sustainable and long term management of the country's protected areas.

In order to prepare BIOFUND for this role the organization sought assistance from SPEED in training on USAID procurement practices, analysis of the country's new conservation law and development of simplified materials about said law to facilitate training of stakeholders, and preparing for a consultancy to undertake mapping of Mozambique's conservation areas.

Both the conservation law and the concept of biodiversity offsets will likely have significant impacts for the private sector and the communities with which they engage and on those working in key focus sectors for SPEED such as tourism, and agriculture.

**This year.** BIOFUND's financial administrator undertook work-shadowing / training with SPEED's procurement team to assist the organization in establishing its own internal procurement procedures and managing future funding from USAID.

As part of this training BIOFUND's administration team worked with SPEED to develop scopes of work for analysis and development of materials based on the new conservation law, and mapping of the country's conservation areas.

Work on analysis of the new conservation law is underway and fed into the recent national seminar organized by the Attorney General's Office and USAID around the implementation of the law. The work also includes developing a manual which explains the law and includes simplified materials which can be duplicated and disseminated to stakeholders (such as the private sector in the agriculture and tourism sectors, and the communities with which they work) to facilitate understanding of the new legislation. The analysis of the law will be completed by early October with the manual prepared by the end of October.

SPEED supported BIOFUND in undertaking a procurement process according to USAID rules to identify a firm to undertake the mapping of the country's conservation areas in accordance with IFC norms and standards so that these areas can then be classified by BIOFUND for development of biodiversity offsetting procedures. The procurement process is now completed and all documentation has been made available to BIOFUND.

**Results.** BIOFUND's financial and administrative staff now has increased capacity to implement USAID's procurement procedures. This enables them to develop the organization's own internal procedures and practices and thus be compliant to receive future direct funding from USAID and other donors.

Analysis of the conservation law is available in draft format and is being commented on by BIOFUND. See SITT results under "Support to the Ministry of Tourism", below.

A compliant procurement process has been undertaken to identify a company to map the conservation areas and BIOFUND now has access to all documents necessary to take the process forward and secure funding to map the relevant areas.

**Next Steps.** The analysis of the conservation law and materials developed will be disseminated by SPEED and BIOFUND, made available on both organizations' websites

## **CITES upgrading**

**Context.** Mozambique is a member of CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora, also known as the Washington Convention). However the country's legal framework is not compliant with certain CITES requirements. Mozambique has been notified by CITES to reform its legal framework to become compliant or risk expulsion at the end of 2014. Expulsion would have a significant negative impact on the country's safari/hunting sector as visitors would no longer be able to export trophies to their own countries, thus making hunting in Mozambique non-viable.

The Ministry for Environmental Protection (MICOA) is responsible for CITES compliance in liaison with the Ministry of Tourism (which is responsible for the safari sector through ANAC) and the Ministry of Agriculture (which is responsible for establishing annual hunting quotas).

MICOA is preparing a draft regulation which would ensure that Mozambique is sufficiently compliant to remove the risk of an outright ban at the end of 2014 and allow the 2015 hunting season to proceed. The legislation is being drafted with funding from CITES. However MICOA requested CTA and SPEED to assist with the dissemination of the draft and ensuring that there is sufficient discussion and debate around the document.

**This year.** SPEED has supported MICOA by providing comments on the draft legislation, providing an English translation of the draft, disseminating the draft legislation through the web site and social media, developing a list of contacts of organisations to take part in a series of consultative seminars, providing logistical support to undertake three dissemination workshops in Maputo, Beira and Lichinga, Sofala and Niassa being the two provinces with the largest numbers of hunting operators.

The workshops are expected to provide those affected by the draft legislation with an opportunity to feed in their comments. SPEED has also worked with MICOA, ANAC and BIOFUND to ensure that all three are aware of the work that the others are doing.

**Results.** Draft legislation is available in English and Portuguese and has been disseminated and commented on. Coordination and logistics have been completed so that discussion seminars can take place in the first two weeks of October 2014 in Beira, Lichinga and Maputo.

**Next Steps.** Workshops to discuss the draft will take place in the first two weeks of October. Logistical and event facilitation support provided by SPEED will ensure that comments generated are then fed in to the revision process of the legislation. It is expected that the draft legislation will then be debated by MICOA's coordinating body prior to being sent to CITES for comment.

## Tourism manual update

**Context.** ACIS produces a series of guides for investors within the “Legal Framework” series. These guides are available in Portuguese and English to download for free from the association’s web site. They are a point of reference for existing and potential investors and others seeking information about the application of law in various sectors.

Mozambique’s tourism regulations have recently been revised and new procedures established for those in the sector. Other legislation potentially affecting the sector, such as the Conservation Law has also recently been introduced. As a result the existing Legal Framework for Tourism is out of date and requires revision.

ACIS sought assistance from SPEED to update the guide thus preparing relevant information for actual and potential investors in the sector.

The previous tourism regulation (18/2007) was considered by operators to be highly complex and difficult to comply with. This was largely due to the number of different categories per activity and the specific requirements to comply with each category. The decision to revise the regulation was seen by most in the tourism industry as an opportunity to significantly simplify the system and introduce an independent system of star ratings which would allow consumers to effectively select options based on a system such as that used in South Africa. However the new regulations (97/2013 of 31 December) in fact do not do this. Instead they maintain the level of complexity of the preceding regulation with over 40 classifications for accommodation provision alone. Each classification has its own requirements and since these have been altered slightly from those provided in the 2007 legislation operators will now need to apply for new licenses based on the new system and seek to adapt their premises to ensure compliance with the relevant star rating under the new system.

As many tourism operators in the country operate in English or are partly foreign owned it is necessary to provide these operators with information in both Portuguese and English to enable them to understand and prepare for the new licensing process.

At the same time analysis of the new regulation (97/2013) will of necessity be undertaken as part of the work of understanding it in detail and developing the manual. The outcome in the form of the manual will serve to highlight the complexities and inconsistencies of the revised regulation and will support business representative organizations in their efforts to secure a more simplified, flexible system for licensing and classifying their establishments.

**This year.** In response to the request from ACIS SPEED has contracted lawyers with experience in the tourism sector to prepare an analysis of the new tourism regulations and a revised version of the Legal Framework for Tourism manual. These will then be translated into English along with an English translation of the actual regulations which will also be prepared.

**Results.** None yet

**Next steps.** An analysis of the new tourism regulations, a revised version of the Legal Framework for Tourism in Portuguese and English and a translation of the new tourism regulations will be prepared by the end of November 2014.

## Support to the Ministry of Tourism

**Context.** Mozambique's tourism sector is capable of boosting the development of the national economy and contributes to fighting poverty by attracting investment to ensure employment, income generation and enhancement of well-being of communities. The Government of Mozambique has defined tourism as one of the strategic sectors to accelerate socio-economic development because it constitute a cross-cutting sector, which allows the use of skilled and unskilled labor, representing a great opportunity for women and young people.

Mozambique is privileged due to its strategic location in Southern Africa and has significant natural assets for tourism such as the long coast, the richness of its biodiversity, its National Parks and Reserves, and the unspoiled beaches and natural environment. This tourism potential should be exploited in a sustainable manner to position Mozambique competitively in the region. SPEED was asked to continue supporting the Ministry of Tourism (MITUR) by providing technical support on policy and legislative issues that create a good business environment for the private sector to invest in adequate tourist infrastructure associated with the efforts of the public sector for conservation of the biodiversity as a major product for tourists and as source of multiple benefits for the rural communities.

**This year.** SPEED supported a senior adviser to the Minister of Tourism who helped facilitate policy dialogue and events such as regional and international tourism meetings and conferences which aimed to support biodiversity conservation and private sector involvement in tourism (improving the business environment, investment and legislation). The main achievements and activities were:

- 1) **On policy and legislation:** - the approval by the Parliament of the Conservation Law – the law will impose heavy penalties of up to 12 years in jail on anybody convicted of poaching activities; the Conservation Law was ratified by the President of the Republic and gazetted on June 20<sup>th</sup>, 2014; the approval by the Council of Ministers of the decree which proclaims two new Hunting Blocks (Coutadas) in Zambezia Province (Mecaune and Luabo) which thus increased the number of Conservation Areas.
- 2) **On biodiversity conservation** - the approval by the Cabinet of the Statutes of the National Administration of Conservation Areas (ANAC); nomination of the new Director General of ANAC (Bartolomeu Soto); the evaluation and assessment of candidates who applied (in a tender process) for the posts of Director of Services for Management and Protection of Natural Resources and the Director of Services for Study and Development of Conservation Areas was concluded in August with the selection of only one candidate to be the Director of Management and Protection of Natural Resources due to fact that all the candidates for the Directorate of Study and Development of Conservation Areas did not have the required experience.

- 3) **On investment and private sector participation** – coordination meeting of all stakeholders involved in the licensing process for tourism establishments according to the recently approved Decree 97/2013 (about which a position paper was supported by SPEED); facilitation of the meeting between the Minister of Tourism, CTA, USAID and SPEED for the presentation of the main finding of the Open Skies study; dissemination of the SOW for the consultancy on the cost of conflict on tourism; support the conclusion of the detailed Master Plan for Arco Norte project funded by the Government and facilitation of the investment for the Wimbe Mall in Pemba; facilitation of the National Stakeholder Consultation Workshop held on May 23<sup>rd</sup> 2014, in Maputo for the launch of the Strategic Tourism Development Plan Review process led by Permanent Secretary and the representative of the World Tourism Organization (UNWTO). The main goal of this revision is to provide MITUR with a documented tourism growth strategy and practical implementation plan for developing the tourism industry as a key economic and social catalyst for the next 10 years (*Building a Leading Tourism Economy*).
- 4) **On regional and international cooperation** - the signing of Memorandum of Understanding (MOU) for the Management of Conservation Areas, by the Mozambican Minister of Tourism, and the Minister of Water and Environmental Affairs of South Africa; Mozambique participated in a survey to evaluate the value of wildlife safari tourism in Africa, carried out by United Nation World Tourism Organization (UNWTO).

Following the issues mentioned by the Open Skies study (funded by SPEED) the Ministry of Tourism attended meetings organized by UNWTO for African Tourism Ministers to discuss the Air Connectivity in Africa; Visa Facilitation and Tourism and Biodiversity (*Zero Tolerance for Poaching in Africa by 2020*) and by Routes Africa 2014 an event that brings together leading industry experts from airports and aviation companies to discuss air service and route development issues affecting commercial aviation and tourism across Africa. The advisor gave support to the preparation of participation of Mozambican delegation to the African Heads of States - USA Summit.

**Results.** The Conservation Law and decrees approved by the Government have added a new dynamic into the conservation of biodiversity activities due to the increase of the political commitment in taking concrete action to combat poaching and to speed up the process of structuring ANAC. The most significant impact was the appointment of the Director General of ANAC, the launch of the tender for the selection of the Directors of Services; the signing of the MOU with South Africa for joint rhino anti-poaching actions in the Great Limpopo Transfrontier Park (GLTP) and the launch of the Strategic Tourism Development Plan Review process.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
77	Conservation law presentation to Parliament	Policy	1. Analyzed	Q3
			3. Presented for legislation	Q3
			4. Passed	Q3

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
78	Conservation law analysis and manual	Regulation	1. Analyzed	Q4
			2. Presented for consultation	Q4

**Next steps.** Next steps will include: the completion of the selection process and appointment of the Directors of Services for ANAC; the dissemination of the new tourism legislation Decree 97/2013 in two remaining Provinces (Sofala and Zambezia); the dialogue and consultation between the public and private sector to complete the proposal for the re-introduction of Tourism Tax and; the approval and dissemination of the new strategic plan for tourism.

## *Democracy and Governance*

SPEED’s work on democracy and governance aims to improve **transparency** around issues such as the impending resource boom, the increased visibility of the private sector in policy, and the improvement of corporate ethics. Specifically, SPEED continues to raise the quality and level of dialogue around the country’s **resource boom**, with a special focus on examining the impact of the boom on the competitiveness of the rest of the economy. SPEED also launched the Cabo Delgado Sustainable Development Forum, in partnership with IUCN, to enable multiple stakeholders to discuss their issues and concerns around LNG development in that northern province. Another key area of work includes the development of a legal framework to formalize public participation in the policy process. There is now a solid consortium of actors from the private sector and civil society committed to drive this new legislation forward.

## **Analysis of the LNG Legal Framework**

**Context.** Mozambique finds itself at a unique point in its history. Oil and Gas exploration and development activities in the Rovuma basin have discovered reserves of around 170tcf of natural gas. It is one of the largest natural gas finds in recent history and places Mozambique at around 5th place globally in terms of gas reserves. Just as enormous as the gas finds is the potential economic impact the LNG industry could have on Mozambique. However, for these projects to move forward a very specific set of conditions have to be in place. One of the key elements is the legal framework. In 2014, the Parliament enacted the new Petroleum Law, the new Petroleum Tax law and a Special Regime (which allows the Government to draft a Decree law for the LNG projects). This is in addition to the range of existing laws and regulations such as the Megaprojects Law, PPP Law, Civil Construction Regulations and the Investment Law.

The result is a complex, and in some cases contradicting, legal framework that has potentially introduced greater uncertainty for operators, investors and perhaps even for the government of Mozambique itself. CTA asked SPEED to undertake a study to analyze and articulate the exact situation of Mozambique’s legal regime and assess its impact on the current LNG projects. The study also seeks to present a possible “way forward” inspired by best practices from other markets, leveraging the legal expertise of the consultants and, of course, taking into account the specificities of the Mozambican case. It is hoped that the resulting report will serve to inform further discussion/negotiation and help ensure that the LNG story of Mozambique starts off positively and with an appropriate legal foundation for all stakeholders involved.

**This year.** A Scope of Work was created to frame and guide the study and a leading oil & gas legal specialist was selected. An RFP has been issued for the selection of a local consultant to support the international consultant.

**Results.** None yet.

**Next steps.** Local consultant to be selected by October 17<sup>th</sup>. International consultant to perform assessment of current legal framework by October 24<sup>th</sup>. Workshop planned for November 12<sup>th</sup>.

## Local content policy framework

**Context.** Countries experiencing natural resource booms inevitably struggle with the question of how to best ensure that local businesses can effectively supply goods and services to the dynamic extractives sector. Local suppliers in Mozambique lack capacity in terms of the quantity, quality, and health and safety standards required by international extractives companies. At the same time, as in many other countries there is significant political pressure to push the extractives companies to increase the local content of their spend through strict quotas and other legal requirements that usually result in distortions, corruption, and increased costs of doing business.

**This year.** SPEED, in partnership with CTA, has been working to find a solution that would avoid the worst of the commonly applied legislative solutions yet align stakeholders behind a longer-term vision and strategy to improve capacity and increase local content. In late 2013, CTA/SPEED completed an assessment of the policy options for local content. The analysis drew on international and regional examples of local content policies, laws and regulations and produced recommendations on how Mozambique can strengthen its local content policy in the extractive industry.

The assessment revealed several underlying constraints related to local content and local supplier development. Many of these issues relate to weaknesses in the business environment and require policy reforms and interventions. Some can be addressed through a Local Content Policy that outlines how the government works with extractive industry companies to help build local suppliers and local supply chains. The study recommended the establishment of a senior-level Local Content Task Force to support policy, coordination and monitoring of local content development.

Building on the recommendations of the assessment, CTA requested SPEED's support to assist in drafting the terms of reference to establish a functioning Local Content Task Force (LCTF) to promote the development of local capabilities that enable domestic businesses to compete in the emerging mineral resource industry and beyond and improve overall competitiveness of the economy. This development unfolds in a context where international oil and gas companies, the National Oil Company (ENH) and various other stakeholders are engaging in "ad-hoc" uncoordinated local content initiatives while the government seems to be moving towards legislation and regulation of local content (prior to developing an actual policy to guide such actions).

The terms of reference were finalized and two international consultants were recruited for the roles of Technical Director and Senior Consultant. The final ToR and work-plan have been agreed and

the consultants have starting working on the initial desk review (international best practice analysis).

**Results.** None yet.

**Next steps.** The consultants will finalize the analysis and provide the first set of deliverables (governance structure, operational procedures, work-plan, identification of training needs, membership selection methodology for Task Force) by the first week of November. The consultants will travel to Maputo on the first week of November to hold meetings with the stakeholders (INP, ENH, CTA, MIREM, MPD, IPEME, Anadarko, Eni, CIP, EITI, etc.). The first Local Content Task Force meeting is planned for the first week of December.

## Competitiveness in the face of the resource boom

**Context.** Analytical work undertaken by SPEED in 2012 and 2013 highlighted the potential for Dutch disease and other aspects of the resource curse as Mozambique begins to benefit from large inflows of investment and tax revenues from the extractives sector. Of particular concern is the potential for tradable sectors, including agriculture, to buckle under the pressure of an appreciating metical. In response, CTA asked SPEED to undertake preliminary work to define the issues related to competitiveness of Mozambique’s non-extractive tradable sectors. On the basis of this and the recommendations arising out of the consultancy a series of four additional in-depth sectoral studies were conceived and undertaken.

**This year.** In October 2013, Martin Weber completed his [overview report](#). The paper is available on the SPEED web site in English and Portuguese.

During the course of this activity the consultant prepared a series of terms of reference for follow-up consultancies looking at the impact of the resource boom on competitiveness in key sectors – agriculture, labor, manufacturing and tourism. These follow-up consultancies were approved for further work based on their joint relevance to the democracy and government and agriculture pillars of SPEED’s activities.

The studies as discussed in detail above focus on analysis of current operators in the sectors, and development of scenarios related to economic changes arising from the resource boom and the potential impact of these scenarios on the operators.

**Results.** An initial overview of the issue was undertaken and completed in October 2013. Additional in-depth studies into agriculture and labor have been completed and studies into tourism and manufacturing will be completed by mid-October 2014. All completed studies have been extensively disseminated and blogs have been created and posted to increase discussion. The agriculture competitiveness report will feed in to the agriculture media project.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
56	Competitiveness in light of the Resource Boom	Policy	2. Presented for consultation	Q2

**Next steps.** The four studies plus preliminary work undertaken on competitiveness including opportunities for local supplier development and exchange rate management will be compiled into a book which will showcase the work undertaken by SPEED on this issue. It is expected that the contents of the book will then be used by the private sector, civil society and the media to bring debates around this issue to the attention of the incoming government. The book will be disseminated at a series of three seminars in Nampula, Beira and Maputo in early December. These seminars will provide an opportunity for wide-ranging discussion about the potential impacts of the resource boom and ways in which Mozambique can best manage its resource endowment to increase economic development.

## **Multi-stakeholder dialogue platform**

**Context.** Mozambique has emerged as a major player in the oil & gas and mining sectors. This phenomenon will undoubtedly have a profound impact on the country's economy and on the lives of Mozambican citizens. However, this development also comes with the challenge of managing the resources in a transparent and accountable manner, managing the impact on the environment and the livelihoods of local communities and generating positive outcomes for all affected stakeholders. In such a complex and dynamic environment there is also a great need to manage expectations, to make sure all voices are heard and that there is an effective mechanism for dialogue and conflict resolution.

Building on the World Conservation Union's (IUCN) Sustainable and Fair Coasts Program (phase I), SPEED received a proposal from IUCN for the 'Sustainable Fair Coasts Project (2014-2018)'. The project's objective was to support key stakeholders in the LNG industry in Mozambique in their efforts to develop a successful, inclusive and responsible LNG sector that delivers sustainable livelihoods and promotes biodiversity conservation in Cabo Delgado.

SPEED provided support (a seed grant) to IUCN to enhance transparency and accountability in the governance of the oil and gas sector in Mozambique, through the establishment of a functional Cabo Delgado Sustainable Development Forum. This Forum is to be established in a context where there are a number of 'platforms' or 'forums' that facilitate some dialogue and consultations on natural resources governance in Mozambique, particularly in Cabo Delgado.

The Cabo Delgado Sustainable Development Forum aims to provide a "neutral" dialogue platform (space), bringing together government, civil society, the local business community, local communities and international extractive companies, to engage in a process of dialogue that will address the likely economic, social, and environment impacts of the LNG projects in Cabo Delgado.

The Forum will foster regular, structured, inclusive and constructive multi-partite dialogue. The Forum also aims to promote information sharing and collective action on mutually agreed social and environmental interventions within Cabo Delgado. This will go a long way towards enhancing the transparency, accountability and governance of the gas/LNG sector in Mozambique in addition to reducing the information asymmetry between critical stakeholders in the project.

**This year.** SPEED launched the grant with IUCN and held extensive financial planning, procurement training, programmatic and strategic planning sessions with IUCN. To date, IUCN

has completed the following activities: performed stakeholder analysis; deployed project team; held one-on-one stakeholder engagement sessions in Cabo Delgado and Maputo; sourced and appointed a key consultant; held programmatic update meeting in Pemba and Maputo.

**Results.** Initial analysis and consultation was completed.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
79	Multistakeholder dialogue platform	Admin Procedures	1. Analyzed	Q4
			2. Presented for consultation	Q4

**Next steps.** The draft concept note for the Forum and engagement strategy will be provided for comments to stakeholders in the last week of October. In the same week, the Forum invitation letter will be sent out (the event date is planned for Tuesday, December 9th). Based on the feedback from the concept note, Group-by-Group stakeholder engagement sessions will be held in the second week of November. Strategy and update meeting with all donors (USAID, MASC and French Embassy) to be held in the third week of November.

## Formalizing public participation in the policy process

**Context.** Public participation in policy making is enshrined in the Constitution of Mozambique which requires submission to the public of draft regulations for collecting suggestions before approval. Despite this, it appears that effective citizen participation in the legislative process does not happen. The current process for incorporating the public’s view in the policymaking process is largely ad hoc and unsatisfactory for both private sector and civil society. The absence of guarantees for effective public participation in policy and legislative process in the country facilitates inadequate consultation in policy making.

In collaboration with CTA, SPEED commissioned the law firm SAL&Caldeira to draft a bill that will guide public participation in the legislative process in Mozambique. The draft bill aims to create a more transparent and participatory system for policy development and improve the formulation of laws and regulations affecting the business environment (and the public at large). The draft bill was completed in October 2012, and will be subject to a wide consultation process with the private sector and civil society.

In early 2014, a Memorandum of Understanding (MoU) outlining the principles, code of conduct and modus operandi of the partnership for the adoption of a law on public participation in the legislative process was signed amongst implementation partners (nine private sector and civil society organizations that agree to work together to support the initiative). This public event introduced the project to a wider public, and today more than fifteen organizations and their networks are engaged in supporting the draft bill and ready to lobby the authorities to pass it.

**This Year.** Consultations among implementation partners continued, with a high momentum at the signing of the MOU. The draft bill was revised in consultation with implementation partners and communication materials were approved to support a wider dissemination campaign across the country to support the draft bill and gather consensus for its submission to Parliament for approval.

**Results.** Once approved, this legislation will greatly enhance the civil society and private sector’s ability to influence public policy and transparency in public policy making.

**Next steps.** The partners will undertake a dissemination campaign across the country in November, post election. The draft bill will be submitted to the new government after elections.

## Role of the state in business

**Context.** The GOM has intervened in the business environment with the aim of unlocking constraints and improving the business environment. However GOM’s involvement in the private sector itself in recent years has been on the rise, with cases of acquisitions, establishing firms with private sector orientation, doing *de facto* business, and of which have raised fears that the state is unfairly competing with private sector entities. This return of government into the private sector domain, has set out mixed signals in a country that is emerging from conflict with underdeveloped productive capacities and overall challenges to doing business.

To contribute towards a better understanding of this phenomenon and to shape the new role the Mozambican state should play in the country’s business environment, SPEED in collaboration with CTA put together a team of consultants with national and international experience. The team will help in enriching the knowledge of different players, and bridge existing gaps and addressing existing concerns through this activity, which focuses on the apparent growing role the state has in business in the country. It will also provide a menu of advisory options to the private sector on doing business in a natural resource rich environment, when faced with an ever growing role of the state.

**This year.** Extensive consultations, interviews and data collection were undertaken and an analytical report was prepared and launched at a business briefing late July 2014.

**Results.** SPEED’s intervention in this area has revealed a number of business unfriendly practices. The state in Mozambique has become increasingly involved in business: It sets the policies, regulates the industry, establishes and runs its own companies competing with the private firms from which it also collects taxes, etc. The analysis undertaken produced results which surprised business and the private sector now demands that the state limits its involvement in the business environment unless it is for social and strategic interests. Further to this activity, many in business and civil society have been on the watch for state engagement in business, including adopting a strong stance where the Law on Public Probity has been invoked to prevent the state and public officials’ involvement in corrupt and unethical practices.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
75	The Role of State in Business	Policy	1. Analyzed	Q4
			2. Presented for consultation	Q4

**Next steps.** SPEED expects to conduct follow-on research that delves more deeply into the state’s role in the agriculture sector.

## Mobile Monday eGovernance

**Context.** The use of mobile technology has emerged as a key vehicle for development in Africa. High mobile phone penetration rates coupled with limited fixed infrastructure have made mobile phones the channel of choice for several solutions ranging from financial products such as M-Pesa and M-Shwari to education initiatives such as M-Ubuntu.

In 2014, Mobile Monday (MoMo) a non-profit open platform for the promotion of mobile solutions, requested funding from SPEED for an e-Governance workshop and an evening networking event in Maputo. The objective of the activity was to increase the public sector's use of technology (e- and mGovernance) to improve information and service delivery, encourage citizen participation in decision-making and make government more accountable, transparent and effective.

**This year.** SPEED supported the MoMo event and a workshop on e- and mGovernance. The event involved presentations by experts and practitioners from the development, private and public sectors in Mozambique and other countries in the region. SPEED supported the participation of two regional experts: the head of the Budget Transparency Initiative from Uganda and a representative of Ushahidi (a leading Nairobi-based mobile solutions company). The event was held on the 29<sup>th</sup> of September in Maputo and around 40 people attended. On the following morning, September 30<sup>th</sup>, a SPEED-funded half-day workshop was held at the VIP hotel in Maputo. The workshop was comprised of presentations from Ushahidi and the Ugandan Budget Transparency Initiative to share knowledge and experience on their successful eGovernance/mGovernance solutions. The session was interactive and participants shared experiences and brainstormed solutions to their current design/implementation challenges. Around 30 participants attended including representatives of various Mozambican ministries.

**Results.** Not applicable.

**Next steps.** No next steps. Project completed.

## *Capacity Building Activities*

As part of the core technical work described in the previous section, SPEED supports capacity-building activities that enable key stakeholders to exchange knowledge and ideas. Capacity-building events completed over the year benefited a total of around 3,000 participants, including around 655 women (see Annex 1). In addition, SPEED regularly supports the participation of others in major capacity-building events. This section briefly describes some of these latter activities and is organized according to the type of stakeholder involved, e.g., private sector / civil society and government.

### Private sector and civil society

**U.S. – Africa Leaders Summit.** SPEED supported key civil society participants in the US-African Leaders’ Summit, 4-6 August 2014. Adriano Nuvunga participated on behalf of the Center for Public Integrity (CIP), Maria Namburete on behalf of the African Women’s Entrepreneurship Program (AWEP) and Hipólito Hamela on behalf of CTA. The theme of the summit was "Investing in the Next Generation" and sought to discuss ways of stimulating growth, unlocking opportunities, and creating an enabling environment for the next generation. Therefore the participants from Mozambican civil society represented a variety of voices with a focus on economic development, the role of women and transparency.

Each of the participants took part in a variety of activities from a Diaspora Investment Symposium, through B2B showcase training and preparation, activities focusing on supply chain, the role for women entrepreneurs, transparency and accountability in extractives, partnering with civil society in transparency and accountability, and the African Civil Society Conference.

Each participant reported on their own highlights from a summit which provided a wide variety of opportunities and experiences for each organization that took part. Highlights included: Mozambique being used as a success story case study for the role of women through AWEP; the B2B showcase preparation provided quality insights which directly helped the participating organizations; direct support and encouragement from the President and First Lady at their meeting with Mozambicans in the US; CIP participating in the production of a recommendation to the heads of state to actively adopt and implement globally recognized transparency initiatives such as EITI and calling on the US government to ensure that US companies operating in Africa also abide by these initiatives and publish what they pay; the plenary session with presentations from John Kerry, Ali Idrissa and others which allowed for the interactive presentation of questions from people throughout Africa via Twitter; inspiring and motivating debates and discussions with opportunities to hear from leaders such as George Soros and Mo Ibrahim as well as the opportunity to engage in dialogue with these people and many representatives of civil society from all over Africa.

The summit led to the Mozambican branch of AWEP being invited to take part in the first Network of African Women in Agri-Business conference and provided support and assistance in ways to more actively take advantage of this opportunity. It led to a revived momentum in terms of a drive for increased transparency and engagement of youth in civil society. The CIP representative was interviewed for Voice of America about Mozambique’s resource endowment and the potential opportunities and risks in respect of transparency, and had an opportunity to meet with the chair of Global Financial Integrity about CIP’s recent report on illicit financial flows.

**New Faces, New Voices conference.** Although African women comprise 52 percent of the African population, they only own 1 percent of Africa’s assets and only 22 percent of them have bank accounts. Yet, there is empirical evidence that shows that empowering women and girls accelerates economic growth. It is with this in mind that New Faces, New Voices (NFNV) Mozambique, in partnership with different public, private and donor institutions aims to tackle these discrepancies through the advancement of Mozambican women’s financial inclusion. New Faces, New Voices is a pan-African organization founded by GracaMachel dedicated to increasing access to financial services to women across Africa. The Mozambican chapter was asked by Ms. Machel and the Governor of the *Banco de Moçambique* (Central Bank) to co-host a one-day

conference on “Women’s Financial Inclusion in Mozambique” on 6 December 2013. NFNV requested both technical and organizational support from USAID/SPEED.

The conference was co-hosted by the *Banco de Moçambique* and NFNV, supported by Making Finance Work for Africa (MFW4A), GIZ, DFID and USAID/SPEED. This meeting was attended by approximately 130 participants from the Central Bank, financial sector, donor organizations, women’s business associations, business women and other stakeholders. The conference enabled stakeholders to reflect on three key issues facing women’s financial inclusion: (i) the importance of gender-disaggregated data in promoting women’s financial inclusion; (ii) the importance of financial education and consumer protection in stimulating women’s demand for financial services; and (iii) the role of mobile banking in promoting access to financial services by women.

Action plans were developed by the stakeholders for each of the three key topics, hence increasing their ownership in the implementation of the identified concrete actions. In addition, the conference provided NFNV Mozambique with great visibility and the attraction of strategic partners and drivers of change.

**AWEP strategic planning workshop.** The African Women’s Entrepreneurship Program (AWEP) is an outreach, education, and engagement initiative that targets African women entrepreneurs to promote business growth, increase trade both regionally and to U.S. markets through the African Growth and Opportunity Act (AGOA), create better business environments, and empower African women entrepreneurs to become voices of change in their communities. AWEP was launched by then-Secretary of State Hilary Clinton, and seeks to dismantle the obstacles to business opportunities and economic participation that African women face.

The Mozambique chapter of AWEP is made up of three women entrepreneurs who have participated in a US study tour and their friends and colleagues. The chapter is still in its infancy and has struggled to gel. AWEP sought support from SPEED to facilitate a team building and strategic planning workshop in November 2014.

The workshop resulted in a clear vision statement and three-pillar strategy for AWEP. The vision is to expand sustainable market opportunities for Mozambican businesswomen. The three strategic pillars are: promote leadership among women entrepreneurs, forge market linkages, and increase access to finance.

AWEP will follow up with more detailed work-planning around these three pillars, with further support from SPEED expected to sharpen the strategy and plan. At that point they will approach different partners and funders for support.

**Agriculture supply chain workshop.** Although informal activity is difficult to measure, the INFOR survey suggests that 75 percent of the economically active population is employed informally in Mozambique (INE, 2006). The Ministry of Planning and Development (MPD) estimates, using national accounts data, that informal activity represented 41 percent of GDP in 2003 and 40 percent in 2004, (MPD, 2009). This is in line with other estimates which put informal activity at 42.4 percent of GDP in 2002/03. Further, Mozambican enterprise census data reveals that the median firm in Mozambique has only two workers, while 78.1 percent of firms have up to

only five workers (GoM, 2004a). Many of these firms are likely to be informal at least to some degree. Informality on such a scale demands attention in economic policy design.

It is important to understand why greater formalization might be desirable, given its potential contribution on raising revenues. Where micro informal firms are concerned, there are more costs to formalization than benefits in Mozambique. This is largely due to the high costs of transitioning as well as the payment of taxes; two components absent in the informal sector.

But as is now widely understood, informal activity plays at least two distinct roles in a developing economy: i) providing a source of survival income to low-income and frequently unskilled individuals, and ii) representing an active and potentially competitive component of the productive sector. This requires a balance of the potential for greater employment and productivity growth of the more productive firms with reducing the vulnerability of those working informally out of necessity.

Bill Grant from DAI conducted a workshop to demonstrate how these obstacles can be overcome using Kenya as a case study. According to Grant's presentation, one of the principle constraints in formalizing the informal sector is the absence of incentives available to traders. Grant went further to argue that when Kenya created a strong institutional framework for milk, traders who formalized had access to various support mechanisms such as training, licensing and market information – which in effect saw informal traders formalize to compete with the growing registered milk traders.

Grant concluded his presentation with a Q&A session. The session sparked a very interesting and thought-provoking debate on how applicable the Kenya case study is to Mozambique? A member of the audience argued that most informal traders are informal out of choice, thus raising the question if incentives in the form of unions and licensing go far enough in capturing the informal market. Like many case studies there will always be conditions that are country specific and cannot be applied to others. Mr. Grant recognizes this fact and closed his presentation with challenging members of the audience to analyze and prescribe a remedy to Mozambique's unique informal market challenges.

**Gorongosa National Park transformation.** In March 2014, the philanthropist Greg Carr presented the long term project to create a wildlife corridor linking Gorongosa National Park (GNP) and Marrromeu Reserve and by so doing linking GNP with the Indian Ocean. This would entail a creation of large conservation areas some managed by the park and others by surrounding communities. Due to its conservation nature and potential to boost tourism the idea merited the support both from the Government of Mozambique and the USAID Office in Mozambique. In May 2014, a preliminary visit to the park has been made by a joint technical mission comprising officials from Ministry of Agriculture and USAID-Mozambique, to appraise the feasibility of the long term project and understanding its implications for the local communities. Two multisectoral technical teams visited the Park for onsite presentation and in-depth discussion of the project. The visit was in May 2014 and the second in August 2014. USAID-Mozambique will sponsor the joint technical mission and SPEED supported financially and logistically the visit.

During the visit it was recommended to Park the following:

- That the Park call for a meeting with national and sub-national authorities to raise concerns about evasion to the Park by members of the local population for farming and hunting activities, including settlement inside the Park;
- The Park should formalize its proposal for extension of the Park and for the creation of Gorongosa-Marromeu wildlife corridor; and
- The government team will start working on scenarios for the transformation of area to be covered by the corridor where currently there are land concessions /reserves for other activities.

**Translating Columbia University report on resource boom.** In 2013, a capstone team from Columbia University's School of International and Public Affairs (SIPA) conducted a comprehensive review of the opportunities and challenges posed by Mozambique's coming resource boom, entitled [\*Mozambique: Mobilizing Extractive Resources for Development\*](#). The report covers several critical policy issues related to the economic and commercial impact of the extractive sectors, local content, infrastructure, environment, resettlement, governance and sovereign wealth fund. Given the importance of this work for Mozambique, SPEED agreed to support the translation of the report into Portuguese, entitled [\*Mocambique: Mobilizando Recursos Extractivos para a Prosperidade\*](#). The publication of the document in Portuguese enabled much deeper dissemination with Mozambican stakeholders, and dissemination will be considered (for instance, when the lead researcher Jenik Radon visits Mozambique in June 2014).

## Government

**MIC Coordination Council.** The XI Coordinating Council (CC) of the Ministry of Industry and Trade (MIC) was held from 24th to 26th May 2013, in Pemba, Cabo Delgado Province, under the motto "Achievements and Challenges of the Industry and Trade."

The XI Coordinating Council was headed by His Excellency Armando Inroga, Minister of Industry and Trade, and participants included His Excellency Kenneth Travel Marizane, Deputy Minister of Industry and Trade, including the Permanent Secretary, the Inspector General, National Directors, officers and subordinate institutions tutored, Commercial Directors, Advisors, Deputy National Directors, Heads of Departments, Provincial Directors and permanent guests, the Executive Directors of the BAU's, Provincial Delegates of the National Inspection Activities and other senior MIC staff at central and provincial levels. Also a number of members of the Coordinating Council participated as invited representatives of the public sector: the Presidency, the Ministries of Mineral Resources, Energy, Fisheries and Agriculture, as well as the private sector, namely, CTA - Confederation of Economic Associations and development partners, i.e. USAID. The agenda is summarized below:

- Public Probity Law;
- Economic and Social Plan 2012 and Prospects;
- Swing through the Government's Five Year Program 2010-2014 and Prospects;
- Operational Matrices of Coordinating Councils from 2010 to 2012 and Prospects;
- Report on the areas of Administration, Finance and Public Sector Reform 2012 and 1st quarter of 2013;

- Proposed Natural Gas Master Plan and;
- Information about the current status of Food Fortification.

From the presentations and discussion around the different topics, the biggest challenges identified include: the implementation of the Competition Law, local financing for SMEs, to formalize informal trade; implement and consolidate the SADC Free Trade Area; Reduce tariffs, review of the rules of origin for international trade and remove non-tariff barriers; and the implementation of the Mozambican Commodity Exchange/Market (Bolsa de Mercadorias de Mocambique) among others.

**Support to MIC to participate in Competition Training.** SPEED supported the Ministry of Industry & Commerce (MIC) to participate in the Africa Competitiveness Forum's training in Tunisia, on the subject of "Bid Rigging in Public Procurement: Investigating Suspected Violations of Competition Law" on 25-26 June 2014. Nuno Bonfim participated on behalf of MIC. The purpose of the training was to assist MIC in implementing Mozambique's Competition Law and to contribute to discussion about public procurement in Mozambique by sharing knowledge among those involved in state acquisitions. The workshop sessions comprised a mix of presentations by well-known speakers on the topic, and breakout sessions focusing on case studies covering the following topics: Bid rigging and why it is illegal; Methods to detect cartel and bid rigging cases; Examples of bid rigging cases and the introduction of a fast track settlement process; Designing a government-wide program to fight bid rigging; Designing a procurement tender to minimize bid rigging, and; Detecting bid rigging in public procurement. The event included participants from the Tunisian Competition Council, representatives from Kenya, Gabon, Senegal, Morocco, Ethiopia, Togo, Mauritius, Mali, South Africa, France, The Republic of the Congo, The Gambia, Ivory Coast, Egypt, Benin, Guinea, Tunisia and Mozambique. Sessions were led and oriented by the OECD, and the Competition Commission of South Africa (CCSA).

Reporting back on the seminar Mr. Bonfim noted that the conference was particularly interesting due to the case studies used and the group work which focused on identifying anti-competitive behavior based on practical examples, as well as the opportunity to learn from government representatives from other jurisdictions who face a variety of challenges in this area. He noted the importance of ensuring that the authority responsible for overseeing competition legislation should work closely with those responsible for managing state tenders to enable the identification of instances of bid rigging and other forms of anti-competitive behavior.

**North Region Development Forum.** In order to promote a debate on issues pertaining the development of the northern region of the country (Provinces of Cabo Delgado, Niassa and Nampula), the Ministry of Planning and Development (MPD), through the Office of Accelerated Development Areas (GAZEDA - Gabinete das Zonas de Desenvolvimento Acelerado), in partnership with the University of Lurio (UNILURIO), organized the second North Region Development Forum. The forum took place on June 19<sup>th</sup> and 20<sup>th</sup>, in Sanga, Niassa and was attended by around 100 people from the public sector, private sector, civil society organizations and local communities. The topic for this forum was "Family Agriculture in the Economic Development Process in Mozambique" as it aimed at ensuring the identification of constraints to development and establishing the basis for leveraging the agricultural sector in the region.

Taking advantage of the quality of participants to this forum, SPEED made a presentation of the 2014 draft [New Alliance Annual Progress Report](#). The presentation was focused on the progress

made in implementation of the NA policy matrix. A special attention was given to *cessão de exploração*, illegal taxes, seeds, fertilizers and food fortification. Alongside with the SPEED presentation, there were other presentations on infrastructure development in the region (electricity, roads, railways), private sector experiences, as well as the experience from local communities in partnering with private sector. Based on the inputs received, SPEED updated the draft [New Alliance Annual Progress Report](#).

Given the importance of this event to the development of the region and of the country, SPEED provided financial support covering catering services, caps and t-shirts.

**Food Security and Nutrition MINAG meeting.** In June, the Ministry of Agriculture held in the VIII Technical Meeting of Agrarian Services (DNSA-RT), under the slogan "For Agricultural Productivity, Food Security and Wealth Generation". The objectives of the meeting were (i) to evaluate the performance of the agricultural sector during the last five years from 2010 to 2014; (ii) share with the different actors of the development programs of priority crops in terms of production and value chain; and (iii) share their operational implementation mechanisms in order to create safe conditions for achieving the goals set in set in the PEDSA / PNISA. 110 people attended the event, including members of MINAG at the central and district levels, other government officials, civil society and the private sector. USAID/SPEED attended the meeting to share experiences on advancements on reforms related to the New Alliance for Food Security and Nutrition.

**ANAC Biodiversity Science Conference.** The Government of Mozambique (GOM) has set aside large segments of the country as protected areas (PAs) in an attempt to conserve its natural heritage while promoting sustainable economic growth. Many of these are important sites of high biodiversity such as Gorongosa Mountain, Lake Niassa, the Quirimbas Archipelago, Monte Namuli, the Chimanimani Massif, and the newly created Primeiras e Segundas Marine Protected Area. According to national estimates, the country is home to more than 5,500 plant, 220 mammal, and 690 bird species, many of which are endemic. Mozambique includes 14 ecological regions, of which seven have global importance as per the WWF Global 200 Ecoregion list. As of 2012, six categories of PAs, covering approximately 159,126 Km<sup>2</sup>, represent approximately 20% of the country's total surface area.

Mozambique's low agricultural productivity, overfishing and high population growth rates have resulted in i) a rapid expansion of the agricultural frontier, ii) a decline in aquatic and marine resources, and iii) severe threats to PAs and ecosystem services. People have for many years been living inside park boundaries and freely exploit natural resources. Pressures on land and natural resource use have further intensified in recent years as the Mozambican economy continues to expand. Weak marine, forest, wildlife, and land use governance have been key contributors to deforestation, poaching, and habitat degradation. As forests are converted to other uses and wildlife populations reduced, demands on remaining natural areas and resources are escalating, creating an environment conducive of greater economic inequality and conflict over these limited wilderness areas. In this light, it is urgent to understand the current state of PAs in the country, determine immediate threats to their biodiversity, and find the best ways to reduce and mitigate these threats. Conservation science can play an essential role in this endeavor, and its findings should prove useful to policy makers and conservation practitioners.

In this context, ANAC, with strong support from the Office of Agriculture, Trade and Business (ATB) at USAID hosted a workshop on “Conservation Science in Mozambique”. The workshop aims were to (i) convene scientists, university faculty, graduate and undergraduate students, the Government of Mozambique, and Non-Governmental Organizations (NGOs) undertaking or interested in conservation science in the country; (ii) serve as a venue for investigators to present their latest research; (iii) identify lessons learned and share best practices from current and past research aimed at improving our understanding of biodiversity, ecosystems, ecosystem services, population dynamics, community relations, and human-wildlife conflict; (iv) help ANAC define a National conservation research agenda that can inform policy and park management, and (v) prioritize research projects for which findings are urgently needed. Individuals of any nationality working on terrestrial, fresh water and marine ecosystems are invited. Areas of interest include conservation science, biodiversity (genes, species, ecosystems), ecology, evolution, population dynamics, population genetics, behavioral ecology, social sciences, wildlife veterinary medicine, biogeography, anthropology, hydrology, and any other relevant subjects.

The conference was held on 21-22 April, 2014. It brought together more than 100 colleagues and provided a rich base of scientific research upon which to build a new strategy for Mozambique. SPEED will continue to work with ANAC to incorporate these and other inputs into its strategy, likely by supporting a senior technical advisor as well as providing assistance on developing the ANAC strategic work plan.

## MANAGEMENT AND ADMINISTRATION

### Staff movements

During the fiscal year, SPEED welcomed three new technical staff members: Domingos Mazivila, Carlos Matos, and Dorival Bettencourt. On the operations side, SPEED welcomed Isadora Conceicao and Deizy Benesse, while Sheila Amaro was promoted to Procurement Officer.

### Staff procurement training in Kenya

**Context.** In order to more effectively manage field procurement, DAI projects need a robust, comprehensive, and multidimensional approach to providing support to technical objectives. The timely delivery of best value products or services to the project and its beneficiaries is essential to the success of DAI’s development work. The project must also conduct these procurements in a manner that fulfills the compliance requirements of the contract. In that perspective, DAI provides training opportunities to promote and support the career development of its employees, consistent with organizational needs, in order to improve individual and organizational performance, increase efficiency and economy, and build and retain a skilled workforce capable of achieving the project’s mission and performance goals. They also support the DAI’s core values of teamwork and participation; valuing diversity; customer service; results management; and empowerment and accountability.

DAI uses a range of training options to meet its mission-related individual and organizational training and development needs. These options include classroom training, distance learning, employee self-development activities, coaching, mentoring, competency-based training, career counseling, details, rotational assignments, cross training, developmental workshops, and conferences.

This year DAI has developed and is rolling out to all of its projects around the world a 4 day field procurement management training program that gives current projects more effective tools to manage their daily procurement challenges, whether their procurements are programmatic, in support of a grant or procurement fund, or simply operational.

**This year.** Two SPEED admin staff members participated at the Field Procurement Training which took place in Nairobi, with an audience of almost 35 DAI Field staff from Kenya, Somaliland and Mozambique on the following topics: Introduce new Procurement Procedures; Procurement Procedures Structure; Procurement Lifecycle - Technical Road Map; Procurement Planning; Principles and Ethics in Procurement; Internal Controls; Approvals, Waivers, Source & Nationality Requirements; Tender Document Preparation; Conduct efficient cost and financial risk analysis; Procurement Closeout and Auditing.

### **Results.**

- Increased the project's understanding of managing procurement in the field
- Increased compliance;
- Provided to the projects tools needed for procurement solutions to complex technical problems;
- Improved planning, teamwork, and shared responsibility between the technical and procurements teams;
- Improved the working relationship and create proactive procurements between the Procurement and Technical teams to increase efficiencies on procurement requisitions.

**Next steps:** Adopt and institutionalize the reforms and procurement best practices covered in the trainings; utilize the DAI procurement templates and forms consistently and compliantly.

## **SPEED gender story**

**Context.** USAID/SPEED initiated an analysis of the successes to date on gender issues with the goal of increasing sensitivity of gender issues amongst staff and partners, highlighting areas where SPEED's work has already had impacts on women, identifying how gender equality can be further promoted in SPEED activities in its short life span of seven months, and recommending priority areas, specific to gender, for projects following SPEED.

A frequent refrain from stakeholders was that policy does not have a gender goal, policy is gender neutral or policy is not gender aware. Interviews changed this premise from a gender blind or gender-neutral attitude to a new awareness that gender has, in fact, an impact at every level of policy making.

**This year.** A technical team composed of an international consultant, a local consultant and a local facilitator worked to identify and bring to light gender dimensions within SPEED and its partners.

Individual interviews were conducted in person and via Skype with a wide range of SPEED stakeholders, Ministerial representatives and technical experts. These interviews were conducted with men and women, and specifically included representatives of implementing organizations such as AWEF, CTA, FEMME, and numerous other stakeholders, whose experience and perspectives contribute to the understanding of the current status of women in Mozambique. A [report](#) was produced and is available on the SPEED [website](#).

**Results.** The assessment found that SPEED's work had already achieved some significant gender impacts. Through the support SPEED has lent to the Ministry of Agriculture in disseminating information against illegal taxes, SPEED has had a positive gender impact as the largely-woman dominated sector of informal traders were better informed on the due process when bringing in goods into the country. With SPEED's support in the automation of civil services in the country, we have seen a significant increase in female property owners as well as heads of businesses as the process of registering has become more centralized making it less time consuming. Further gender impacts were noticed across the board as all SPEED technical teams carried out their respective projects with particular consideration to the differing barriers to men and women.

**Next Steps.** SPEED will continue to focus on the gender dimension of its programming and will prioritize activities with this in mind. In addition, it is hoped that USAID will incorporate some of the suggestions on gender impact into the follow-on project to SPEED.

## **SPEED Impact Framework**

**Context/this year.** SPEED is required to report on impact of project activities to USAID. Under USAID's results framework, each year SPEED is required to report on SPEED-support activities that result in: (1) a cost savings to the private sector and (2) jobs created. These are particularly challenging indicators to track for a policy project. SPEED developed a paper that describes four draft frameworks and logic chains for estimating the monetary benefits for the following selected business environment reforms supported by the project: reduced time to pay taxes; reduced fees at the Nacala Dry Port; elimination of illegal payments; and issuance of VAT receipts in the agriculture sector. The draft framework incorporates and builds on previous work done by SPEED (Bolnick and Roberts, 2011; Garcia, 2008) and attempts to set out the frameworks for conducting the analysis.

**Results/Next steps.** A clearer framework now exists, but the key reforms have not yet been implemented by the GOM. Once a verifiable change has taken place for each of the activities with support from SPEED, data will need to be collected and inserted into the framework so the analysis can be applied.

## **USAID RIG audit and external evaluation**

**Context/this year.** USAID conducts periodic financial and performance audits of its programs and individual projects. These audits are carried out by Regional Inspector Generals' (RIG's)

Offices. The Pretoria RIG office launched a performance audit of USAID's Agriculture, Trade and Business office in Mozambique, and selected SPEED as one of three projects to examine as part of that audit. The SPEED team spent considerable time with the team and accompanied auditors to various stakeholder meetings. At the same time, USAID/Mozambique contracted Flag International to conduct an independent evaluation of SPEED, with an eye toward learning lessons that could be applied to the next phase of USAID's support to improving the business environment.

**Results/next steps.** The results of both exercises are still being finalized, but have reportedly been favorable to SPEED. These exercises should be useful in informing the Mission on key elements to consider in the design on the next business environment project.

## USAID/SPEED strategy workshop

**Context/this year.** Given the anticipated scale-up of the SPEED project driven by the expected extension and extra resources, combined with an increased focus on New Alliance and Feed the Future programs on USAID's side, a strategy alignment workshop was held in March 2014. USAID ATB and DG leadership attended, along with SPEED COP and DCOP. The purpose was to identify top priority outcomes for SPEED's final year of activities.

**Results/next steps.** The group members converged around five primary outcomes it would like to jointly achieve over CY 2014. These include: 1) [\*Doing Business\*](#) ranking improved (perhaps to the 125th position?); 2) Multi-stakeholder Dialogue Platform established in Cabo Delgado; 3) significant progress made on New Alliance policy matrix (includes issues of private sector engagement, transparency of process and results, etc.); 4) ANAC positioned / capable of fulfilling its role; 5) public participation law passed by Parliament. SPEED has made significant inroads on all five objectives.

## IPEME local currency funds

**Context.** Mozambique's SME promotion institute, IPEME, received \$1.5 million from USAID in local currency funds generated from various USAID-funded activities in the past. The funds were disbursed to support a multi-year program of IPEME activities with SMEs. However IPEME's concerns about government management of the funds led them to ask SPEED to manage the funds on their behalf. SPEED drafted and signed an MOU with IPEME to outline objectives, roles and responsibilities, and has completed a parallel contract to manage these funds.

**This year.** SPEED worked with IPEME staff on the procurement process for the following activities:

- Study on Niche urban and rural businesses
- develop the IPEME Data Base,
- Selection of the Infrastructure Procurement Specialist
- International Exhibition of Packaging and Printing
- Hiring the consultancy firm to design the project for rehabilitation of Quelimane Business Orientation Center (CORE);

- Hiring the consultancy firm to undertake the supervision of construction of Machava Business Orientation Center (CORE).

Additionally, SPEED convened a planning and evaluation meeting with IPEME staff to discuss the implementation of IPEME's 2013 plan of activities, and also to discuss the plans for 2014.

SPEED spent so far around \$250,000 up to September 2014. The activities with significant financial impact are expected to initiate next quarter. Most importantly, the construction of Machava Business Orientation Center (CORE), with estimated cost of \$750,000, will absorb much of the outstanding balance of these funds. Other significant activities already initiated are the rehabilitation of Quelimane Business Orientation Center, development of the IPEME Data Base and the Infrastructure Procurement Specialist which the estimated total combined cost is around \$300,000.

**Results.** The two major procurement processes completed during this most recent quarter are the hiring of a consulting firm to develop the IPEME Data Base, procurement for the International Exhibition of Packaging and Printing held in June 2014 and the hiring of an Infrastructure Procurement Specialist who will oversee and manage the coordination with the IPEME procurement of design and construction services.

**Next steps.** SPEED will continue work with IPEME to implement the current workplan, assuring the timely and quality deliverables. The main focus next financial year will be the construction of both Quelimane and Machava Business Orientation Center (CORE). It is expected that the remaining funds will be exhausted by February 2015.

## Social media and communications

**Context:** Effective communication is critical for the implementation of policy reforms. Experience has shown that policy reform acceptance, adoption and implementation requires support and buy-in by key stakeholders, and in many cases strategic communication has been the missing link to support adoption and implementation of policy economic reforms.

Mozambique has been undertaking reforms to improve business environment and a variety of strategies and institutional structures are related to the reform agenda. However, adoption and implementation of reforms have been slow and few real improvements have been realized so far. Part of the reason for this derives from access to information.

SPEED believes that communication will contribute to policy reform adoption and implementation in Mozambique, and a more strategic approach to communication will improve understanding among key decision makers of the need for reforms, clarify paths to reform (solutions and processes), and increase "pressure" from various stakeholders and decision makers to advance the reform process.

In this context in 2013 a Communication Strategy for Policy Change (C4PC) was developed to engage stakeholders and empower them with the types of information necessary to be aware of the likely impacts and trade-offs arising from the resource boom.

In order to maximize the benefits of SPEED's and its partners' work and to ensure regular engagement with a wide variety of potential stakeholders the Program determined in 2013 that it was necessary to increase levels of communication.

Most of the work which SPEED undertakes is documented on the Program's web site. However social media can be used to drive more people to the site with a view to them accessing the documents there and taking part in discussions around economic policy issues affecting Mozambique. Social media is becoming increasingly important as a form of communication and discussion in Mozambique.

SPEED has a FaceBook page, and LinkedIn and Twitter accounts as well as its [website](#) which includes [blogs](#). Using social media to drive interested parties to the web site, regularly publishing new materials and opinion pieces in the form of reports produced but also blogs by SPEED staff and other contributors serves to increase interest in the work which SPEED and its partners are doing. Use of social media encourages a two-way dialogue which benefits the Program by ensuring access to a variety of opinions on key topics.

Social media allows the Program to engage with a demographic comprising younger people and those with access to the internet (usually the employed) in order to provide input about key policy issues in line with the objectives of C4PC.

**This year.** SPEED has actively engaged with social media (FaceBook, LinkedIn and to a limited extent, Twitter) to disseminate information about policy change issues. SPEED staff and others have contributed a series of blogs which are regularly uploaded onto the Program's web site. Social media is then used to "drive" interested parties to the site where they can access documents around relevant policy issues which are under discussion, either within the Program and among stakeholders, or in national media. Social media is also used to highlight policy related events being undertaken by Program partners.

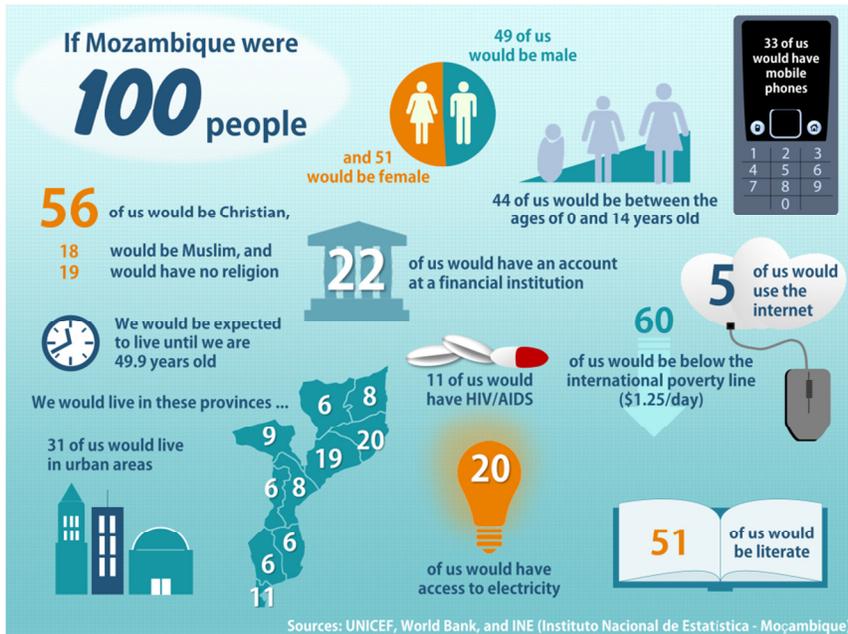
To increase discussion and debate around agriculture and the resource boom, SPEED undertaking an agriculture media project in partnership with CTA and Soico. This project will be directly linked to the Program's web site and social media.

The Program has begun developing a compilation book of relevant documents generated during the life of SPEED and related to competitiveness and the resource boom. The book will be widely disseminated and distributed to increase access to information thus promoting informed debate.

SPEED is working with a content development company to increase the number of blogs and opinion pieces available for posting with a view to disseminating information about reports published and events through social media channels. Information dissemination on FaceBook was augmented by "boosting" posts to maximize exposure of key pieces of information.

SPEED has submitted a series of "Success Stories" to USAID. One is available [here](#) and was also blogged about [here](#). Another seven are pending approval or completion.

To further foment debate around key issues the Program developed info-graphics which have been shared through social media, an example is:



**Results.** SPEED now has 5,118 followers on FaceBook, 376 on LinkedIn and 46 followers on Twitter. The main focus of the Program’s social media activities has been FaceBook since this is the most commonly used by Mozambicans. On Facebook up to 44,000 people saw posts with posts related to blogs generally averaging around 10,000 views by the end of this reporting period.

The following shows the net number of likes for the reporting period:



And the following illustrates that despite the rapid growth in followers the page continues to depend on paid advertising to attract attention:



The majority of followers come from Mozambique, followed by Angola and Brazil, with the majority of Mozambican followers being based in Maputo.

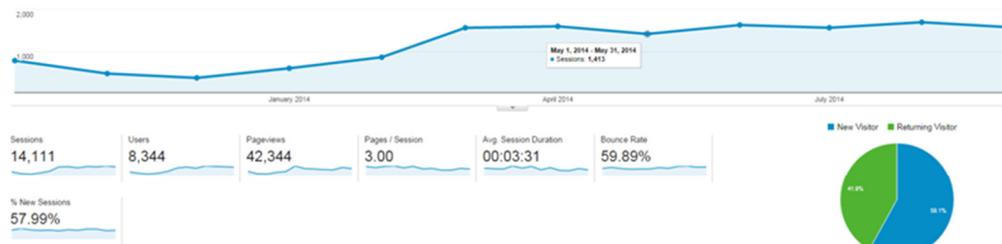
Use of social media is beginning to convert into people visiting the SPEED site as the following table shows:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2012</b>										4,895	2,895	1,162	8,952
<b>2013</b>	1,731	2,682	2,491	2,574	1,886	1,340	2,496	2,184	1,792	2,767	1,725	1,390	25,058
<b>2014</b>	2,081	2,660	4,827	4,686	4,193	4,003	3,956	4,961	4,255				35,622

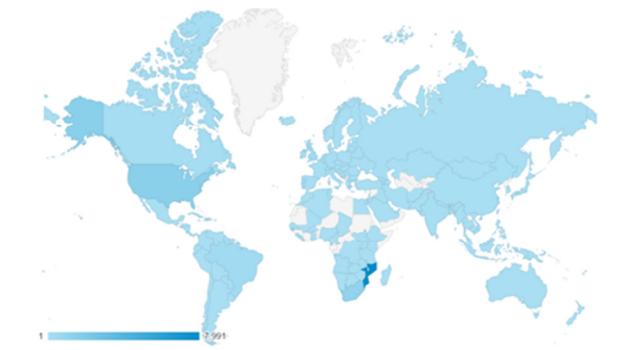
The average number of visits to the site per day in 2014 is 131, however if on a given day around 10,000 people have seen a link to a blog on Facebook the conversion rate is not yet sufficiently high.

The following shows the overall increase in visits to the site since it has been promoted on social media. 58.1% of visitors are new while 41.9% are returning visitors, which is a good sign of regular use of the site. The majority of users enter through the home page, while the second most frequent entry point is “opportunities” on which we publish tenders. This is followed by entry visits specifically to blogs which have been promoted on social media.

The average number of pages visited per session is 3 with an average of 4 minutes spent by Mozambican visitors and 5 minutes by visitors from South Africa on the site.



The web site’s geographical reach is mainly focussed on Mozambique:



61% of visitors are aged between 18-34 years

**Gender.** On FaceBook as a whole 46% of users are women, and on SPEED's page only 45% are.

**Next steps:** SPEED will continue to combine blogging with social media and monitor results to determine which methods of communication are effective. This will be particularly important during the roll out of agribusiness competitiveness media project and launch of the compilation book. The aim will be to convert the interest at social media level into engagement with the web site to drive more substantive interaction. Improved data will be required to achieve this.

## ANNEX 1: CAPACITY-BUILDING ACTIVITIES AND OUTREACH

	Date	Activity	Venue	Client		Participants		Subtotal	
				Institution	Category	M	F		
FY 2014 Q1	16-Oct-13	Local Content	Hotel Avenida	CTA	PS, CSO	75	21	96	
	22-Oct-13	PTF Transit within Janela Unica meeting	Customs Office, Maputo	Tax Authority	PS, CSO	23	11	34	
	23-Oct-13	PTF Transit within Janela Unica meeting	Ressano Garcia, Maputo	Tax Authority	PS, CSO	28	1	29	
	25-Oct-13	PTF Transit within Janela Unica meeting	Hotel Tivoli, Beira	Tax Authority	PS, CSO	17	3	20	
	30-Oct-13	PTF Transit within Janela Unica meeting	Cuchamano, Manica	Tax Authority	PS, CSO	22	2	24	
	31-Oct-13	PTF Transit within Janela Unica meeting	Zobue, Tete	Tax Authority	PS, CSO	35	3	38	
	1-Nov-13	PTF Transit within Janela Unica meeting	Colomue, Tete	Tax Authority	PS, CSO	29	7	36	
	4-Nov-13	PTF Transit within Janela Unica meeting	Nacala-Porto, Nampula	Tax Authority	PS, CSO	40	7	47	
	6-Nov-13	PTF Transit within Janela Unica meeting	Hotel Chiwindi, Lichinga	Tax Authority	PS, CSO	28	4	32	
	7-Nov-13	PTF Transit within Janela Unica meeting	Cuamba, Niassa	Tax Authority	PS, CSO	27	3	30	
	22 & 23-Nov-13	National Entrepreneur Fair	Centro C. Joaquim Chissano, Maputo	ANJ	PS, CSO	689	111	800	
	4-Dec-13	Dissimination of Insolvency Legislation	Raibow Hotel, Beira	MOJ	PS, CSO	20	2	22	
	6-Dec-13	New Faces New Voices	Centro Cultural do BM	ICC	PS, CSO	50	121	171	
	5 & 6 -Dec-13	Training of Judges	Raibow Hotel, Beira	MOJ	PS, CSO	15	1	16	
	11-Dec-13	Dissimination of Insolvency Legislation	Hotel Executivo, Nampula	MOJ	PS, CSO	29	6	35	
	12 & 13 -Dec-13	Training of Judges	Hotel Executivo, Nampula	MOJ	PS, CSO	10	3	13	
	17-Dec-13	Dissimination of Insolvency Legislation	Hotel Avenida, Maputo	MOJ	PS, CSO	23	7	30	
	18 & 19 Dec-13	Training of Judges	Hotel Avenida, maputo	SPEED	PS, CSO	13	3	16	
			Subtotal Q1				1,173	316	1,489

		Subtotal (cumulative)				1,173	316	1,489
FY 2014 Q2	12-Feb-14	Web Design Training	Tax Authority office	Tax Authority	PS, CSO	6	3	9
	20-Feb-14	MOU Signature Public Participation	Afrin Prestige Hotel	CTA	PS, CSO	23	9	32
	20-Mar-14	Open Skies	Radisson Blue Hotel	CTA	PS, CSO	56	12	68
	26-Mar-14	Dialogue Public Reform	VIP Hotel	CTA	PS, CSO	21	7	28
		Subtotal Q2				106	31	137
		Subtotal (cumulative)				1,279	347	1,626
FY 2014 Q3	21 & 22 -April-14	ANAC Workshop	Radisson Blue Hotel, Maputo	MITUR		96	27	123
	25-Apr-14	National Seed Platform	Cardoso Hotel, Maputo			84	33	117
	29-Apr-14	Incentive the Formalization of the Informal sector	Radisson Blue Hotel, Maputo	CTA		26	6	32
	19, 20 & 21 - May -14	Training About Webmasters	Instituto de Financas Publicas e Formacao Tributaria	AT		4	1	5
	26, 27 & 28 - May -14	Training of District Administrators and Technicians on DUAT	Pensao Martins, Maputo	MINAG		13	10	23
	27-May-14	Economic Impact of the Conflict on Mozambique in the Value Chain of the Tourism Sector	VIP Hotel, Maputo	ACIS		16	4	20
	2 & 4 -June-14	Training of District Administrators and Technicians on DUAT	Girassol Hotel, Lichinga	MINAG		16	4	20
	2 & 4 -June-14	Training of District Administrators and Technicians on DUAT	Golden Peacock Hotel, Beira	MINAG		31	6	37
	16-Jun-14	Revision and Comparative Analysis of Non-intrusive Inspections in Mozambique	VIP Hotel, Maputo	AT/ CTA		36	5	41
	19-Jun-14	Revision and Comparative Analysis of Non-intrusive Inspections in Mozambique	Autoridade Tributaria, Nacala	AT/ CTA		46	4	50
	19 & 20 -June-14	North Region Deveopment Forum	Unilurio Campus, Sanga, Niassa	MPD/UNILURIO		58	31	89
	23-Jun-14	Revision and Comparative Analysis of Non-intrusive Inspections in Mozambique	Radisson Blue Hotel, Maputo	AT/ CTA		31	11	42
		Subtotal Q3				457	142	599

		Subtotal (cumulative)				1,736	489	2,225
FY 2014 Q4	2-Jul-14	Press Briefing	VIP Hotel, Maputo	SPEED		5	1	6
	2 & 3 -July-14	EDBI Conference	Indy Village Hotel, Maputo	MIC		105	27	132
	15-Jul-14	Seminary of the launch of national platform of dialogue and promotion of use of fertilizers	Hotel Tivoli, Beira	CTA		87	18	105
	25-Jul-14	Project about the public participation law	Kaya Kwanga, Maputo	CTA		6	5	11
	28-Jul-14	New Alliance for food and nutritional security presentation of the report of progress in 2014	Kaya Kwanga, Maputo	MINAG		18	7	25
	31-Jul-14	The involvement of the state in the business environment	Hotel VIP, Maputo	CTA		28	13	41
	5-Aug-14	Natural Resource Boom: What Potential Impacts for Mozambique Agriculture	Hotel Avenida, Maputo	CTA		4	4	8
	6-Aug-14	Launch AT Website	Hotel VIP, Maputo	AT		74	22	96
	21-Aug-14	Pre-Shipment Inspection in Mozambique	Radisson Blu, Maputo	CTA		44	10	54
	25-Aug-14	Pre-Shipment Inspection in Mozambique	Hotel Tivoli, Beira	CTA		14	4	18
	28-Aug-14	Pre-Shipment Inspection in Mozambique	Autoridade Tributaria, Nacala	CTA		21	3	24
	9-Sep-14	Seminar on Consultation on the proposal for a regulation of the land law for Cessao de Exploracao	Hotel Milenio, Nampula	CTA		8	2	10
	10-Sep-14	Seminar on Consultation on the proposal for a regulation of the land law for Cessao de Exploracao	Hotel Amirana, Chimoio	CTA		12	8	20
	11-Sep-14	Seminar on Consultation on the proposal for a regulation of the land law for Cessao de Exploracao	Hotel VIP, Maputo	CTA		36	5	41
	12-Sep-14	Business Advisory Working Group	Indy Village Hotel, Maputo			25	3	28
	18-Sep-14	Tourism in Mozambique with the growth of natural resources: Potential Macroeconomic Impact	Hotel VIP, Maputo	CTA		65	10	75
	30-Sep-14	Mobile Monday (Momo) Event	Hotel VIP, Maputo	USAID SPEED				28

					23	5	
	2-Oct-14	Update on meeting programmatic initiative healthy and sustainable coast	Hotel VIP, Maputo	IUCN	22	19	41
		Subtotal Q4			597	166	763
		Total Annual			2,333	655	2,988

## ANNEX 2: LIST OF DOCUMENTS PUBLISHED IN FY2013

<b>No</b>	<b>Reports</b>			
1	2013/10/06	<u>Mozambique Mining and Petroleum Draft Tax Laws</u>	Prof. Richard Westin	English / Portuguese
2	2013/10/15	<u>Policy Options for Local Content in Mozambique</u>	Zachary Kaplan	English / Portuguese
3	2013/12/06	<u>Competitiveness in light of Mozambique's resource boom</u>	J.E. AUSTIN ASSOCIATES, INC.	English / Portuguese
4	2014/01/01	<u>Non Fiscal Barriers to Agriculture in Mozambique</u>	Hipolito Hamela / Tomas Manhicane Jr	English / Portuguese
5	2014/01/24	<u>Industrial Policy for Mozambique</u>	Ashok Menon	English / Portuguese
6	2014/02/28	<u>Agriculture, Food Security and Nutrition Law</u>	Kym Anderson and Associates	English
7	2014/03/20	<u>Open Skies — Air Travel Liberalization in Mozambique</u>	Rafael Enriquez	English / Portuguese
8	2014/03/23	<u>Evolution of the Business Environment in Mozambique 1996 – 2013</u>		English / Portuguese
9	2014/05/05	<u>Selected Trade Issues for Mozambique in 2014</u>	Ashok Menon	English / Portuguese
10	2014/23/06	<u>Mozambique Labor Markets in the Face of a Natural Resource boom</u>	Lynne Slinger and Caroline Ennis	English

11	2014/06/24	<u>Conservation</u>		Portuguese
12	2014/07/01	<u>SPEED Gender Integration</u>		English
13	2014/07/10	<u>Impact Evaluation of Nacala Special Exports Terminal (TEEN)</u>		Portuguese
14	2014/07/17	<u>Land: The Role of “Cessão de Exploração”</u>	Ian Rose	English / Portuguese
15	2014/07/22	<u>Public Participation in Policy making</u>	Sal and Caldiera	Portuguese
16	2014/08/22	<u>Migration Strategy from PSI into a Risk Based Inspection</u>	Andrew Allan	English / Portuguese
17	2014/09/15	<u>Mozambique’s tourism sector in the light of the natural resource boom</u>	Miguel Baca, Luke Kozumbo and Luis Sarmento	English / Portuguese

	<b>Presentations</b>			
1	2013/10/06	<u>Mozambique Mining and Petroleum Draft Tax Laws</u>	António S. Franco,	English / Portuguese
2	2013/10/15	<u>Policy Options for Local Content in Mozambique</u>	Zachary Kaplan	English / Portuguese
3	2014/01/01	<u>Non Fiscal Barriers to Agriculture in Mozambique</u>	Hipolito Hamela / Tomas Manhicane Jr	English / Portuguese
4	2014/02/28	<u>Agriculture, Food Security and Nutrition Law</u>	Kym Anderson and Associates	English
5	2014/03/20	<u>Open Skies — Air Travel Liberalization in Mozambique</u>	Rafael Enriquez	English / Portuguese

6	2014/03/20	<a href="#">Open Skies — Air Travel Liberalization in Mozambique</a>	Rafael Enriquez	English / Portuguese
7	2014/03/23	<a href="#">Evolution of the Business Environment in Mozambique 1996 – 2013</a>		English / Portuguese
8	2014/28/05	<a href="#">Economic Cost of renewed Conflict on the Mozambican Tourism Sector</a>	Ema Batey	English

9	2014/23/06	<a href="#">Mozambican Labor Markets in the Face of a Natural Resource Boom PT</a>	Lynne Slinger and Caroline Ennis	English / Portuguese
10	2014/09/15	<a href="#">Mozambique’s tourism sector in the light of the natural resource boom</a>	Miguel Baca, Luke Kozumbo and Luis Sarmiento	English / Portuguese
	<b>Notes</b>			
1	2013/11/06	Impact Assessment of Construction permit reforms	Horácio Morgado	English / Portuguese
2	2013/11/06	<a href="#">Estimating the Monetary Benefits of selected SPEED Activities</a>		English / Portuguese
3	2014/02/28	<a href="#">Agriculture, Food Security and Nutrition Law</a>	Kym Anderson and Associates	English
4	2014/03/20	<a href="#">Open Skies — Air Travel Liberalization in Mozambique</a>	Rafael Enriquez	English / Portuguese

5	2014/02/06	Cost of Conflict on Tourism Sector in Mozambique Study Background Information and Approach to modeling	Ema Batey	English / Portuguese
6	2014/09/06	<u>Analysis of Proposed Regulation on “Cessão de Exploração”</u>	Ian M Rose	English
	<b><u>Blogs</u></b>			
1	2014/01/09	<u>Liberalização do espaço aéreo em Moçambique</u>	<u>Eduardo Sengo</u>	Portuguese
2	2014/01/09	<u>Progresso na reforma do ambiente de negócios – Será que fizemos o suficiente?</u>	<u>Carrie Davies</u>	Portuguese
3	2014/01/16	<u>Existirá uma razão para a promoção da Inclusão Financeira da Mulher em Moçambique?</u>	<u>Henriqueta Hunguana</u>	Portuguese
4	2014/01/24	<u>Terminal Especial de Exportações de Nacala! Deseconomia de Escala ou Baixa Competitividade das Exportações?</u>	<u>Tomas Manhicane Jr</u>	Portuguese
5	2014/01/30	<u>Quando 1 +1= 4! Qual é o “Moto” da Nova Aliança para a Segurança Alimentar e Nutricional?</u>	<u>Tomas Manhicane Jr</u>	Portuguese
6	2014/02/06	<u>Porquê a participação pública no processo legislativo é importante?</u>	<u>Carrie Davies</u>	Portuguese

7	2014/02/06	<u>Trânsito Aduaneiro através da Janela Única: Uma solução para o Sector Privado?</u>	<u>Horacio Morgado</u>	Portuguese
8	2014/02/06	<u>Em Busca da Concorrência Perfeita em Moçambique! O que é possível?</u>	<u>Tomas Manhicane Jr</u>	Portuguese
9	2014/02/18	<u>DIAS DE TOLERÂNCIA: UMA CONTRAPRUDÊNCIA ABSOLUTA!</u>	<u>Eduardo Sengo</u>	Portuguese
10	2014/03/06	<u>Porquê a lei de insolvência é essencial para melhorar o acesso ao crédito e o ambiente de negócios</u>	<u>Horacio Morgado</u>	Portuguese
11	2014/03/11	<u>Taxas Ilegais na Economia Agrária de Moçambique: Da Informalidade a Ilegalidade!</u>	<u>Tomas Manhicane Jr</u>	Portuguese
12	2014/03/20	<u>Sobre a recente avaliação de rating pela Standard &amp; Poor's</u>	<u>Eduardo Sengo</u>	Portuguese
13	2014/03/25	<u>Resource boom trajectory in Mozambique: What can be learnt from the others?</u>	<u>Domingos Mazivila,</u>	English
14	2014/03/28	<u>Algumas sugestões em prol da liberalização do espaço aéreo em Moçambique</u>	<u>Domingos Mazivila</u>	Portuguese
15	2014/03/27	<u>Progresso na reforma do ambiente de negócios – Será que fizemos o suficiente?</u>		
16	2014/03/29	<u>Mozambique's Real Estate Market "Bubble", a Real Cause of Concern.</u>	<u>Carlos Matos</u>	English

17	2014/03/30	<u>New Alliance – Much left to do to realize its full potential</u>	<u>Carrie Davies</u>	English / Portuguese
18	2014/04/02	<u>The New Alliance for Food Security and Nutrition and The Mozambique Commodity Exchange Two Methods To Combat The Natural Resource Curse</u>	<u>Carlos Matos</u>	English
19	2014/04/10	<u>Terminal Especial de Exportações de Nacala! Deseconomia de Escala ou Baixa Competitividade das Exportações?</u>	<u>Tomas Manhicane Jr</u>	Portuguese
20	2014/04/11	<u>Inspeção não intrusiva – aumentar a eficiência, mantendo a segurança?</u>	<u>Horacio Morgado</u>	Portuguese
21	2014/04/16	<u>Impactos económicos potenciais do anteprojecto de lei sobre a agricultura, a segurança alimentar e nutricional</u>	<u>Carrie Davies,</u>	Portuguese
22	2014/04/16	<u>O Custo Económico de Tolerâncias de Ponto</u>	<u>Carrie Davies,</u>	Portuguese
23	2014/04/16	<u>Grande crise de energia no centro de Moçambique – que custo a economia?</u>	<u>Carrie Davies,</u>	Portuguese
24	2014/04/23	<u>Emprego de estrangeiros – uma oportunidade ou uma ameaça?</u>	<u>Carrie Davies</u>	Portuguese
25	2014/04/24	<u>Ainda sobre as tolerâncias de ponto: Será a próxima sexta-feira 02 de Maio mais uma contra-produção?</u>	<u>Carlos Matos / Domingos Mazivila</u>	Portuguese

26	2014/04/30	<u>Vantagem Comparativa vs Vantagem Competitiva – qual é a diferença?</u>	<u>Carrie Davies</u> ,	Portuguese
27	2014/05/12	<u>Will the renewed conflict overshadow the known systemic challenges of the uncompetitive tourism sector?</u>	<u>Domingos Mazivila</u>	English
28	2014/05/29	<u>Production and Productivity Gains of Adoption of Agricultural Technologies – Increased Fertilizer Usage.</u>	<u>Carlos Matos</u>	English
29	2014/05/29	<u>Is Mozambique’s tourism sector dying?</u>	<u>Carrie Davies</u>	English
30	2014/06/03	<u>O papel do Banco Central na promoção do emprego: que arranjos no Quadro Operacional de Política Monetária?</u>	<u>Eduardo Sengo</u>	Portuguese
31	2014/06/10	<u>Melhorando a posição de Moçambique nos indicadores de Doing Buisness – identificando reformas que teriam o melhor impacto</u>	<u>Horacio Morgado</u>	Portuguese
32	2014/06/11	<u>Não há fumo sem fogo: O transporte aéreo em Moçambique está ou não está liberalizado?</u>	<u>Domingos Mazivila</u>	Portuguese
33	2014/06/12	<u>Cessão de Exploração – taking best advantage of a major opportunity</u>	<u>Carrie Davies</u>	English / Portuguese
34	2014/06/19	<u>Food fortification – taking measures without</u>	<u>Carrie Davies</u>	English / Portuguese

		<u>consultation could result in increased prices</u>		
35	2014/06/23	<u>Mozambique's labour competitiveness – why we need an urgent policy response</u>	<u>Carrie Davies</u>	English / Portuguese
36	2014/06/26	<u>Three days in Angola – From an Economic perspective</u>	<u>Carlos Matos</u>	English
37	2014/07/02	<u>A story about red socks (subtitled – the importance of consultation in law making)</u>	<u>Carrie Davies</u>	English / Portuguese
38	2014/07/03	<u>Simplificando os procedimentos para pagamento de impostos – e-tributação</u>	<u>Horacio Morgado</u>	Portuguese
39	2014/07/08	<u>O Teorema das Distorções e Ilegalidades! TEEN as Duas faces da Mesma Moeda?</u>	<u>Tomas Manhican Jr</u>	Portuguese
40	2014/07/17	<u>Quanto é que Moçambique está perder por causa de má faturação?</u>	<u>Carrie Davies</u>	English / Portuguese
41	2014/07/22	<u>Procedimentos para o registo de propriedade – comparando a Moçambique com a região e o mundo</u>	<u>Horacio Morgado</u>	Portuguese
42	2014/07/24	<u>Why are prices in Mozambique's main markets so different from those across the border?</u>	<u>Domingos Mazivila</u>	English / Portuguese
43	2014/07/29	<u>Role of the State in Business in Mozambique</u>	Elin Cohen, Thomas	English

			Selemane and Mariam Umarji	
44	2014/08/06	<a href="#">Why CITES Compliance is important for Mozambique</a>	<a href="#">Carrie Davies</a>	English / Portuguese
45	2014/08/08	<a href="#">Carta Aberta ao Indomável Mr. Scanner: Mais de 8 anos na Corda Bamba entre a Segurança Internacional e a Competitividade Nacional</a>	<a href="#">Tomas Manhicané Jr</a>	Portuguese
46	2014/08/11	<a href="#">Crise de Energia Eléctrica no Sul do País: da “Poeira” aos Factos</a>	<a href="#">Rosario Marapusse</a>	Portuguese
47	2014/08/14	<a href="#">Reembolso do IVA – a decisão de não pagar é ruim para o Sector Privado</a>	<a href="#">Carrie Davies</a>	English / Portuguese
48	2014/08/18	<a href="#">New tourism development strategy – will it solve the sector’s problems?</a>	<a href="#">Carrie Davies</a>	English / Portuguese
49	2014/08/19	<a href="#">Fortificação de alimentos: (In)eficácia do “novo” regulamento</a>	<a href="#">Rosario Marapusse</a>	Portuguese
50	2014/08/19	<a href="#">Give me the Land, and I will do the rest? Not quite.</a>	<a href="#">Honorata Sulila</a>	English / Portuguese
51	2014/08/19	<a href="#">Scanners: Legal and comparative analysis of non-Intrusive inspection</a>	Sal and Calderia & Mb Consulting	English / Portuguese
52	2014/08/20	<a href="#">Mozambique’s Coming Natural Resource Boom</a>	Various	English / Portuguese
53	2014/08/22	<a href="#">The new Petroleum Law – is it a move forwards?</a>	Carrie Davies	English
54	2014/08/26	<a href="#">Quando as boas intenções produzem barreiras localizadas ao comércio.</a>	<a href="#">Domingos Mazivila</a>	English / Portuguese

55	2014/08/27	<a href="#">Confronting the issues over gas: two steps forward and one step back</a>	Club of Mozambique	English
56	2014/08/27	<a href="#">Mozambique Economy 2014: Recent Developments and Prospects</a>	<a href="#">Club of Mozambique</a>	English
57	2014/09/04	<a href="#">Slicing the pie</a>	<a href="#">Dorival Bettencourt,</a>	English
58	2014/09/04	<a href="#">Iniciando um negócio – introdução dum Formulário Único a acelerar e facilitar registo e licenciamento</a>	<a href="#">Horacio Morgado</a>	Portuguese
59	2014/09/09	<a href="#">Mais um instrumento de planificação para Moçambique: Estratégia Nacional de Desenvolvimento?</a>	<a href="#">Domingos Mazivila</a>	Portuguese
60	2014/09/10	<a href="#">Agricultural competitiveness in light of the resource boom</a>	Jahamo Calima, Maria Nita Dengo, Carlos Moamba, and Lynn Salinger	English
61	2014/09/11	<a href="#">Extremism's Domino Effect</a>		English
62	2014/09/15	<a href="#">A Competitividade do Turismo Moçambicano e os impactos dos recentes desenvolvimentos relacionados com os Recursos Minerais</a>	<a href="#">Carrie Davies,</a>	English / Portuguese
63	2014/09/18	<a href="#">O Boom dos Recursos Naturais e a competitividade agrícola – Devemos nos preocupar?</a>	<a href="#">Maria Nita Dengo</a>	English / Portuguese

64	2014/09/23	<u>Recursos Naturais e o (Re) aparecimento do Estado no Ambiente de Negócios...</u>	<u>Domingos Mazivila</u>	Portuguese
65	2014/09/30	<u>Algumas particularidades da Austrália e ilações</u>	<u>Eduardo Sengo</u>	Portuguese

### ANNEX 3: SITT SUMMARY TABLE

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2014	When Achieved
9	Competition law	Policy	5. Implementation begun	Q1
26	Tourism decree	Regulation	4. Passed	Q1
			5. Implementation begun	Q2
37	Open Skies	Policy	2. Presented for consultation	Q2
			3. Presented for legislation	Q4
			4. Passed	Q4
			5. Implementation begun	Q4
39	Streamlining application forms for starting a business	Regulation	5. Implementation begun	Q3
44	International trade website	Admin Procedures	4. Passed	Q1
			5. Implementation begun	Q4
49	Mining tax law and Petroleum tax law	Policy	3. Presented for legislation	Q2
			4. Passed	Q4
52	Business Environment Evolution	Admin Procedures	2. Presented for consultation	Q2
54	Land manual training and dissemination	Admin Procedures	5. Implementation begun	Q3
55	Pre-shipment Inspection assessment	Regulation	1. Analyzed	Q4
			2. Presented for consultation	Q4

56	Competitiveness in light of the Resource Boom	Policy	2. Presented for consultation	Q2
57	Insolvency law - Implementation	Admin Procedures	2. Presented for consultation	Q1
			3. Presented for legislation	Q1
			4. Passed	Q1
			5. Implementation begun	Q1
58	NTB - Illegal taxes campaign	Admin Procedures	1. Analyzed	Q1
			2. Presented for consultation	Q2
59	Non-intrusive Inspection (Scanners)	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q3
60	Nacala Port Terminal - legal review	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q4
61	Food Security and Nutrition law review	Policy	1. Analyzed	Q2
			2. Presented for consultation	Q3
62	Competition law - regulation	Regulation	1. Analyzed	Q2
			2. Presented for consultation	Q2
			3. Presented for legislation	Q3

			4. Passed	Q3
63	Public Private Dialogue Mechanisms	Policy	1. Analyzed	Q2
			2. Presented for consultation	Q2
64	Economic cost of "tolerancia de ponto"	Regulation	1. Analyzed	Q2
			2. Presented for consultation	Q3
65	Cost of conflict on tourism	Policy	1. Analyzed	Q3
			2. Presented for consultation	Q3
66	Competitiveness study - labor	Policy	1. Analyzed	Q3
			2. Presented for consultation	Q3
67	Technical Assistance to CCT	Admin Procedures	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q3
			4. Passed	Q3
			5. Implementation begun	Q3
68	Application forms for starting a business - M&E	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q4
69	Registering Property	Admin	1. Analyzed	Q3

		Procedures	2. Presented for consultation	Q3
			3. Presented for legislation	Q3
			4. Passed	Q3
			5. Implementation begun	Q3
70	Competitiveness study - agriculture	Policy	1. Analyzed	Q4
			2. Presented for consultation	Q4
71	Competitiveness study - tourism	Policy	1. Analyzed	Q4
			2. Presented for consultation	Q4
72	Cessao de exploracao	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q4
73	Assessing the quality of seed policy, legal and regulatory framework	Policy	1. Analyzed	Q3
74	Land Rights study	Admin Procedures	1. Analyzed	Q4
			2. Presented for consultation	Q4
75	The Role of State in Business	Policy	1. Analyzed	Q4
			2. Presented for consultation	Q4
76	Competitiveness study - manufacturing	Policy	1. Analyzed	Q4
			2. Presented for consultation	Q4

77	Conservation law presentation to Parliament	Policy	1. Analyzed	Q3
			3. Presented for legislation	Q3
			4. Passed	Q3
78	Conservation law analysis and manual	Regulation	1. Analyzed	Q4
			2. Presented for consultation	Q4
79	Multistakeholder dialogue platform	Admin Procedures	1. Analyzed	Q4
			2. Presented for consultation	Q4

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
53	Public private partnership regulations	Support of New Alliance Projects in Mozambique	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q4
			4. Passed	Q4
			5. Implementation begun	Q4
54	Foreign employment law analysis	Policy	1. Analyzed	Q4
			2. Presented for consultation	Q4
55	Business environment evolution	Admin Procedures	1. Analyzed	Q4
56	Local content assessment	Policy	1. Analyzed	Q4
			2. Presented for consultation	Q4
57	Land manual training and dissemination	Admin Procedures	1. Analyzed	Q4
			2. Presented for consultation	Q4
			3. Presented for legislation	Q4
			4. Passed	Q4
59	Competitiveness mission	Policy	1. Analyzed	Q4
60	Insolvency law - Implementation	Admin Procedures	1. Analyzed	Q4