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SPEED PROJECT QUARTERLY REPORT FY15 Q#1

OCTOBER – DECEMBER 2014

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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 having taken place in October 2014. Toward the end of the fiscal year, the project began to see a significant slowdown in government reform efforts. Therefore, approaches focusing on improving administrative procedures, streamlining processes, and building awareness and advocacy around business environment issues were used as these were expected to yield better results than promoting reforms that required legislative and/or cabinet-level approval. At the same time, SPEED continued to 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 for each activity, activities undertaken this quarter, results, and, where relevant 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 quarter on issues related to 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 quarter, SPEED supported improvements in registering property (with IFC), insolvency legislation, and starting a business (introducing a single form), and construction licensing. Partly as a result of SPEED's efforts Mozambique catapulted 15 places in the *Doing Business* 2015, from 142 (adjusted) to 127, the highest in Mozambique's history in the ranking.

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 Mozambique's 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** – focusing on building capacity to better administrate rural land. Another example entails **competitiveness**, focusing not only on the competitiveness of agriculture itself but of related sectors such as manufacturing and employment.

Biodiversity and Tourism. SPEED's work on biodiversity and tourism has focused 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. 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 quarter SPEED significantly increased capacity building activities facilitating 29 **capacity-building events** in support of its technical programs, with a total of 1,533

participants, including more than 427 women (see Annex 1). This represents almost half the number of participants which took part in capacity building during the entire previous year.

Management and administration. During the quarter Tomas Manhicane left the team. No new members joined.

In addition to its [website](#) SPEED has continued to actively engage with social media (FaceBook, LinkedIn and 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. During the quarter SPEED's Facebook page following rose to over 6,000 "likes" and several blog posts attracted more than 15,000 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 which took place in October 2014. Toward the end of the last fiscal year, the project began to see a significant slowdown in government reform efforts. Therefore, SPEED focused on working to improve administrative procedures, streamline processes, and build awareness and advocacy around business environment issues which tended to yield better results than promoting reforms that required legislative and/or cabinet-level approval. At the same time, SPEED continued to 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.

SPEED just completed its fourth year of operations out of a four year program (although the program has been extended through February 2015 and a bridge program agreed under Africa Lead 2, through February 2016). This quarter SPEED made progress on 21 reforms. Progress on these reforms is explained throughout the document and Annex 3 contains a summary.

Of particular relevance in the area of reform was that despite an improvement of three ranking positions in *Doing Business* 2014 over *Doing Business* 2013, Mozambique still remained well below SADC's top performers, Mauritius and South Africa. Mozambique needed to work faster and harder to do more and do better. SPEED embraced the challenge. SPEED identified three indicators that could undergo short term reforms, suitably called 'quick wins'. Quick wins are short term administrative reforms with potential for high impact. As a result of implementation of the quick wins, Mozambique catapulted 15 places in the *Doing Business* 2015, from 142 (adjusted) to 127; the highest in Mozambique's history in the ranking. SPEED's work on insolvency and registering property (with IFC) drove the positive results.

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 April 2014. As the table below shows, SPEED spent around \$2,607,490.54 over the quarter, for an average monthly burn rate of around \$869,163.51.

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 quarter, results, and where relevant potential next steps for each of the main activities where SPEED made substantial progress, to be carried out under the Africa Lead 2 funding mechanism. 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 Quarterly 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 quarter (see Annex 2).

TECHNICAL ACTIVITIES

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 quarter on issues related to 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 quarter, SPEED supported improvements in registering property (with IFC), insolvency legislation, and starting a business (introducing a single form), and construction licensing. Partly as a result of SPEED's efforts Mozambique catapulted 15 places in the *Doing Business* 2015, from 142 (adjusted) to 127, the highest in Mozambique's history in the ranking.

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.

Current quarter results based on previous work. This quarter, the following initiatives experienced advances; these initiatives were implemented by SPEED in earlier quarters:

Doing Business Quick Wins for 2014

Despite an improvement of three ranking positions in *Doing Business* 2014 over *Doing Business* 2013, Mozambique still remained well below SADC’s top performers, Mauritius and South Africa. Mozambique needed to work faster and harder to do more and do better. SPEED embraced the challenge. SPEED identified three indicators that could undergo short term reforms, suitably called ‘quick wins’. Quick wins are short term administrative reforms with potential for high impact. As a result of implementation of the quick wins, Mozambique catapulted 15 places in the *Doing Business* 2015, from 142 (adjusted) to 127; the highest in Mozambique’s history in the ranking. SPEED’s work on insolvency and registering property (with IFC) drove the positive results. See below for information on SPEED’s work on insolvency.

Insolvency law implementation support

The bankruptcy process in Mozambique, based on the Code of Civil Procedure from 1967, was slow, costly and complex. SPEED, working with CTA and the law firm SAL &Caldeira, reviewed the bankruptcy legislation and proposed changes in legislation and estimated 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. The law was then approved by the Council of Ministers on 4 June 2013. Following approval of the law, SPEED was engaged by the Ministry of Justice to support implementation of the law. Subsequently material was produced and officials were trained for implementation of the law. Overall, 45 judges, clerks, prosecutors, referees and trainers were trained around the three regions of the country. The approval and implementation of new insolvency legislation in Mozambique helped the country rise 46 places for that indicator in the *Doing Business* 2015.

Cessão de exploração

Subsequent to the presentations, publication and regional public consultations of the SPEED report that reviewed the newly proposed land leasing law “*Cessão de Exploração*” which included specific recommendations of areas where the law could be improved, the Government of Mozambique held their bi-annual Land Consultation Forum “*Forum de Consulta de Terras*” where the proposed law was reviewed and specific recommendations made by SPEED were placed on the agenda and considered. The final version of the law has now submitted to the Ministers Council for approval. Similarly, the paper produced by the consultant through the SPEED assignment was selected to be produced into an article for the World Bank land conference.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
72	Cessão de exploração	Regulation	3. Presented for legislation

Streamlining Application Forms for Starting a Business – Implementation

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 is about all procedures officially required, or commonly practiced, for an entrepreneur to start up and formally operate an industrial or commercial business, as well as the time and cost to complete them and the paid-in minimum capital requirement. There are unnecessary procedures to commence work under the normal licensing of private sector companies in Mozambique.

A simple integration of registration forms will 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, also generating more revenue for the government. It would also improve the country's position in the doing business ranking. In 2013, SPEED supported MIC to streamline application forms for starting a business in Mozambique, coordinating with the various public institutions involved. This activity was also undertaken in line with the new Integrated Platform of Services to the Citizen and the implementation of *BaUs (Balcão de Atendimento Unico)*.

Over the last quarter, SPEED supported the printing of 10,000 forms for the roll out of a pilot project of introduction of the new form for starting a business in Mozambique. An M&E exercise was also conducted during the pilot phase.

This quarter.The consultant submitted the final M&E report of Implementation of the Single Form for starting a business in Mozambique. The M&E covered 3 BAUs, namely Maputo, Beira and Nampula. The report is available online on the SPEED website. Click [here](#) to see the report. Main findings of the report were: licensing is the only and main activity of the BAU; all others take place at the respective institutions; the forms were not being implemented in all of the BAUs; there is poor communication and coordination among institutions; there still is resistance to change; there is limited technical capacity building activities on the new form; there are inter-sectoral coordination difficulties within the BAU; there is need to improve coordination with the Immigration Service for foreigners; there are limitations in the quality of Internet network (GovNet); there is need for accurate definition of the collection and distribution system of fees for different institutions; the BAU only receives documents and gives back the final product, working more like a "mailbox".

The M&E exercise aimed at helping raise necessary awareness about the proper implementation of the FU. There has been some resistance from a couple of institutions to fully join the BAU and accept the New 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 New Form in Beira. The printed forms were distributed around the country. The evaluation also indicated that the private sector is still not fully aware of the new procedures.

Results.After the pilot is finished and the final M&E report is submitted we can assume that implementation of the new form has begun in some places in Mozambique. This reform had no impact on the DB 15 report. It will hopefully impact on the DB16 report.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
68	Application forms for starting a business - M&E	Regulation	5. Implementation begun

Next steps. the GoM to follow up on the results from the M&E report to successfully streamline Starting a Business in Mozambique. They are already working on an online platform as the step ahead.

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 easier the process of land registration and transfer of property for business significantly reducing the time spent in the process, adopting fixed deadlines for the procedures, introducing less (and simpler) internal and external requirements and also through the creation of fixed fees.

According to the *Doing Business* 2014, the land registry in Mozambique required 8 procedures, took 39 days and cost 7.7% of the property value. Overall, the country was at position 152 in the ranking (of 189 countries) in terms of the ease of registering property. This was the worst position in the SADC community. 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. Short term reforms were implemented in coordination with the IFC and MIC. Further, the Ministry of Justice (MJ) requested support to conduct a legal review of procedures for property registration on Mozambique, as there is need for change in legislation in light of the ongoing reforms.

This quarter. The implementation of the aforementioned reforms in 2014, contributed to Mozambique's jump in the *Doing Business* 2015 report, published this quarter. Mozambique raised 24 positions for this indicator and 15 overall in the ranking. Building on the positive progress, SPEED supported a Legal Review of the Procedures on property Registration in Mozambique. The review took place during the quarter and the report will be used as basis for drafting a new law on Property Registration. This work also included an audit of the SIRP (Sistema Integrado de Registo Predial) which is the automated system for property registration. The outcome of this assessment will be a thorough Legal Review and a SIRP Audit Report. A working draft of the report was already submitted and presented to the Technical Council at MJ.

Results. A working draft of the report was produced and presented to MJ.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
81	Registering Property - legal analysis	Policy	1. Analyzed
			2. Presented for consultation

Next steps. A final draft of the report will be submitted to SPEED and MJ. The draft report shall be used as the basis for drafting a new law on property legislation.

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 127th in obtaining a construction permit among 189 economies. There is evidence that relatively simple improvements in streamlining construction permits processes could improve the country’s ranking to 72nd position. SPEED began working with the Municipality of Maputo (CMM) on simplifying the process for obtaining construction permits in October 2011. This earlier work identified a series of recommendations focusing 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 *Doing Business* 2014 report shows a substantial improvement in the country’s construction permit indicator, jumping 46 places to 77th from 123rd and the SPEED support for implementation of the short-term reforms played an important role in this recent success.

This quarter. SPEED supported 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 was finalized and submitted to the Municipal Assembly by mid November 2014.

Results. The system customization was finalized and the implementation of the business process management system has begun. 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. The revising of the “*Postura Camararia*” was finalized and presented for consultation to the council advisor at the Municipality.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
82	Construction licenses procedures - IT and filing	Admin Procedures	1. Analyzed
			2. Presented for consultation

			3. Presented for legislation
			4. Passed
			5. Implementation begun

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
83	Construction licenses procedures - Decree review	Policy	1. Analyzed
			2. Presented for consultation

Next steps. The revised bylaws (*Postura Municipal*) to update legal instruments required for simplifying the construction permit process will be submitted to the Municipal Assembly within the next quarter. 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 SPEEDs 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 single constraint to 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 SPEED in partnership with CTA and ACIS sought 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 would draw on the work already done by EDM, and contribute to the debate around how Mozambique can best leverage its natural resource base to play a determinant role in ensuring adequate energy supply at cost effective rates.

The quarter: SPEED recruited a team of consultants which has organized and collected the relevant data and a draft report has been prepared and will be submitted by the end of January. A workshop of all relevant stakeholders including CTA, and ACIS is scheduled for the 12th of February.

Next Steps: The report will be publically presented in February as well as disseminated though the SPEED, CTA and ACIS websites.

Public-private dialogue

Context. 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.

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.

This quarter.Based on the recommendation from the CTA Board, SPEED redrafted the position paper for a final [presentation](#) to CTA members in a retreat held in Bilene. The report makes recommendations for a new PPD model incorporating the following major items: mandate and institutional alignment, structure, composition and function, agenda setting and scope of reforms, and monitoring, reporting and evaluation. The proposal was validated by CTA and will be presented to the newly elected President of Mozambique and to relevant members of the incoming administration.

Results.Validation of the proposed model for PPD.

Next steps.The proposed PPD model will be presented to the newly elected President of Mozambique and to relevant members of the incoming administration in 2015.

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, in 2014 SPED, in partnership with CTA undertook 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 were then compiled into a publication about competitiveness (see Democracy & Governance section below for more details).

This quarter. A study into competitiveness in the manufacturing sector was published on SPEED's web site and disseminated. The report found that the parts of the manufacturing sector most likely to support the government's drive to industrialise (labor-intensive, export oriented) are the parts most likely to be negatively affected by Dutch Disease. Currently the manufacturing base is low and most companies are barely competitive. Those that do compete do so on the basis of strong brand recognition and desirability (unlikely to be affected by the resource boom), or customisation (possibly affected). Those that produce items which have little differentiation from imports, are export-oriented and/or are labor-intensive have problems competing. These problems would be exacerbated in the face of an appreciating exchange rate and rising labor costs.

Results. Research was undertaken into the profile of manufacturing in Mozambique and likely impacts of Dutch Disease. A report into findings was made available on SPEED's website [here](#) and shared through social media as well as being presented at a series of seminars around the country.

Next steps. Many of the manufacturing companies in Mozambique have a link to agriculture, using local raw materials or supplying items to the agriculture sector. The competitiveness of agro-industry will be a key component included under Africa Lead II. It will be important to disseminate findings to the incoming administration to highlight the need for business

environment reform to ensure that existing industry can compete and remain competitive as the resource boom takes off.

Assessment of the Minimum Wage Framework

Context: In December 1990, the Government of Mozambique introduced a process of setting and readjustment of minimum wages in the country. Minimum wages are now established by the Government, in consultation with the Consultative Labour Commission. Before this, it was up to the government alone to set all salaries under Decree 7/80. Since 2000, the government has introduced minimum wages per sector, and currently there are about 15 sectors and sub-sectors.

However, the processes that guide the definition of sectors remains unclear, and the full operationalization of the system remains a challenge, especially when considering the recent developments of the economy. Indeed economic pressures that may arise from the natural resource boom suggest that the criteria and formula used for minimum wage determination should be carefully re-evaluated in order to ensure that wage costs move in line with changes in Mozambique’s overall competitiveness.

This activity was therefore requested by CTA which sought to undertake an assessment of the general framework for minimum wage determination, including wage policy, and compare it with international practices. Specifically, it intended to discuss: the current Mozambican minimum wage policy vis-a-vis experiences from other countries; the criteria for determining minimum wages; the institutional framework established for the negotiation/discussion of the minimum wage; and to recommend a way forward to both employers and the unions.

This quarter: Consultations were undertaken with the different stakeholders, and a report was produced and presented to the employers’ (CTA) labour sub-committee.

Preliminary study findings indicate that the minimum wage adjustment equation in use in Mozambique is a very blunt instrument, since the sectoral growth estimates used do not reflect labour productivity in sectors and sub-sectors. Furthermore, sector disaggregation (small/large; electricity / water; fisheries/capenta, etc.), does not allow the equation to be strictly applied since there is no GDP information available by size, sector or enterprise. The study recommends an adherence to market conditions. There should be no increases in minimum wage when unemployment is high or rising and is concentrated among the most vulnerable low-skilled and low paid workers. Mozambique should consider the adoption of international best practices on minimum wage. Other key recommendations have to do with improvements in labour market information, and overall statistics.

Results. The report was presented to CTA for discussion

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
84	Assessment of the Minimum Wage Framework in Mozambique	Policy	1. Analyzed 2. Presented for consultation

Next steps: Review the report's recommendations to include CTA's labour sub-committee's comments, taking into account the sensitive issues pertaining to the minimum wage negotiations. Organize a business briefing on the findings and ways forward.

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 but tend to practice high price variations between their Mozambican and South African operations, as well as between their Mozambican outlets. These price differences have raised numerous concerns in many circles, including government, consumers, and private sector.

This activity sought to contribute to the understanding of pricing patterns in Mozambique. It aims to unpack and shed the light on the prevailing high retail prices in the main retail stores in Mozambique's capital city, Maputo. The assessment also explores the differences between prices in Nelspruit (South Africa) and those in Maputo and attempts 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.); and thereafter, to develop an understand of pricing patterns throughout the country by focusing on the Mozambique's largest cities/markets; Maputo, Beira and Nampula.

This quarter: Consultants were identified and the study commenced.

Results. Initial data was gathered and a preliminary report was prepared but not completed before the end of the quarter.

Next steps: Analysis of the preliminary report, and organization of a business briefing to present the findings and recommendations.

Cost of Capital

Context: 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 development of the business environment. Less than 15% of Mozambicans hold accounts with formal financial institutions and, of these, less than 5% record positive savings. 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.

CTA requested support to investigate the reasons for prevailing high and unaffordable interest rates and interest rate spread and to develop a better understanding of the way this in turn impacts the cost of capital in Mozambique. The study aims to 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 BoM’s strategic objective “to promote a healthy and competitive financial sector with attractive interest rates, diversified financial services, and lower transaction costs”.

This quarter: Preliminary results of the research were presented at a widely attended workshop in Maputo. The report was indicative but inconclusive given the depth of the subject matter, and the study contributed to discussions at the CTA’s Financial Policy Committee’s annual retreat.

Results. The draft regulation was analysed and the analysis presented for consultation.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
85	Cost of Capital	Regulation	1. Analyzed
			2. Presented for consultation

Next steps: Pursue further analysis on interest rates and access to funding and finance costs, with a particular emphasis on the access to finance for small and medium scale enterprises in the agricultural sector.

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 quarter. 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.

Results. Analysis was completed and found that the procedures had been introduced in an ad hoc manner at various Mozambican embassies, but that in fact the procedures for verifying whether or

not a person should be granted a visa were designed in law to be carried out internally within the immigration service, rather than imposed on those whom travelers were planning to visit. The report found that fees charged vary across provinces, procedures vary from embassy to embassy with some embassies not demanding a certificate of no impediment. No clear legal basis for the procedures was identified. The report is available [here](#) ACIS and SAL & Caldeira are now taking the matter forward with the National Immigration Directorate, to seek clarification, standardization and simplification of procedures.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
86	Immigration Requirements	Policy	1. Analyzed

Next steps. None envisaged – the matter will be taken forward by ACIS.

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. 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 (relacao nominal) stamped by the relevant national union, for which there is a charge. Other charges are also reportedly being levied by unions.

This quarter. 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 report which resulted from the analysis found that the charging of fees by unions to business is illegal on the basis of the legal structure of the unions themselves, as well as being against the spirit of the law wherein trade unions are expected to independently represent the work force and not sell services to employers of said work force. The matter was discussed with CTA's labor sub-committee which had already raised this matter on previous occasions with the Ministry of Labor and it was agreed that ACIS and CTA would take the matter forward in discussions with the Ministry and unions through the tripartite labor committee (CCT).

Results. The report is available [here](#) ACIS and CTA have been equipped with a legal analysis and presentation which can be used to raise the key issues through CCT with the Ministry of Labor and the unions.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
87	Trade Unions' parecer	Policy	1. Analyzed

Next steps. None envisaged – the matter will be taken forward by ACIS.

Impact of Central Bank procedures on the Business Environment

Context. The Bank of Mozambique (BoM) is the main regulator of economic activity in Mozambique. The BoM 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. Inputs 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 laws, 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 the BoM on the Mozambican business and investment environment.

This quarter. The consultant interviewed around 50 representatives of institutions including commercial banks, multinational corporations, local businesses and the central bank of Mozambique. The experiences shared by the interviewees were analyzed in order to assess the impact on the investment climate. Thorough analysis of the existing foreign exchange legislation, and other central bank procedures was also undertaken. Finally, the consultant presented a set of recommendations aimed at improving the role of the central bank in Mozambique in terms of its impact on the investment climate.

Results. Report completed and available [here](#)

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
88	Impact of Central Bank procedures on the business environment	Regulation	1. Analyzed

Next steps. Create an online platform (using Facebook as a tool) to generate discussion around the report.

Top Mozambican SMEs

Context. The latest Doing Business (DB15) published annually by the World Bank, showed Mozambique rise fifteen 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 on the one hand; moreover

guides the business and entrepreneurial effort, and ensures 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 be a mechanism for implementation of entrepreneurship, which translates into increased income for Mozambicans in general and for young people and women in particular. Within the promotion of SMEs in Mozambique, the Grupo SOICO and the Ministry of Industry and Trade of Mozambique, through IPEME, launched the top 100 SMEs award, an initiative to encourage excellence and promote competitiveness in this key sector of the national economy. To be published annually under this initiative, the magazine "Mozambican SMEs" aims to be a reference for all those interested by micro, small and medium enterprises in Mozambique.

In this context, IPEME requested assistance to USAID/SPEED in conducting a consultation study with Mozambican SMEs. Results of the study would be published in the magazine 'Mozambican SMEs'.

This quarter. A consultation study was conducted with SMEs in Mozambique. A report of the study is available online on the SPEED website. Click [here](#) to see the report. The study analyzed the political/legal, business, social and technological environments of SMEs in Mozambique. The analysis was carried out across different sectors, regions and age of the companies. It was found that to a certain extent, Mozambican SMEs are now better prepared to face future challenges, largely due to their greater maturity and ability to identify opportunities, plan and promote their work. However, constraints were identified, namely: the lack of skilled labor; poor diversification of funding sources; little capacity in planning and strategic vision; barriers to trade; unsatisfactory public infrastructure; corruption and complexity of processes with the State; relationship between public and private sector. The impact of these constraints was analyzed across different variables. A workshop to present the findings took place on December 16 in Maputo.

Results. A study was conducted with Mozambican SMEs and results of the study were presented for consultation with the public and private sector in workshop.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
89	Top Mozambican SMEs	Admin Procedures	1. Analyzed
			2. Presented for consultation

Next steps. Publish findings of the study on a magazine and disseminate the magazine through regional workshops.

Levels of decision-making

Context: 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 under-performed 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 quarter. Consultants began work on mapping the decision making levels and levels of authority at central, provincial, district and village level, giving most emphasis to those authorities working within sectors affected by the Doing Business indicators.

Results. The draft report was presented to stakeholders for comments. The final report will be submitted by January 2015. 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 study 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 the Mozambican government. CTA's objectives are basically to influence economic and sectoral policies and to ensure quality and business competitiveness, promote private ownership and investment, generate employment and contribute to the production of wealth. It aims to strengthen the associative movement, extending the basis of representativeness and collaborate actively with all partners to remove barriers to the free development of business and entrepreneurial activities.

Over the past decade CTA received a direct grant from USAID to support the program to improve Mozambique's business environment under a Cooperative Agreement. Under the implementation of this grant, three audits covering 2004-5, 2005-8 and 2008-9 were conducted. These found discrepancies and inadequate Contract Management characterized by inadequate internal control systems, procurement procedures not having been adhered to, inadequate financial record keeping, payment of expenses in excess of the approved budget, lack of adequate financial management skills and lack of knowledge of USAID requirements. As a result two Bills For Collection were sent to Treasury Department by USAID. CTA has taken remedial action to address the issues and with the help of SPEED, this issue was resolved.

USAID has indicated that it intends to award a grant directly to CTA. CTA is in the process of hiring a new Finance Director. Once this person is on-board, USAID has asked that DAI assist CTA in the early stages of the grant award to ensure that a grants manual is created and followed and that the organization has appropriate financial processes and controls in place to administer the grant effectively. This engagement involves a combination of training and technical assistance to CTA staff, with the goal of increasing CTA's organizational and financial capacity.

This quarter. SPEED hired consultants to support CTA with the financial management of grants, to reinforce and train the organization on USAID rules and regulations, including procurements, to improve financial tracking and invoicing procedures, processes and reconciliation and to build organizational capacity around contracts and financial management.

Results. CTA's financial and organizational capabilities and weaknesses were evaluated. CTA staff were trained and provided with technical assistance to strengthen financial, operational and contractual capabilities. Financial systems and policies were established to comply with USAID financial requirements and included ensuring that CTA adopted written financial policies. The draft written policies and procedures were developed and presented to CTA's executive directorate.

Next steps. The written policies and procedures will be submitted to the board of directors for approval and SPEED will continue working with CTA to ensure that: CTA understands, and adheres to an approved grants manual; develops financial accounting and reporting procedures, templates, and processes; complies with all USAID rules and regulations guiding the administration of the grant; and increases its overall capacity on financial, operational and contractual matters and improves practices to increase efficiency and timeliness, of financial reporting and invoicing.

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.

Chambers also have an important role on the organization of events that enable interaction and networking between entities from different markets, such as participation in trade missions, supporting associates' events or by providing seminars and training courses.

Chambers of Commerce are intended to be the starting point of the negotiation process between two economic markets, providing a set of services that serve to support and foster bilateral relations between entities from different countries. Thus, their services can include:

- Supporting companies in the entry or expansion of their business in a foreign country
- Providing information and reports to members
- Becoming a source of contact with relevant entities and associations of interest
- Promoting the inter-relationship with other International Chambers
- Providing assistance on practical issues during the stay of foreign companies
- Providing assistance with bureaucratic matters
- Organization of trade fairs, seminars and other events

This quarter. 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. They then produced a draft strategy (including an action plan and budget). In order to transform a strategic plan into a useful tool for the decision-making process, the plan is subdivided per process into goals and steps, and priorities were established by dividing the initiatives into two groups: the quick wins and structural initiatives.

Results.The Strategic Plan and Budget was presented for consultation and feedback was incorporated into the final report which was approved by the AMCHAM board. 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 the countries and conforming to international best practice for chambers of commerce.

Next steps. The Strategic Plan is designed for a 5 year period. Thus, it is necessary to manage resources and expected outcomes in order to implement the initiatives in a consistent way. The implementation model comprises two distinct phases in which AMCHAM first organizes internal aspects and then expands to new areas. The final goal is to have all the initiatives operationalized and showing concrete results by the end of 2018.

The 2nd National Conference on Entrepreneurship (ANJE)

Context. SPEED funded The National Entrepreneurship Conference held on 27 and 28 November at the Joaquim Chissano conference centre. The conference aimed to promote joint discussion between various stakeholders (academics, opinion makers, private sector, government, civil society) in order to design an integrated entrepreneur support strategy. The conference aimed to bring together in one place the support network for entrepreneurs (products, services, information, networking, coaching), in order to stimulate the creation of companies in higher value-added sectors and promote entrepreneurship among certain demographic segments, such as youth and women. The conference slogan was "For a integrated and inclusive entrepreneur support network".

The main objectives of the Conference were to:

- Promote comprehensive reflection on the creation and implementation of a mechanism for integrated support and promotion of entrepreneurship and innovation, to contribute to the emergence of new opportunities and improving the business environment;
- Create a continuous dialogue mechanism with the Government for entrepreneurship development and youth entrepreneurship specifically;
- Share the problems and possible solutions experienced by entrepreneurs and to promote business activity;
- Influence decision makers to develop integrated support programs and focus on youth entrepreneurship;
- Promote interest among youth in self-employment;

The feedback from stakeholders (participants, speakers / moderators and partner organizations) was very positive. Therefore, ANJE was able to sensitize the public and private actors of the need to strengthen and popularize actions around integrated support to entrepreneurs, and business

development. As an illustration following the conference: IPEME announced the availability of continuing support in the integration of stakeholders who provide youth entrepreneurship support services; Inhambane city council asked the ANJE to replicate similar events in that municipality and may contribute towards some of the costs of doing so; ANADARKO announced options to connect young entrepreneurs to packages of opportunities that the company has; BCI went beyond opening a line of credit, and announced support in guidance and business training for beneficiaries of its credit line.

Support for the Private Sector Working Group Retreat

Context: In order to contribute to poverty alleviation in Mozambique by enhancing the capabilities of the private sector operators to develop employment-intensive and formally established activities, donors, government, private sector operators and civil society established a group to jointly gather, analyze, discuss and prioritize, follow-up and monitor policy-related issues pertaining private sector activities in Mozambique directed towards joint recommendations for actions to be taken to improve effectiveness and efficiency of all stakeholders' actions related to the exercise of private sector activities. This group is known as the Private Sector Working Group – PSWG.

The group, which meets on a monthly basis in Maputo, agreed to organize a retreat in Beira with the aim of (i) enhancing the understanding of the business environment by gathering first-hand impressions on concerns, constraints, obstacles and potential related to private sector operations and development at provincial and district level with a special focus on the development of small and medium-sized enterprises; (ii) collecting first-hand impressions on successes stories and remaining challenges in the implementation of key private sector development-related reforms at provincial level outside of Maputo; (iii) presenting and reviewing issues and topics of relevance to the PSWG and discussing strategic priorities for 2015; (iv) assessing achievements and the current mechanism for the PSWG in order to suggest improvements regarding its working methods.

This quarter: SPEED participated in the PSWG retreat held in Beira with the aim of sharing its experience with the group as well as gathering inputs regarding concerns, constraints, obstacles and potential related to private sector operations and development at provincial and district level. SPEED visited Green Belt Fertilizer (as example for Agri-Business) to get first-hand insight about potential and challenges of private sector companies operating in different sectors. These would feed the current work done under the New Alliance framework. SPEED also attended the discussion at Beira Port on the potential of the Beira Corridor and challenges to national and regional trade (import /export procedures) as well as logistical challenges and strategies and ways to cope with them. Finally, SPEED visited the BAU to get first-hand insights about progress and challenges related to implementation of reforms at provincial level.

Next steps: Provide additional inputs to the draft work plan for the PSWG in 2015

Training for SMEs in Israel

SPEED financed the participation of two Mozambican SME managers in the course on management and development of small and medium enterprises administered by the Galilee International Management Institute. Key issues addressed included the creation and development

of business, business plan development, project management, quality fundamentals, marketing, financial analysis, among others. The course followed a modular system combining theory and practice with debate in the classroom and study visits to model companies and incubation centers for SMEs, and industrial parks. The course lasted 120 hours and the trainees believe that with the technical tools acquired may improve the performance of their companies and they will improve the efficiency and effectiveness in the administration and management of their business.

The Global Youth Economic Opportunities Summit

Context. SPEED supported the participation of two members of the National Youth Entrepreneurship Association (ANJE) at The Global Youth Economic Opportunities Summit which is a three day event, organized by Making Cents International, which gathers recognized leaders in the youth development field and technical experts in related sectors such as economic growth, agriculture, technology, health and democracy and governance. The summit focused on eight key learning tracks and spotlights: workforce development, financial inclusion, enterprise development, monitoring & evaluation, gender, cross track, youth in hospitality, travel & tourism, and technology. The participants had a particular interest in workforce development, financial inclusion, enterprise development and technology.

The event took place between the 6th and the 8th of October at the Renaissance Arlington Capital View Hotel (Virginia), with a post-summit co-organized by Making Cents and Microsoft on the 9th of October, at the Microsoft office in downtown Washington.

The participants reported that the Summit had a positive impact in establishing connections between not only young people but also specialists in youth development related matters.

The Summit recommend the following:

- There is a need to define the priorities of the youth all over the world;
- There is a need to include young people in the decision process involving them;
- There is a need to include the Government, Private sector, NGO and Civil Society organizations in projects related to youth from its early stage to increase their sensibility to such projects;
- There is a need to adjust the education methodology for teaching entrepreneurship to make it as practical as possible, ensuring that students not only learn the theory but understand the business;
- Computer science must be taught to people from all backgrounds, with an emphasis to women, allowing them to create an interest in the field, so they become more than just users but rather developers of the technology they use;
- It is important to gather as much data about youth tendency to improve the availability and quality of education and financial services, as not all strategy fit all places;
- Youth around the world have the urge, the desire and the capability to leverage the potential of social networks and technology in general to take advantage of local resources and support a faster economic growth;
- Entrepreneurship must be seen as an important economic growth factor rather than as a mere alternative for the unemployed, it must be an important governance agenda, to

empower the youth to become entrepreneurs who can build a strong industry with global standards;

- There is a need to engage stakeholders in defining a conceptual framework for youth development.

Agriculture

With three-quarters of Mozambique's 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**— focusing on building capacity to better administrate rural land. Another example entails **competitiveness**, focusing not only on the competitiveness of agriculture itself but of related sectors such as manufacturing and employment.

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* (here 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 on September 18, 2014.

So far, the Government has made some progress on the 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 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.

New Alliance for Food Security & Nutrition in Mozambique - Policy Framework		Status
1	Revise and Implement National Seed Policy	Completed
2	Implement approved regulation governing seed propriety laws which promote private sector investment in seed production (basic and certified seed).	Completed - with quality concerns
3	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
4	Develop and implement a national fertilizer regulatory and enforcement framework	Completed
5	Assess and validate the National Fertilizer Strategy	Completed
6	Adopt procedures for obtain rural land use rights (DUATs) that decrease processing time and cost	Some Progress
7	Develop and approve regulations and procedures that authorize communities to engage in partnerships through leases or sub-leases (Cessão de Exploração).	Some Progress
8	Eliminate permit (guia) requirements for inter-district trade in Agriculture commodities	Some Progress
9	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
10	Eliminate the Simplified VAT scheme and replace with the existing ISPC (Simplified Tax for Small Contributors	Some Progress
11	Approve a decree allowing the setup of Private credit information bureaus	Some Progress
12	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
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This quarter: On private sector engagement SPEED, CTA and LOI companies with the aid of a local consulting firm MB Consulting held the second high level Business Advisory Working Group (BAWG) on the New Alliance in November. The meeting gathered 11 signatories from the LOI companies and for the first time included the participation of government representatives from MINAG and CEPAGRI. Other participants included representatives from CTA, USAID, SPEED, Grow Africa, Banco Terra, IDH Sustainable Trade and other institutions. The meeting was chaired by the Group Chair - Sean Cawood who was appointed during the inaugural July meeting of BAWG.

The objectives of the meeting was to (1) Present and discuss the findings and minutes of the July meeting (2) Highlight and address the challenges faced by companies in relation to land / DUATs - The BAWG Chair asked each company (LOIs signatory) to present the problems faced in relation to Land/DUATs. (3) Discuss access to financial services – or this meeting there was a presentation by Banco Terra, a local commercial bank that specializes in providing credit to agriculture driven business initiatives, more specifically the banks explained their requirements for loans and other financial services. (3) Presentation on the review of the draft food fortification regulation (explained below) (4) Development of the BAWG results based work plan - to make these meetings effective, it was decided that at every meeting, clear outputs should be achieved, for this meeting it was agreed that LOI companies would compile a letter that indicated the difficulties faced in the field due to land concerns. Subsequently, this letter would be endorsed and sent by CEPAGRI and MINAG to the provincial directorates of MINAG as to alert them that the concern of LOI companies should be prioritized as per the New Alliance Accord.

On seeds, SPEED supported the National Seed Dialogue Platform - NSDP (which comprises MINAG, private sector and civil society) to develop its operational strategy and implementation plan. Three regional seminars were conducted in Maputo, Manica and Nampula. The aim was to secure stakeholder input into the development of the NSDP strategy and a costed activities implementation plan which identifies short, medium and long term actions for implementation. SPEED also held briefing meetings with the NSDP steering committee and various public / private stakeholders to discuss constraints and opportunities in the seed industry and the role that the NSDP could play to contribute towards strengthening the business performance of the sector. The regional seminars were also used to disseminate the recently approved seed regulation.

On nutrition, SPEED undertook a review of the proposed draft Food Fortification Law and Food Fortification Program, which seeks to legally oblige industries to supply only fortified foods that address the nutrient deficiencies of the general population and which is considered especially critical for children between the ages of 0 – 5 years old. A report on this topic was produced after which presentations will be given to CONFAM – the National Committee on Food Fortification, the New Alliance Business Advisory Working Group and the National Nutrition Congress (see details below). The report was also published on the SPEED website [here](#). The major finding of the report where that due to fact that the two commodities selected at the outset of the program for fortification (vegetable oil and wheat flour) have over 90% local production, the program appears to be well conceived and stands a high likelihood of succeeding. However, concerns were raised in regards to the local Fortification Standards and how they would apply to imports. There is a fear that if the standards do not adhere to WHO and regional norms, they could block food imports.

SPEED also worked with GAIN and WFP to design the SUN Business Network (SBN) in Mozambique. The SBN aims to support countries to engage with business within a multi-stakeholder, country-owned, approach to scaling up nutrition. It is one of the SUN Movement’s four global networks (Business, Donor, Civil Society and UN). The SUN Movement is seen as an implementation mechanism for the “New Alliance for Food Security and Nutrition”, through which the Government of Mozambique and the G8 members have committed to working together to generate greater private investment in agricultural development, scale innovation, achieve sustainable food security outcomes, reduce poverty and end hunger. In this context, SPEED developed and validated a concept for SBN in Mozambique, supported set-up and prepared the launch of SBN-Mozambique, and coordinated facilitation of ‘fast-track’ partnerships.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
73	Assessing the quality of seed policy, legal and regulatory framework	Policy	2. Presented for consultation

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
90	Food Fortification Legal Review	Policy	1. Analyzed

On Land Leasing “Cessao de Exploracao”. Subsequent to the presentations, publication and public consultations on the SPEED report that reviewed the newly proposed land leasing law “*Cessão de Exploração*” which included specific recommendations of areas where the law could be improved, the Government of Mozambique held their bi-annual Land Consultation Forum “*Forum de Consulta de Terras*” where the proposed law was reviewed and specific recommendations made by SPEED were placed on the agenda and considered. The final version of the law has now submitted to the Ministers Council for approval. Similarly, the paper produced by the consultant through the SPEED assignment was selected to be produced into an article for the World Bank land conference.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
72	Cessão de exploração	Regulation	3. Presented for legislation

On fertilizer. In previous quarter SPEED partnered with the Ministry of Agriculture, The Agra Alliance, the African Fertilizer and Agribusiness Partnership and the International Fertilizer and Agribusiness Partnership to host the National Platform for Fertilizer use, the first of its kind. The forum led to the establishment of the National Fertilizer Forum which has since led to the establishment of a legal entity “*Associação Moçambicana para Promoção do Uso de Fertilizantes*” or Mozambican Association for Fertilizer Use Promotion (AMO FERT). The group seeks to spearhead the campaign towards increasing the domestic use of fertilizers and has since developed and executed a detailed and comprehensive action plan.

Next Steps: In 2015 the Business Advisory Working Group will build on the success of 2014 seeking to make the meetings more effective in terms of results. 2015 is a year where the group

seeks to take the meeting to the heart of actual affairs, by hosting meetings at provincial and district level and actively involving the participation of government counterparts. The meetings will also seek to involve the participation leading commercial banks to present their services. Furthermore, the meeting agenda will be driven by companies as to ensure that all topics discussed are relevant and beneficial to them. The next business advisory working group meeting is scheduled to be held on the 25th February of 2015.

On seed, the next steps are: present draft strategy and draft activities implementation plan to the NSDP Steering Committee and (upon approval of the draft by the Steering Committee) to NSDP stakeholders in Chimoio and Nampula for validation of proposed strategy and activities implementation plan; prepare the final strategy and activities implementation plan for the NSDP based on the input secured from NSDP stakeholders during the workshop, consultative and validation meetings.

Regarding the SBN, the next step is to set up and launch of the SUN Business Network.

The senior advisor will build on SPEED support to strengthen the tracking of implementation of Government policy commitments.

Under these cooperation platforms there are two events planned to be held in Mozambique aimed at boosting investment in the agribusiness sector. One is the Cassava workshop to be held in February 2015, in Nairobi, Kenya for:

1. Sharing findings of scoping exercise in Mozambique, Ghana and Nigeria
2. Discussing proposal for a Pan-African Industrial Cassava Programme
3. Discussing proposal to create consortiums for Mozambique, Ghana and Nigeria
4. Refining the Terms of Reference (ToR) for a Market Opportunity Study
5. Agreeing next steps.

This workshop is being jointly organized by Grow Africa Office in Geneva and Sustained trade Initiative.

The second one is the Diagio Forum on beverages using local inputs to be held in Maputo, in March 2015.

SPEED and senior advisor will continue working in support of the DE Director as the main NA focal point for Mozambique.

First National Nutrition Conference

Context. In light of SPEED's support on the draft food security and nutrition legislation, discussed above, the program also supported this important conference.

This quarter. On the 13 and 14 November, the 1st National Congress on Nutrition and the National Nutritionists Meeting was held on the campus of Marrere – Unilurio University, in the city of Nampula. The event drew an audience of nutritionists, dentists, psychologists, general medical practitioners, nurses and students and aimed to identify the current situation of nutritionists and determine future actions for the development and recognition of the profession. The event, which was widely attended by government, including the Prime Minister and the Minister of Health, donors and academia - sought to raise awareness at of the current state of

malnutrition and its socio-economic impact. Specifically, the conference had the following objectives: (1) raising awareness of the current state of chronic malnutrition in Mozambique (2) strengthening advocacy and discussing possible strategies to minimize future negative consequences and (3) discussing the concepts of food (in)security and nutrition and the rapid rise of non-communicable diseases in the country including the distribution of risk factors in the population. Presentations were divided into three subject areas (1) clinical nutrition (2) community nutrition and public health (3) education, training and scientific research. SPEED, presented the findings of the analysis of the draft food fortification legislation and program review based on the study outlined above, and participated in a debate panel which included representatives from the Ministry of Health, The Technical Secretariat of Food Security and Nutrition and Unilurio professors.

Results. The conference was well-attended and SPEED's inputs were well-received.

Next steps. None at this time.

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 quarter. 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.

In partnership with CTA and Soico, SPEED developed a project is called Agro.Biz with the subtitle "Cultivar Mercado para Todos" (*cultivating a market for everyone*). The project 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 Soico's disposal. The range of activities therefore included 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 was guided by a content committee comprising representatives of USAID, CTA, MINAG, SPEED and Soico. The committee identified a series of key themes based on the New Alliance framework and competitiveness issues. The themes were: 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 were selected to take part in mini documentaries, debates and the development of opinion articles.

The project began at the start of October and ramped up to full strength following the elections on 15th October and ran until the end of 2014.

Results. The Agro.Biz project was undertaken between October and December 2014 and featured the following:

- 1 televised national interview program with Helder Muteia (ex minister of agriculture and currently at FAO)
- 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

All material developed is also available on SPEED's web site [here](#) (printed materials) and SPEED's YouTube channel [here](#) (broadcast material). Material has also been disseminated through social media.

The following shows traffic to SPEED's YouTube channel over the report period. This is expected to increase as the remaining videos are shared through social media over the coming months.

Speed Mozambique
 Created: Oct 20, 2014 • Videos: 56 • Lifetime views: 595
 CHANNEL

Oct 1, 2014 – Dec 31, 2014

Performance



Engagement



Top 10 Videos

[Browse all content](#)

Video	Views ?	Estimated minutes watched ?	Likes ?
Agro.Biz-Training young people in agriculture ...	62 (11%)	222 (11%)	4
Agro Voz A Tobacco Farmer speaks about hi...	55 (9.5%)	31 (1.6%)	1
Agro.Voz - Xinavane farmer	50 (8.7%)	41 (2.1%)	0
Agro Biz Competitiveness and taking Mozam...	37 (6.4%)	169 (8.7%)	0
The importance of agribusiness	37 (6.4%)	31 (1.6%)	0
Agro Biz - Banana Production	36 (6.2%)	253 (13%)	0
Agro.Biz - Subsistence farming & Large Com...	31 (5.4%)	133 (6.9%)	0
Agro.Biz Small farmers and big business - wh...	28 (4.8%)	108 (5.6%)	0
Debate on Access to Credit for Agriculture in ...	21 (3.6%)	103 (5.3%)	0
Special interview with Helder Muteia (part1)	19 (3.3%)	107 (5.5%)	0

Next Steps. As a second phase the broadcast material will be rebroadcast and English subtitles will be added to the films on YouTube. There will be additional promotion of the project to increase viewer numbers, and there will be additional monitoring of responses. As a third phase additional films and debates are planned.

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 in the country's economic space. Its contribution to the country's GDP is around 30 percent and it 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's average growth rate stood at 8% and during 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, project 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?

SPEED's [report](#) on Mozambique's agriculture sector in light of the natural resource boom 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 the "right" decisions and actions today. The study aims to 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 quarter. SPEED continued extensive dissemination of the agriculture competitiveness study amongst stakeholders. In summary, the key messages are:

- Mozambican agriculture competitiveness is already weak, and will be worse if there is a strong appreciation of the local currency. The level of competitiveness varies by commodity value chain, depending on factors such as markets, institutions and policy they face and levels of productivity across the different value chain segments.
- Cotton and soy bean value chains are relatively competitive at current costs, yields, and world prices; with a cost/benefit ratio of 0.67 and 0.71 respectively.
- Banana and tomato value chains are strongly competitive under current market conditions, where the tomato value chain benefits from an informal import ban during Mozambican tomato season, and bananas are exported to South Africa. Their cost/benefit ratios are 0.40 and 0.43 respectively.
- Rice value chain is not competitive, with a cost/benefit ratio of 1.41.

- 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. Banana and tomatoes continue to be competitive.
- 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.

To mitigate potential impact of “Dutch disease” on agriculture competitiveness, it is critical to:

- Improve productivity and efficiency across commodity value-chains.
- Improve access to markets. Additional revenues from the natural resource boom should be used to increase public investments in agriculture and supported infrastructure.
- Other constraining factors to agriculture competitiveness include difficult **access to land**, making it difficult to undertake long-term investments in commercial agriculture; **logistics/infrastructure** constraints (storage, roads, power) hamper market access for producers; **trade facilitation** constraints (ports, customs, taxation) raise transaction costs and reduce efficiency of agriculture value chains and the recent increase in agricultural **minimum wage** reduces competitiveness.

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; and provides insights for further research.

Rural land legal framework capacity building

Context. Despite Mozambique being perceived as a land “abundant” country, access to land may be one of the most important policy issues limiting agriculture development in the country. Difficult access to land makes commercial agriculture difficult and discourages new investments in agriculture. In Mozambique, land is not privately owned, it is the property of the state. To invest in land, one must obtain land access and usage rights, known in Portuguese as DUAT (*Direito de Uso e Aproveitamento da Terra*). Although the legal framework requires community consultation with potential investors, and recognizes and protects acquired rights, the implementation of the land law is far from being manageable and efficient.

There is an increasing perception that the Land Law has not promoted long-term investments in agricultural land. The law provides relatively secure land access for smallholders but not for large-scale investments. In implementation of the Land Law, the right of access that it confers is relatively insecure, and transferability and transaction of land as a productive asset still requires excessive bureaucratic interference and discretion. Hence the growing perception that Mozambique's land law is relatively complex with room for improving (reducing and simplifying) processes and procedures to obtain a DUAT.

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 between community, government and extractive

industry. 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.

It is in this context that SPEED supported the Ministry of Agriculture/ National Directorate of Land and Forests¹ to undertake a Training of Trainers and replicate the training on the legal framework to obtain DUAT (including associated legislative package), particularly in rural areas². The training targeted public officers, practitioners and activists with responsibility for land administration and management in the provinces of Maputo, Sofala and Niassa. In addition to it, SPEED supported preliminary identification and evaluation of the underlying reasons for land conflicts, and constraints associated with the processes and procedures for acquiring DUATs, and the development of a baseline, indicating the current number of DUATs granted and the average time to issue a DUAT, in rural areas of Maputo, Sofala and Niassa provinces.

This quarter. SPEED continued supporting the review of the assessment report on the underlying reasons for land conflicts and constraints associated with the processing of DUATs. The assessment includes an indicative baseline of DUAT processing time in rural areas of Niassa, Sofala and Maputo.

Among other findings the study found that the average time taken to process DUAT varies from 210 days in Niassa to 442 days in Maputo. The median time is also high, it takes about one year to issue a DUAT in Maputo and Niassa and more than two years in Sofala. Less than 2 percent of DUAT applications are processed (complete procedure) in a period of 30 days in all three provinces. The data suggests that there should be room to reduce the time for the different steps required to issue a DUAT. A deeper understanding of institutional challenges is required; and detailed analysis can be done to inform the Ministry of Agriculture and other authorities responsible for land administration and management. The assessment explored possible correlations between the time to issue a DUAT and the size (area) of the land indicated on the application, foreign or national applicant, the activity indicated on the application and gender. Data did not suggest any correlation between the time to process the DUAT and land size, nor applicant’s nationality or type of activity in Maputo, Sofala and Niassa.

Perceptions of likely causes of land conflict vary but analysis suggests that both capacity and corruption issues underlie land conflicts. The figure below is illustrative.

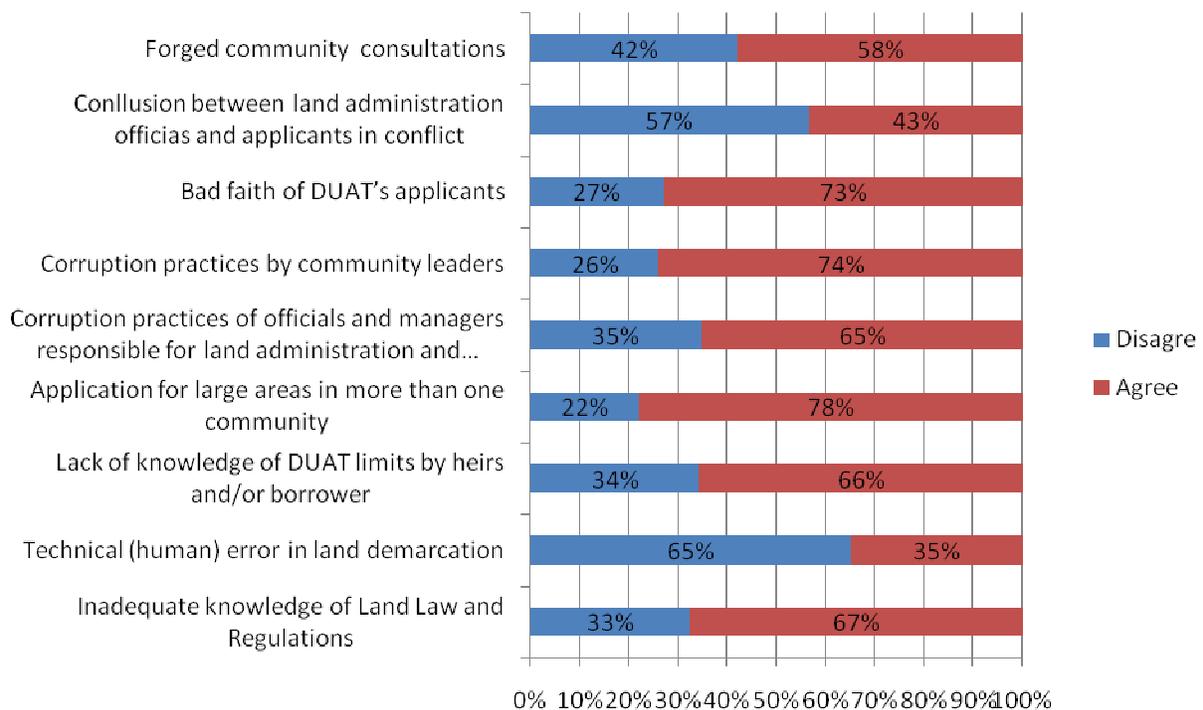
Source: Analysis from survey data

There are differences in respondents’ perceptions across Maputo, Sofala and Niassa. Details can be viewed in the report [here](#)

¹ *Ministério da Agricultura / Direcção Nacional de Terras e Florestas*

² This activity is a follow up on SPEED’s previous (2012) support to ACIS 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 (DNFTF).

Perceived causes of land conflicts Maputo, Sofala & Niassa respondents



Results. Data indicates a lengthy time to process a DUAT, although it is possible to issue a DUAT in less than one month. This suggests potential room for improvement. Although perceptions of magnitude vary, preliminary insights indicate both capacity and “corruption” issues drive land conflicts. A more comprehensive analysis could facilitate informed dialogue with authorities towards reform and modernization of processes and procedures to issue a DUAT, as well as, contribute to address issues related to transparency in allocation/access of land use rights.

Mobile Money

Context. Providing financial services in rural areas is a major challenge in Mozambique. This is reflected in the concentration of bank branches, ATMs and other payment facilities in the big cities. Currently, there are about seven times more bank branches in urban areas than in rural areas. Insufficient infrastructure makes the expansion of financial services into rural areas more expensive. Therefore, innovative solutions, such as agent or mobile banking, are needed to enhance access to financial services for the rural population. However, designing adequate mobile money products, and building and managing agent networks, are also challenges that many providers face in Mozambique. The lack of a well-functioning agent network is the most significant barrier to the expansion of mobile money business and financial service delivery in Mozambique today.

GIZ and SPEED agreed to co-sponsor a full day workshop and an evening networking event on Agency Banking and Mobile Money geared towards increasing awareness around these topics and highlighting some aspects to be considered when building a mobile money product and an agent network.

The workshop was intended for practitioners in Mozambique, both from the mobile money providers and telecom companies, and from banks and other financial institutions. The workshop was divided into two parts with the SPEED-sponsored consultant delivering the first (session 1: Implementing Mobile Money) and the GIZ-sponsored consultant delivering the second (session 2: Agent Network Management).

This quarter. Events were held in Maputo and comprised the following components:

- Mobile Money / Rural Finance: SPEED co-sponsored and actively participated in a series of three events that focused on innovative channels for reaching rural populations with financial services (mobile money, agent banking, linkage banking).
- The Agency Banking Workshop: was a training session that discussed the key challenges in managing large agency networks and potential solutions. Helix Institute of Digital Finance conducted Interactive sessions were held on aligning customer and agent value propositions to drive profits and how to scale agent networks. In addition, Jessica Osborn of Arrakis Group Telecoms presented lessons from a telco in Ghana, focusing on how they turned around a failing agent network and reinvigorating the mobile money platform. SPEED moderated the Q+A session. This highly technical training session was attended by around 35 representatives from banks, telcos, technology service providers, and the Bank of Mozambique.
- The Mobile Monday Maputo evening: event featured Helix, MKesh and MPesa and discussed the opportunities and challenges of mobile money in Mozambique. Discussion moderated by SPEED. The main messages were that mobile money is difficult under any circumstances and that Mozambique is struggling to find the right formula for taking off.

Results. A series of events were held and participants given the opportunity to discuss innovations and network.

Next steps. None envisaged.

Special Economic Zones Initiative in Mozambique

Context: Mozambique's experience with Special Economic Zones is relatively new, dating back to Decree 75/2007, which establishes the Office of the Economics Zones for Accelerated Development, known as GAZEDA (Portuguese acronym). This office oversees the promotion and coordination of all the actions related to the creation, development and management of Special Economic Zones (herein referred to as SEZs). To date, 5 SEZs have been established, namely: Nacala Special Economic Zone in Nampula Province; Manga-Mungassa in Sofala Province; Crusse and Jamali integrated tourism zone under an SEZ regime in Nampula; the Beluluane Industrial Park in Maputo; and the Mocuba SEZ in Zambézia. The Government aims to continue pursuing the establishment and support of SEZs to accelerate development and reduce asymmetries. Despite being a relatively young initiative in the country, no SEZ has been evaluated nor has GAZEDA benefited from an impact assessment since its establishment. Private sector

entities argue that taking a picture of the state of play of this important development initiative is critical.

SPEED’s intervention at the request of the private sector (CTA) and government (GAZEDA) was to undertake an assessment of the impact of the SEZ initiative thus far. Deliverables include a benchmarking of Mozambique’s SEZ processes against international best practices. Specifically, the study looked at the institutional and regulatory frameworks for supporting and managing SEZs, their impact and prospects for expanding the initiative in the country.

This quarter: Field visits were undertaken to the Beluluane Industrial Park and Nacala Special Economic Zone, where the team conducted interviews and collected data on the SEZ initiative. A report was presented at a well-attended business briefing. The study notes that for the Mozambican SEZ program to succeed, the Zones must live up to their name and be ‘special’-that is they must function in such a way that the facilities, procedures and regulations in the zone are globally competitive. Just being better than elsewhere in the rest of the country is not good enough. This means that the country should aim at ensuring the SEZ delivers a business enabling environment that is internationally competitive (essential prerequisites include property rights, stable macro-economy, infrastructure, and trade facilitation).

Results. A report on SEZs in Mozambique is available [here](#).

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
91	Special Economic Zones	Regulation	1. Analyzed 2. Presented for consultation

Next steps: Provide advisory support to GAZEDA, with a particular lens on the agribusiness enterprises that are located in the special economic zones.

Development of 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 the Government of Mozambique (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 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 government’s budget.

This Quarter. To comply with the 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). However the scheduled joint review session could not be held in this quarter. Since a new government has been appointed, it can be assumed that this will hopefully be held in the course of next quarter. Notwithstanding, the senior advisor has been influencing a positive institutional relationship between MINAG and development partners and knowledge support such as IFPRI and ReSAKSS and the World Bank.

An agreement between the Directorate of Economics (DE) and ReSAKSS was signed and it was expected that senior researcher would start working at MINAG as coordinator of knowledge support to CADDP implementation in Mozambique last quarter. The selection process was finalized during this quarter with the participation of the Economic Advisor, but the expert could not start working due to administrative constraints affecting the funding of this position. It is anticipated that the senior researcher will be based at the DE/MINAG.

Recently, the Economic Advisor participated as interviewer in the IFPRI/ReSAKSS annual performance evaluation exercise, giving his opinion and recommendation for future work in Mozambique. This was an opportunity to highlight SPEED-USAID Mozambique support to the agriculture sector and specifically to MINAG, including through the New Alliance Initiative as well as the agriculture sector competitiveness study.

With regard to funding of PNISA, development partners are still showing concerns regarding the capacity of the MINAG to manage large amount of funds and therefore are pressing for the development of disbursement mechanism. The World Bank has agreed to fund a consultancy to develop a tracking mechanism of agriculture related budget expenditures to allow the alignment between PNISA and Government Budget and support the PNISA reporting mechanism. This concern 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 noted that the lack of or no disbursement of funds by some development partners caused 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 Government Budget for MINAG in 2014 represents only 50% of what PNISA foresees for this year. It is anticipated that the funding issue will be under 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 of DE analytical capacity provided by IFPRI and ReSAKSS.

It is worthwhile to mention that PNISA document has been identified as one of the key contribution from SPEED-USAID to MINAG through the Economic Advisor.

Next Steps. One major activity for the next quarter will continue to 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 Supporting 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. He will continue focusing his activities to the World Bank project to align the National Budget with PNISA starting 2015. Another focus activity

is related to the Mozambique Agriculture Risk Management mechanism which has 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 mission recently concluded its report recommending solutions to be implemented.

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 the MOA to make sure 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.

Senior Advisor will also continue facilitate the coordination between MOA and AU/NEPAD and support the preparation of Mozambique participation in the CAADP continental activities.

MOA 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 MoA. SPEED was asked to provide one of its professionals to MoA in 2011.

This quarter. 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 constitution text. 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 assist worked alongside with DE in devising measures to curb the under invoicing in export of agriculture products such as pigeon pee and sesame. A market analyses for these products has been concluded recommendations have been given to the Minister of Agriculture on how best to prevent under invoicing in agriculture products export.

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. He 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.

With the view to prepare a negotiating country offer on agriculture products for the Trilateral trade Negotiation, the trade advisor formed a discussion group. The group will make recommendations to DE.

He 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 on biodiversity and tourism has focused 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 and sustained changes through liberalization of the sector that have had and will have a very positive effect on the economy. However, some fundamental milestones are yet to be implemented. The recent CTA study on *Open Skies* supported by SPEED, produced 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. Both CTA and the Mozambican authorities are fully aware of the need to speed the implementation of these recommendations, which are in line with International Civil Aviation Organization (ICAO), and international good practice in the sector, and have made it a priority to seek advisory services in the field.

SPEED's support to Mozambican authorities in this endeavour has brought a new dynamism into the sector. IACM has embarked on a speedy process of reform implementation, including reviews of laws, bilateral agreements, and negotiating the Fifth Freedom with South Africa. To this effect the private sector has been called upon to participate in the process and provide technical inputs on policy and legislation reviews on civil aviation.

This quarter: SPEED has identified a rapid response team to support the Mozambican authorities in the design and effective implementation of key air transportation reforms. Central to this, has been to make available necessary knowledge, expertise and advisory services for supporting CTA, the Mozambican Civil Aviation Authority (IACM), and the Ministry of Transport for speedy delivery of air transportation reforms. Specifically, the rapid response team is responsible for:

- Effective technical support to the Mozambican authorities through CTA and IACM on legal and regulatory reviews concerning air transportation and *open skies*;
- 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 becoming more competitive;
- Building CTA's analytical and technical capacity to raise and address issues related to civil aviation and air transportation in a timely manner.
- Conducting a comprehensive review of the proposed law on legal procedures for aeronautical infractions and provided an expert commentary on the presentation on the BASA between Mozambique and South Africa.

Results: Mozambique's air transport sector has embarked on massive consultations and reforms, including the revision of bilateral service agreement with South Africa (BASA), and changes in the leadership of the country's flag carrier (LAM). The final contraventions regulation is likely to take into consideration a great deal of SPEED's expert advice, e.g. on using the "minimum wage" as the sanction for aviation offenses, and compliance with international best practices.

Pursuant to the analytical work carried out by SPEED on Air Transport Liberalisation in Mozambique, a number of regulations were proposed for amendment (with some being amended), and / or prepared in the sector in 2014. Examples of those include: Air transport operations (amended on 28 July 2014); Licensing of air traffic service personnel; organisation and management of air space; certification and management of air traffic services; organization of aeronautic information services; and regulation on infractions (drafted).

SPEED fueled a powerful media audience, including preparation of a follow up blog which prompted interest from various cycles with a high record of viewers. See <http://www.speed-program.com/blogs/by-author/domingos-mazivila/nao-ha-fumo-sem-fogo-o-transporte-aereo-em-mocambique-esta-ou-nao-esta-liberalizado#comment-898>

Next steps: Rapid response team of air transport and aviation services ready for deployment to provide remote technical assistance and taking part in IACM meetings for the revision of bilateral air service agreement (BASA) and other reforms, as requested by CTA.

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 undertook 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 were then be compiled into a publication about competitiveness.

This quarter. A study undertaken to assess the competitiveness of Mozambique's tourism sector was disseminated. 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 report is available [here](#) and was disseminated widely during this quarter.

Next steps. None envisaged.

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 Km², 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 fulfill 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 quarter. The senior technical advisor continued working to support the ANAC director, particularly with responsibility of seeing through the development of the organization's strategic plan.

A consulting firm which specialises in conservation management was selected to undertake the strategic planning exercise, which aimed to be fully participatory.

Results. A senior advisor is in place and supporting the ANAC director. A strategic plan was developed and presented to ANAC following a participatory process which involved consultation in all the provinces which have conservation areas managed by ANAC. The consultants also took part in ANAC's annual general meeting in Goronogsa Park at which they presented and discussed

strategic proposals. Due to the number of comments on the strategic plan a no-cost time extension has been given until 06 February 2015 for the consultants to complete the plan in conjunction with ANAC.

Next steps. Completion of the plan by 06 February 2015.

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.

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 quarter. Analysis of the Conservation Law was completed with the report available [here](#) and the manual available [here](#)

Results. The analysis of the Conservation Law highlights a number of constraints to its implementation including unclear definitions, overlapping with other legislation, and multiple agencies responsible for implementation but with lack of clarity of definition of roles. The analysis provides a number of recommendations for subsequent regulation of the Law to ensure that it can be implemented in the most effective way. These recommendations are to be taken forward by BIOFUND. The manual aims to clarify salient points about the Law and assist BIOFUND and other agencies such as ANAC and also the private sector in explaining the Law to stakeholders including local communities.

Next Steps. None envisaged

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 has prepared 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 was drafted with funding from CITES. However MICOA requested CTA and SPEED to assist with the dissemination of the draft and ensuring that there was sufficient discussion and debate around the document.

This quarter. SPEED 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 draft legislation is available [here](#)

The workshops provided those affected by the draft legislation with an opportunity to feed in their comments. SPEED 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. Discussion seminars took place in the first two weeks of October 2014 in Beira, Lichinga and Maputo. Comments provided by participants were recorded and made available to MICOA for incorporation into a final draft of the legislation which is to be approved by MICOA’s consultative committee and then submitted to CITES.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
92	CITES upgrading	Policy	1. Analyzed
			2. Presented for consultation

Next Steps. None envisaged.

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. SPEED supported CTA in providing comments and inputs into the legislative revision (see [here](#)). 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 was 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) was of necessity undertaken as part of the work of understanding it in detail and developing the manual. The outcome in the form of the manual serves 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 quarter. In response to the request from ACIS SPEED 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 were then translated into English along with an English translation of the actual regulations. The material developed including the translation of the regulations and the manual are available [here](#)

Results. An English translation of the new tourism regulations is available on both the SPEED and ACIS web sites and a manual guiding business on the implementation of the regulations and other relevant legislation is available in Portuguese and English on both the SPEED and ACIS web sites. All material has been disseminated by ACIS to its members and shared with CTA’s tourism sub-committee.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
93	Tourism manual update	Regulation	1. Analyzed

Next steps. None envisaged.

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 constitutes 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 the Southern African region and enjoys great natural assets such as a long coast, the richness of its biodiversity, its national parks and reserves, and pristine beaches and 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 quarter: SPEED supported a senior adviser to the Minister of Tourism who helped facilitate policy dialogue and related events (such as regional and international tourism meetings and conferences) to the support of biodiversity conservation and private sector involvement in tourism focusing on improving the business environment, investment and legislation. However due to the election process, very few activities took place during the last months of the year.

Results: The main results for this quarter were the conclusion of discussion with key stakeholders of the final Master Plan for the Arco Norte Project in the Tourist Interest Zone (ZIT) of Pemba City. Another result was to secure a big investment to start the construction the Wimbe Mall in 2015. The structuring process of ANAC was concluded with the selection of the remaining Service Directors and with the formal establishment by the Ministry of Finance of the budgetary unit under the SISTAFE.

Next steps. Tourism will not be covered by the following phase of the SPEED Program.

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. 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 Mozambique's legal framework for LNG

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 has to be in place. One of the key elements is the legal framework. 2014 saw the enactment of the new Petroleum Law, the new Petroleum Tax Law and a Special Regime (which allows the Government to draft a Decree Law for 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 contradictory, legal framework that has introduced greater uncertainty for operators, investors and perhaps even for the government itself. In 2014, CTA asked SPEED to analyze and articulate the exact situation of Mozambique's legal regime and

assess its impact on the current LNG projects. The study also sought to present a possible “way forward” inspired by best practices from other markets, leveraging the legal expertise of the consultants and taking into account the specificities of the Mozambican case.

This quarter. Following a desk review and in-country fact finding mission, a public workshop was held in Maputo during which the consultants presented their findings and engaged in debate with the attendees. The final report was completed and is available [here](#).

Results. Report completed and workshop held. Discussions between SPEED consultants and key stakeholders contributed to the completion of the LNG decree (Special Regime for LNG projects in Areas 1 and 4 of the Rovuma Basin). The decree was published on December 2nd 2014 and is a major milestone in the development of Mozambique's oil & gas industry as it will enable the first LNG projects to advance.

Results. Analysis completed and disseminated

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
94	Analysis of LNG legal framework	Policy	1. Analyzed 2. Presented for consultation

Next steps. Further dissemination.

Analysis of draft mining regulations

Context. The mining sector (coal in particular) is set to be one of the key drivers of economic growth in Mozambique in decades to come. In an attempt to establish the necessary legal and regulatory foundation for the development of the industry, the Government of Mozambique has enacted a series of laws and is working on the regulation of these laws. As part of this process parliament approved the Mining Law (no.20/2014) on the 18th of August 2014 and is currently in the process of finalizing the regulation of the law. The Ministry of Mineral Resources (MIREM) submitted, on October 28th 2014, a draft of the mining regulation to CTA for commentary and contributions. CTA requested SPEED’s technical assistance in performing an analysis and commentary on the draft regulation for submission to the government.

This quarter. SPEED prepared commentary on the draft regulation, the objective of which was to assess and comment on the draft regulation’s consistency with the recently enacted Mining Law. The draft regulation was also translated to English and a report comparing the proposed draft with international mining industry best practice was prepared.

Results. Analysis completed and disseminated, results available [here](#)

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
95	Analysis of mining (coal) regulation	Regulation	1. Analyzed

Next steps. Further dissemination

Analysis of draft petroleum regulations

Context. The parliament approved the Petroleum Law n.20/2014 on the 18th of August 2014 and the Ministry of Mineral Resources (MIREM) is currently in the process of finalizing the regulation of the law. As part of the process MIREM submitted, on November 22nd 2014, a draft regulation to CTA for commentary and contributions. CTA requested SPEED's technical assistance to analyze the draft.

This quarter. A SPEED prepared a commentary on the draft petroleum regulation. The objective of the analysis was to assess the draft's consistency with the new Petroleum Law. In order to enable broader access to the document, the draft regulation was translated to English and posted on the SPEED website.

Results. The report and translation are available [here](#).

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
96	Analysis of petroleum regulation	Regulation	1. Analyzed

Next steps. Further dissemination.

Analysis of draft transfer pricing regulations

Context. It is estimated that the African continent loses billions of dollars annually due to mispricing of intercompany transactions. Mozambique is particularly susceptible to this practice since a major part of its economy is dominated by multinational firms and the country still lacks the regulatory sophistication to adequately supervise these agents. At the same time, it is important that Mozambique implements a regulatory framework (and associated administrative procedures) that is not restrictive and cumbersome so as to avoid creating a barrier to foreign investment. In November 2014, the Mozambican Tax Authority circulated draft legislation on Transfer Pricing. The objective of the decree is to establish regulatory procedures for the adjustment of taxable income allowed under Law n.º 34/2007 and Law nº19/2013, in order to assist the Tax Authority in mitigating the risk of tax evasion through transfer pricing.

This quarter. SPEED analyzed the legislation in terms of its legal content and in terms of its accounting/tax implications including assessing the draft's consistency with other pieces of legislation.

Results. The report is available [here](#)

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
97	Transfer Pricing regulation	Regulation	1. Analyzed

Next steps. Further support to CTA if required

Local content policy framework

Context. SPEED completed an assessment of the policy options for local content in late 2013. The team worked closely with CTA and consulted with a variety of private sector businesses and international oil and gas companies currently operating in Mozambique. 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).

This quarter. Consultants completed the first set of deliverables and travelled to Maputo to hold meetings with key stakeholders. However, in a meeting with the head of CTA's Extractive Industry sub-committee (the key champion for the activity) SPEED was informed of a change of direction. CTA indicated it was no longer interested in a local content task force but rather wanted to explore options for setting up an entity akin to a foundation run by the private sector but with strong public sector participation. Given the degree of flux occurring at the time, both within CTA and in Mozambique in general during the post-election period, a decision was reached not to immediately launch a new activity. Rather, the consultant time was redeployed to produce a complete review of local content provisions in current regulations and legislation in Mozambique. This exercise has never been undertaken and will add significant value to any future local content activities. In this quarter, the consultant produced a preliminary report collecting, categorizing and analyzing local content provisions present in key pieces of Mozambican regulations and legislation. Still associated to this overall activity, and to increase SPEED's ability to respond to requests for technical assistance in this area, SPEED sponsored the participation of two staff (Maria Nita Dengo and Dorival Bettencourt) in an in-depth 3-day local content conference held in London.

Results. Preliminary report ready, training of staff completed and Dorival Bettencourt delivered a presentation on behalf of SPEED and CTA at a Local Content conference held by the Mozambican Ministry of Planning and Development.

Next steps. Finalize the report and disseminate

Competitiveness in the face of the resource boom

Context. Analytical work undertaken by SPEED in 2012 - 2014 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, industry and tourism to buckle under the pressure of an appreciating metical. In response, CTA asked SPEED to undertake 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. The outcomes of all the work undertaken over the period 2012 – 2014 were compiled into a publication and the potential issues were presented at a series of seminars around the country.

This quarter. Reports on labor, agriculture, tourism and manufacturing competitiveness in light of Mozambique’s resource boom were disseminated and published on SPEED’s website as well as being compiled into an e-publication. An additional report describing Dutch Disease and comparative examples in other countries was prepared and is available [here](#)

All the key materials developed during the period 2012-2014 addressing the issues of the resource boom, Dutch Disease and competitiveness were compiled into a publication available in physical format and to download as a PDF and as an e-book (available [here](#)). Introductory notes were provided by the Ambassador of the United States to Mozambique and CTA’s Chairman.

A panel of experts (Tyler Biggs, Lynn Salinger, Caroline Ennis, Luke Kozumbo and Maria Nita Dengo) were invited to give a series of seminars in Nampula, Beira and Maputo to discuss the potential impacts of the resource boom on competitiveness. Seminars were aimed at business, government, donors, press and academia, and took place during the week of 08-12 December 2014.

Results. A compilation book comprising the main work undertaken by SPEED over the past three years on the resource boom and competitiveness was developed, published and disseminated. 100 print copies and 250 electronic copies on flash drive were disseminated as well as the materials being available online to download and promoted through social media.

Three seminars were undertaken with a total of over 200 participants from a wide range of institutions including business, government, donors, academia and the press taking part in spirited discussions about the likely impact of the resource boom. The seminars included an experiential component based on case studies which put participants in the position of managing a business potentially affected by Dutch Disease, and this proved particularly useful in stimulating discussion and developing understanding of likely impacts.

The seminars were covered widely in the national print and television media. Each of the visiting consultants committed to developing blogs about the topics discussed and these will be disseminated through SPEED’s web site and social media to keep the discussion going.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
56	Competitiveness in light of the Resource Boom	Policy	5. Implementation begun

Next steps. It will be important to keep up momentum following the discussions held and to encourage the use of the e-book as a resource. Potential actions include additional dissemination and press outreach, journalist training in partnership with IREX (US funded media strengthening

program), engagement with economics faculties at universities, and efforts to share information with the new administration.

Multi-stakeholder Dialogue Platform

Context. Mozambique has emerged as a major player in the oil & gas and mining space. 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 (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.

Therefore, SPEED provided support (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 (CDSDF). This Forum was 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 would 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 quarter. IUCN completed a series of activities (stakeholder analysis, analysis of lessons from similar forums, stakeholder meetings/workshops, CDSDF concept note), had been progressing with the work per the schedule and had been receiving positive feedback on the forum from various stakeholders including district, provincial and national government representatives as well as private companies. However, in a meeting between IUCN and the Governor of Cabo Delgado, the Governor requested that IUCN wait until the new government was in place before launching the forum. After careful assessment and discussion between all the internal parties (IUCN, SPEED, USAID, MASC and the French Embassy) it was established that moving forward with the launch despite this explicit request from the Governor would present too much of a risk. Therefore IUCN were unable to meet the deliverable "The Cabo Delgado Forum is launched and convened".

Since this was a deliverables-based grant, the failure to complete the aforementioned deliverable resulted in the cancellation of the grant.

In order to capture as much experience and knowledge from this project, SPEED has requested that IUCN produce a “CDSDF Lessons Learned Paper”.

Results. None

Next steps. IUCN will present the complete and final “CDSDF Lessons Learned Paper” by the second week of February 2015.

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 was to 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 agreed 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 quarter. Limited progress. The planned regional seminars were postponed due to time conflicts with the election campaign and are expected to run in mid-February 2015 instead.

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 February. The draft bill will be submitted to the new government.

MANAGEMENT AND ADMINISTRATION

Staff movements

During the quarter Tomas Manhicane left the team. No new members joined.

Transition from SPEED Contract to Africa Lead II Buy In

SPEED submitted a closedown plan, per USAID's request on January 15, 2015. This closedown plan details the steps DAI must take in order to transition the SPEED program from its current contract under the RAISE PLUS IQC to the Africa Lead II Cooperative Agreement. All closedown and transition activities are currently underway, per the closedown plan. One exception is that the timeline will be accelerated for making the transition, with technical activities and program staff incurring costs to Africa Lead II starting February 1, 2015, as opposed to the planned March 1, 2015 transition date. Funds in the amount of \$3M have been obligated by USAID for the purpose of the SPEED Bridge Program under Africa Lead II and are available for immediate drawdown.

The SPEED closedown budget is in the process of being finalized and will be submitted to USAID in early February.

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 as completed a parallel contract to receive and manage these funds.

This quarter. SPEED worked with IPEME staff on the procurement process for several activities but the main focus was the construction of both Quelimane and Machava Business Orientation Center (CORE). SPEED supported IPEME on the procurement for the training program conducted by IPEME to the business associations and SME in all over the country. SPEED also funded a study visit to Portugal to 3 IPEME staff with objective to share experiences and make visits to projects, companies and IAPMEI programs; Establish partnerships in development areas and strengthening of Micro, Small and Medium Enterprises National and institutional capacity building;

Results. The tender documents for construction of both Quelimane and Machava Business Orientation Center (CORE) were finalized and distributed to the 5 qualified companies. Significant questions related to the project were posed by the companies which the project designer is still working on to clarify. The cycle of training was finalized and the report is being prepared.

Next steps. SPEED will continue work with IPEME to implement the current workplan assuring the timely and quality deliverables. Will also ensure the transfer of knowledge to the IPEME project team; Establish an appropriate procurement process that helps ensure that money is used efficiently to deliver needed services; Develop written standards of conduct for the employees who are involved in selecting and overseeing procurement; Build capacity and increasing the level of professionalism in the procurement function.

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(see [here](#)) 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 quarter. SPEED has continued to actively engage with social media (FaceBook, LinkedIn and 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 support SPEED technical staff in developing blogs a “blog retreat” was facilitated by Edu.Digital, which focussed on ways of writing and development of topics and themes. By the end of the one-day retreat each participant had one blog completed and had the concept prepared for a

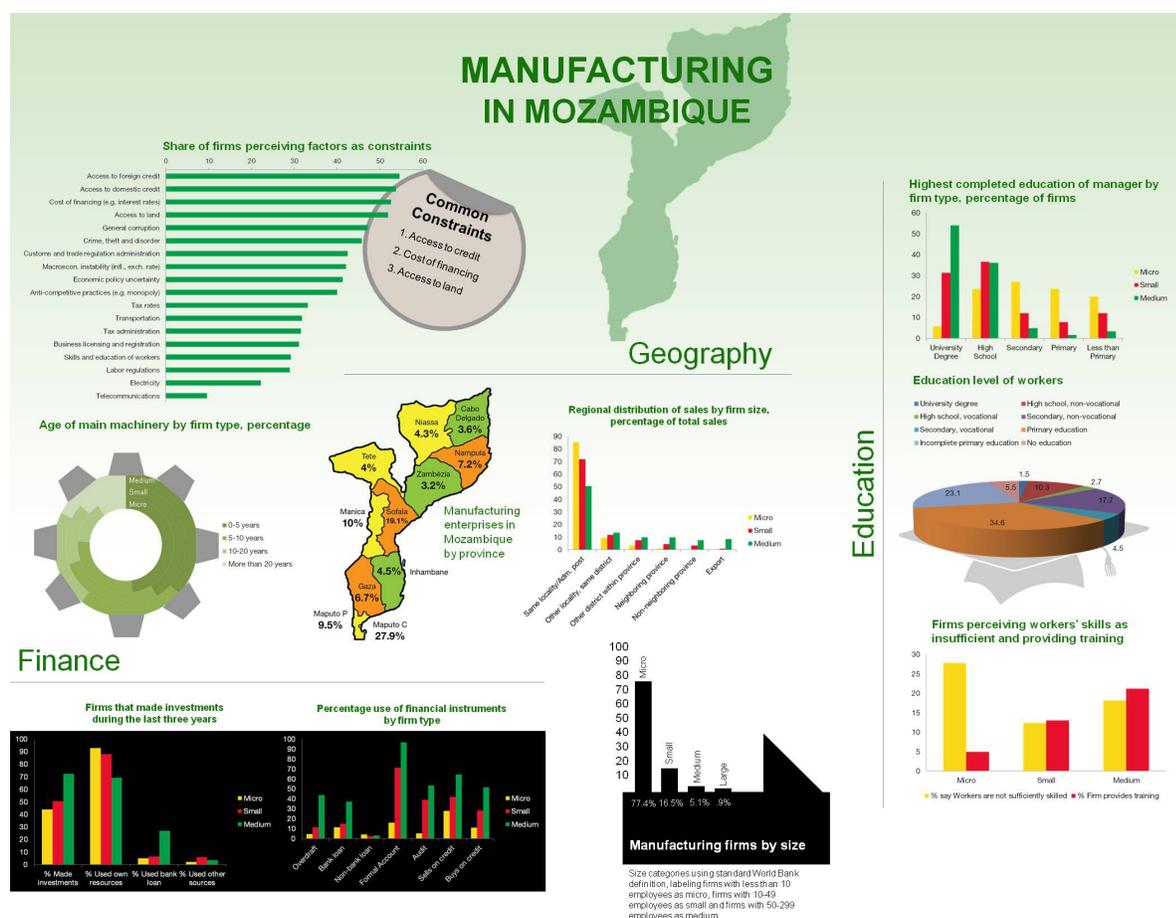
second which was then completed. SPEED has also begun including the development of blogs in the technical terms of reference for key consultancies to encourage consultants to share their views and ideas.

To increase discussion and debate around agriculture and the resource boom, SPEED undertook the Agro.Biz agriculture media project in partnership with CTA and Soico (see above). This project was directly linked to the Program’s web site and social media including a YouTube channel (see [here](#)). A compilation book of relevant documents generated during the life of SPEED and related to competitiveness and the resource boom ([here](#)) was widely disseminated and distributed to increase access to information thus promoting informed debate.

SPEED worked with a content development company, Edu.Digital, 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. They are available [here](#) (which was also blogged about [here](#)) (Doing Business rankings), [here](#) (customs transit procedures), [here](#) (open skies), and [here](#) (insolvency legislation). Another five are pending approval.

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



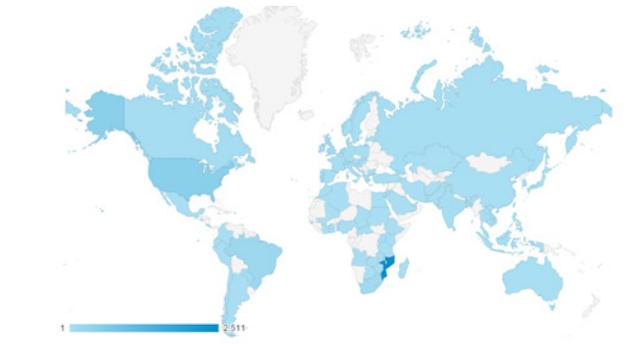
Results. SPEED now has 6,822 followers on FaceBook, 460 connections on LinkedIn and 56 followers on Twitter. The main focus of the Program’s social media activities has been FaceBook since this is the most commonly used by Mozambicans. On Facebook up to 15,000 people saw posts with posts related to blogs generally averaging around 11,400 views by the end of this reporting period.

The following shows an overall growth in usage of the SPEED web site over the reporting period:



The majority of users reach the site from English language sources or search engines, which is predictable given the fact that the site is in English. 54.15% of visitors are male and 60% of all users are aged between 18 and 35 years.

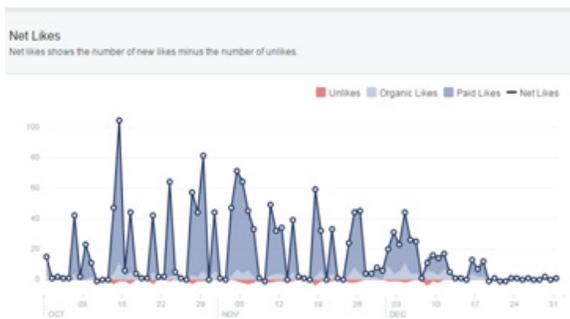
Users come from around the globe as illustrated here, with the majority from Mozambique:



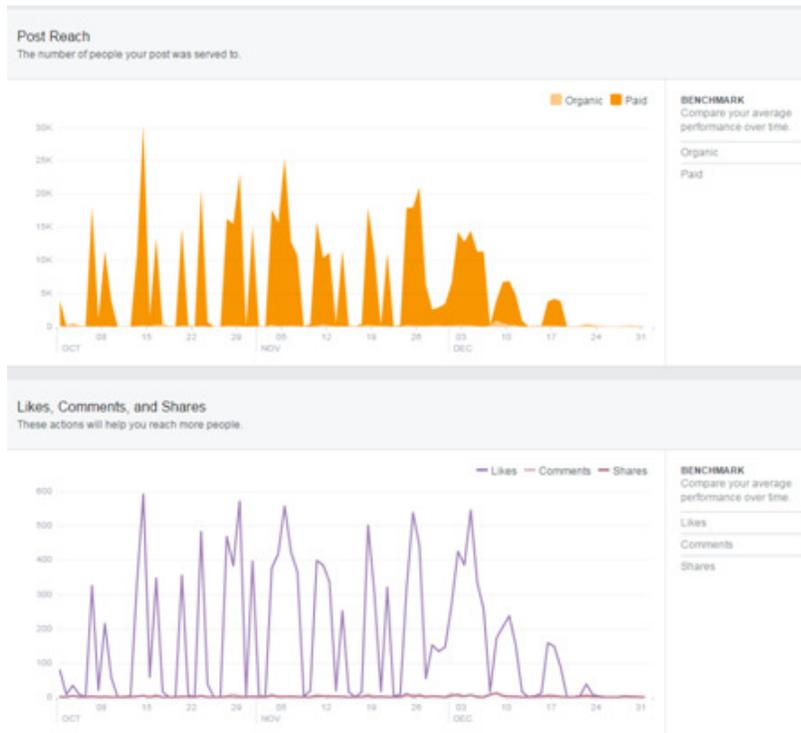
43.9% of visitors are returning visitors and 77% of visitors access the site from a desktop computer.

On FaceBook the majority (76%) if followers are men, with 45% of followers aged between 18-24 years.

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, and that relative engagement in the form of comments and shares continues to be low:



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

Gender. On FaceBook as a whole 46% of users are women, however on SPEED’s page only 24% are.

Next steps: SPEED will continue to combine blogging with social media and monitor results to determine which methods of communication are effective. The aim will be to convert the interest at social media level into engagement with the web site to drive more substantive interaction and engagement. Additional tools such as polling and surveys may be used to convert “followers” into engagement.

ANNEX 1: CAPACITY-BUILDING ACTIVITIES AND OUTREACH

	Date	Activity	Venue	Client		Participants		Subtotal
				Institution	Category	M	F	
FY 2015 Q1	1-Oct-14	Consultation on the Regulation of CITIES	Girassol Hotel, Lichinga	EUROISIS		16	5	21
	Oct-14	Donors PE - ANAC		ANAC		12	3	15
	Oct-14	Consultation on PE - ANAC	Tete	ANAC		17	2	19
	Oct-14	Consultation on PE - ANAC	Manica	ANAC		17	2	19
	Oct-14	Consultation on PE - ANAC	Sofala	ANAC		16	1	17
	Oct-14	ANAC Strategic Plan Elaboration	Lichinga	ANAC		9	4	13
	2-Oct-14	Update Meeting on Programmatic initiative Sustainable Cost	Hotel VIP, Maputo	IUCN		21	20	41
	3-Oct-14	Consultation on the Regulation of CITIES	Rainbow Hotel, Beira	EUROISIS		14	4	18
	8-Oct-14	Consultation on the Regulation of CITIES	Hotel VIP, Maputo	EUROISIS		9	4	13
	13-Oct-14	SWOT Analysis - ANAC		ANAC		8	3	11
	22-Oct-14	Blog Writing Meeting	Catembe Galley Hotel	SPEED		6	3	9
	27-Oct-14	Agency Banking Workshop	Hotel Rovuma, Maputo			28	14	42
	27-Oct-14	ANAC Strategic Plan Elaboration	Pemba	ANAC		19	2	21
	29-Oct-14	ANAC Strategic Plan Elaboration	Nampula	ANAC		8	2	10
	13-Nov-14	Analysis of Legal Framework in Mozambique in the context of the LNG projects	Hotel VIP, Maputo	SPEED		31	11	42
	14-Nov-14	Dissemination of Seed Regulation	Southern Sun Hotel, Maputo			42	11	53
	14-Nov-14	Strategic Reflection Retreat	Complexo Humula, Bilene	CTA		43	8	51
	16-Nov-14	1st National Nutrition Congress	Universidade Lurio, Nampula	UNILURIO		86	84	170
	20-Nov-14	ANAC Meeting	ANAC, Maputo	ANAC		11	4	15

25-Nov-14	Dissemination of Seed Regulation	Hotel Milenio, Nampula			35	6	41
27-Nov-14	The Cost of Capital in its Impact on Business Development	Hotel VIP, Maputo	CTA		28	14	42
27-Nov-14	Dissemination of Seed Regulation	Hotel Inter-Chimoio, Chimoio			41	6	47
27 & 28 -Nov-14	2nd Edition of the Fair and National Conference on Entrepreneurship - ANJE	Centro de Conferencias Joaquim Chissano, Maputo	ANJE		297	129	426
4-Dec-14	Special Economic Zones	Hotel VIP, Maputo	CTA		27	8	35
5-Dec-14	Financial Policy Pelouro	Catembe Galley Hotel	CTA		6	5	11
8-Dec-14	Natural Resources Conference - Road Show	Hotel Milenio, Nampula	CTA		23	7	30
10-Dec-14	Natural Resources Conference - Road Show	Southern Sun Hotel, Maputo	CTA		90	26	116
11-Dec-14	Natural Resources Conference - Road Show	Rainbow Hotel, Beira	CTA		112	21	133
16-Dec-14	IPEME 100 SMEs	Hotel VIP, Maputo	IPEME		34	18	52
TOTALS					1,106	427	1,533

ANNEX 2: LIST OF DOCUMENTS PUBLISHED IN FY2015 Q1

Reports				
2014/10/13	The Role of Labor Unions in Mozambique	Sal &Calderia	English / Portuguese	1
2014/10/14	Immigration Requirements	Sal &Calderia	English / Portuguese	2
2014/10/27	Competitiveness in light of Mozambique's resource boom	Martin Webber	English / Portuguese	3
2014/10/28	Mozambique's tourism sector in the light of the natural resource boom	Miguel Baca, LukeKozumboand Luis Sarmiento	English / Portuguese	4
2014/10/28	Review of policy, legislation and regulatory framework of the Seed Sector in Mozambique	Antonio Jorge / Higino de Marrule	Portuguese	5
2014/11/03	Manufacturing Competitiveness	Lynn Salinger e Caroline Ennis	English / Portuguese	6
2014/11/25	Analysis of the Conservation Law	Sal &Calderia	English / Portuguese	7
2014/11/25	Manual for the Application of the conservation Law	Sal &Calderia	English / Portuguese	8
2014/11/26	Agro.Biz	Various	Portuguese	9
2014/11/28	Fortification of Staple Foods in Mozambique	Carmen Forseman	English / Portuguese	10
2014/12/05	Competitiveness Seminars and books	Various	English / Portuguese	11
2014/12/19	The Cost of financing in Mozambique	KPMG Auditors	English	12
2014/12/19	Analysis of legal framework for LNG Mozambique	Dr. HilmarZeissig& Taciana Lopes	English	13
2014/12/19	Petroleum Regulation Commentary	Taciana Peão Lopes	Portuguese	14

2014/12/19	Mining Regulation Commentary	Taciana Peão Lopes	Portugues	15
Presentations				
2014/10/13	The Role of Labor Unions in Mozambique	Sal & Calderia	English / Portuguese	1
2014/10/14	Immigration Requirements	Sal & Calderia	English / Portuguese	2
2014/10/28	Mozambique's tourism sector in the light of the natural resource boom	Miguel Baca, Luke Kozumbo and Luis Sarmento	English / Portuguese	3
2014/12/05	Managing the Resource Boom – Sectorial Impacts	Various	English / Portuguese	4
2014/12/05	Managing the Resource Boom – Challenges and Expectations	Various	English / Portuguese	5
2014/12/18	Tourism Regulation Decree 97/2013.	ACIS / Sal and Caldeira	English / Portuguese	6
2014/12/18	Special Economic Zones	Robert Kirk	Portuguese	7
2014/12/19	Analysis of legal framework for LNG Mozambique	Dr. Hilmar Zeissig & Taciana Lopes	English	8
Notes				
2014/12/19	Legal Framework for Agency Banking	Translation	English	1
2014/12/19	Petroleum Regulation Translation	Translation	English	2
2014/12/19	Legal Framework for Warehouse Receipts	Translation	English	3
Blogs				
2014/10/06	Avoiding the Resource Curse in Mozambique	The World Bank	English	1

2014/10/08	Não é empresário, mas é pro-empresariado... Eis o NossoCandidato!	Rosario Marapusse	Portuguese	2
2014/10/16	Mobile Monday (MoMo) and mGovernance Workshop Maputo Ends on a High Note	Carrie Davies	English	3
2014/10/23	Mozambican labor unions' role in new business approvals	Carrie Davies	English / Portuguese	4
2014/10/28	Abracemo-nos para a habitual subida de preços na quadra festiva!	DomingosMazivila	Portuguese	5
2014/10/29	Participação pública no processo legislativo em Moçambique – Porquê e Como?	Maria Nita Dengo	Portuguese	6
2014/11/04	Acesso e custo do crédito em Moçambique: uma dica para minimizar o crónico problema!	Rosario Marapusse	Portuguese	7
2014/11/06	Six things I learned last week about reaching rural areas with financial services	Brigit Helms	English	8
2014/11/08	“Criação e manutenção de um negócio em Moçambique”	HoracioMorgado	Portuguese	9
2014/11/12	Where do you stand?	Dorival Bettencourt	English	10
2014/11/18	Mas afinal qual a taxa de desemprego em Moçambique: 30% ou 70%?	Ricardo Santos	Portuguese	11
2014/11/25	Será que o sector do turismo se pode tornar competitivo em Moçambique?	Carrie Davies	Portuguese	12

2014/12/9	Why good relationships with the neighbours are important	Carrie Davies	English / Portugues	13
2014/12/11	Apreciação da Lei da Conservação – aspectos práticos para a sua aplicação	Sal and Caldeira	Portugues	14
2014/12/16	What future for Mozambican industry?	Carrie Davies	English / Portugues	15
2014/12/22	Fast tracking development thru Special Economic Zones: What can be said so far?	DomingosMazivila	English	16
2014/12/22	Efeitos das flutuações cambiais na economia moçambicana	Pacheco Jossias	Portugues	17
2014/12/23	How better prices (across the border) make the pastures greener?	DomingosMazivila	English	18

ANNEX 3: SITT SUMMARY TABLE

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2015 Q1
56	Competitiveness in light of the Resource Boom	Policy	5. Implementation begun
68	Application forms for starting a business - M&E	Regulation	5. Implementation begun
72	Cessao de exploracao	Regulation	3. Presented for legislation
73	Assessing the quality of seed policy, legal and regulatory framework	Policy	2. Presented for consultation
81	Registering Property - legal analysis	Policy	1. Analyzed
			2. Presented for consultation
82	Construction licenses procedures - IT and filing	Admin Procedures	1. Analyzed
			2. Presented for consultation
			3. Presented for legislation
			4. Passed
			5. Implementation begun
83	Construction licenses procedures - Decree review	Policy	1. Analyzed
			2. Presented for consultation
84	Assessment of the Minimum Wage Framework in Mozambique	Policy	1. Analyzed
			2. Presented for consultation
85	Cost of Capital	Regulation	1. Analyzed
			2. Presented for consultation
86	Immigration Requirements	Policy	1. Analyzed
87	Trade Unions' parecer	Policy	1. Analyzed
88	Impact of Central Bank procedures on the business environment	Regulation	1. Analyzed

89	Top Mozambican SMEs	Admin Procedures	1. Analyzed
			2. Presented for consultation
90	Food Fortification Legal Review	Policy	1. Analyzed
91	Special Economic Zones	Regulation	1. Analyzed
			2. Presented for consultation
92	CITES upgrading	Policy	1. Analyzed
			2. Presented for consultation
93	Tourism manual update	Regulation	1. Analyzed
94	Analysis of LNG legal framework	Policy	1. Analyzed
			2. Presented for consultation
95	Analysis of mining (coal) regulation	Regulation	1. Analyzed
96	Analysis of petroleum regulation	Regulation	1. Analyzed
97	Transfer Pricing regulation	Regulation	1. Analyzed