



USAID | **SPEED**
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SPEED PROJECT QUARTERLY REPORT

OCTOBER - DECEMBER 2012

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SPEED Project Quarterly Report

October - December 2012

EXECUTIVE SUMMARY

SPEED is a USAID-funded project 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 that builds the capacity of business associations and corresponding government institutions and catalyzes trade and investment in Mozambique. SPEED also operates a grants fund to complement the training and technical assistance activities with associations and Government.

The SPEED approach is demand-driven and flexible, placing 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 contractor SAL & Caldeira.

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 next steps for each of the main activities where SPEED made substantial progress.

Business environment, trade and investment. The bulk of SPEED's efforts go toward working 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, this quarter SPEED worked with the Tax Authority and Customs to improve the country's **foreign trade** systems will help spur competitiveness and economic growth. 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. For example, concrete recommendations and reforms at the municipal level in Maputo are estimated to save businesses around 130 days to obtain their construction permits.

SPEED also works to strengthen the key **institutions** required for a strong business environment. An example includes support to the INCM to improve their ability to set and monitor quality of service standards. In addition, SPEED has invested strongly in 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 both the Executive Director and Senior Advisor to CTA, and implements many projects jointly.

Agriculture. With ¾ of the population dependent on agriculture for their livelihoods, there is a consensus both globally and within the country that the private sector needs to play a leading role in developing agriculture. SPEED’s activities to support the competitiveness of agriculture in Mozambique center upon direct support to the Ministry of Agriculture’s **Senior Economic Advisor** to the Minister, whose primary responsibility is to develop the Agriculture Investment Plan. The Senior Economic Advisor is also a key player in raising Mozambique’s profile, together with the Minister of Agriculture, in such important initiatives as the **G8 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 is the work on the impact of various taxes on the sector.

Tourism and biodiversity. SPEED’s work in tourism and biodiversity focuses on helping Mozambique to realize its potential competitiveness in the sector. Tourism is widely seen as one of the most effective ways of preserving biodiversity, as market forces all pull in the same direction – consumers and providers all have an interest in preserving the natural environment and ensuring sustainable use of natural resources. In addition, tourism tends to be labor-intensive, thus providing opportunities for broad-based economic growth as well as biodiversity. The majority of SPEED’s effort helps ensure a private-sector friendly **legal and regulatory regime**. An example of legal and regulatory work includes an examination of competition in aviation (Open Skies initiative). In addition to these policy-related activities, SPEED actively promotes innovative **public-private partnerships** to address key constraints to tourism development. The Arco Norte Tourism Development Corporation project presents an example.

Democracy and Governance. SPEED’s work on democracy and governance this quarter has focused on improving **transparency** around such issues as the impending resource boom, increasing the voice of the private sector in policy, and improving corporate ethics. Specifically, this quarter SPEED has raised the quality and level of dialogue around the country’s **resource boom**, especially around government absorptive capacity. This agenda item will continue to grow in importance from the democracy and governance perspective. Other key areas of work include the development of a legal framework that would formalize public participation in the policy process and support to the Mozambique Institute of Directors (IOD) to develop a corporate code of ethics.

Capacity building. This quarter SPEED supported 5 **capacity-building events** in support of its technical programs, with a total of around 240 participants, including more than 50 women (see Annex 1).

Management and administration. This quarter, Tomas Manhicane joined the SPEED team as a project manager. Other highlights include an expanded SPEED retreat that helped focus on key priorities for 2013 and engaged key stakeholders on a discussion of SPEED’s **Communication for Policy Change (C4PC)** initiative. SPEED also finalized its new **website**, supported USAID’s **CDCS** assessments for land and extractive industries, and made progress on several **IPEME** grant procurements.

BACKGROUND

SPEED is a USAID-funded project 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.

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 that builds the capacity of business associations and corresponding government institutions and catalyzes trade and investment in Mozambique. SPEED also operates a grant fund to complement the training and technical assistance activities with associations and Government.

The SPEED approach is demand-driven and flexible, placing 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 contractor SAL & Caldeira.

SPEED is a four year \$19.4 million project which started in September 2010. Funding obligations for the project totaled \$8.84 million as of December 2012.

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 next steps for each of the main activities where SPEED made substantial progress. In addition, those activities that address policy, regulatory or administrative procedure reforms as defined in the project PMP make specific reference to the PMP stage of reform for ease of cross-referencing between this Quarterly Report and the PMP report.

TECHNICAL ACTIVITIES

Business Environment, Trade and Investment

Business environment, trade and investment. The bulk of SPEED's efforts go toward working 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, this quarter SPEED worked with the Tax Authority and Customs to improve the country's **foreign trade** systems will help spur competitiveness and economic growth. 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. For example, concrete recommendations and reforms at the municipal level in Maputo are estimated to save businesses around 130 days to obtain their construction permits.

SPEED also works to strengthen the key **institutions** required for a strong business environment. An example includes support to the INCM to improve their ability to set and monitor quality of service standards. In addition, SPEED has invested strongly in 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 both the Executive Director and Senior Advisor to CTA, and implements many projects jointly.

Current quarter results based on previous work. Three initiatives worked on by SPEED in previous quarters have moved forward this quarter, Anti-corruption legislation, support to EITI Mozambique, and the insolvency law.

Anti-corruption legislation

In 2011, SPEED supported an [analysis of the anti-corruption package](#) under consideration by the Mozambican legislature. Three out of five elements of the package have been passed by parliament, including the Ethics Code, which is now renamed the Lei da Probidade Public. This law, which was passed in May 2012 contains important conflict of interest and declaration of assets provisions that are important for fighting corruption. Donor efforts have now focused on building the government's capacity to implement the law (current SPEED-funded work supporting a short term consultant to help the [Attorney General's Office](#) to develop their strategic and operational plan is an example).

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q1
15	Anti-corruption legislation	Policy	5. Implementation begun

Support to EITI-Mozambique

SPEED provided assistance to the Mozambique EITI Secretariat to produce 7,000 copies of a glossy booklet (in English and Portuguese) containing a summary of the report. The purpose of the booklet was to make the information from the 2nd Reconciliation Report more easily accessible to the public. This report compares declarations of payments made by companies in the extractive sector to receipts from government. In addition, 100 copies of the full report were produced. Most were distributed through workshops organized by EITI-Mozambique across the country. Mozambique was declared “EITI compliant” by the EITI Board on 26 October 2012.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q1
21	EIT Policy	Policy	4. Passed

Insolvency law

In 2011 SPEED reviewed the Insolvency Law that has been before parliament for several years and conducted a series of activities and workshops to disseminate information about the law. The law has been “stuck” in legislative limbo for several months. During the quarter, government received a green light from parliament to approve the law, which will hopefully happen over the next few months.

Partnership for Trade Facilitation

Context. Following the recommendations from WTO, WCO and others, Mozambique has been carrying out a number of customs reforms for facilitating trade. But despite efforts made so far, reports such as [Doing Business](#) report from World Bank are still finding procedural difficulties, time delays and high costs in the processes for importing and exporting goods from Mozambique. In this regard, in order to reinforce ongoing reform efforts in Mozambique and in line with USAID's Partnership Trade Facilitation Program, the Mozambique Revenue Authority proposes technical assistance in three areas, namely: Internet Publication, Pre-arrival Processing and Pre-shipment Inspection. The Internet Publication component is the only one being implemented at the moment. Its objective is to disclose to economic operators and all stakeholders via the internet all customs legislation, procedures and declarative models and customs management instruments, as well as other relevant information.

This quarter. On Internet Publication, SPEED conducted a perception and opinion survey. The main purpose of the survey is to investigate the perception and opinion of economic operators and all stakeholders regarding the availability and quality of customs legislation, procedures and declaration models as well as the usability, reliability and efficiency of the relevant websites for trading across borders. The consultant is currently in the process of producing a first draft report that will be sent to SPEED and Tax Authority for comments.

On Pre-shipment Inspection, a list of three consultants were sent to Tax Authority for selection of one consultant to conduct the assessment of the impact of pre-shipment inspection in Mozambique.

The pre-arrival processing component was put on hold pending discussions on current relevance and alternatives.

Results. The analysis was completed on the internet component, paving the way for that component to move forward, but otherwise no real impact to date.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q1
35	International trade website	Admin Procedures	1. Analyzed

Next steps. Comments on the Internet Publication survey report shall be incorporated into the report and a final version of the report will be produced. The findings and recommendations from this study will then be used as source of material for the conceptualization and design of a website that would function as the source of all relevant and necessary regulatory and legal information on international trade, for all interested stakeholders. For the conceptualization and design of the website a consultant will be hired.

Regarding the other two components, namely Pre-shipment Inspection and Pre-arrival Processing, SPEED will set up meetings with the Tax Authority, early 2013, to discuss and coordinate implementation. A Pre-shipment Inspection assessment shall be conducted after selection of consultant by the Tax Authority.

Janela Unica review

Context. In 2009, the GoM made a series of important decisions aimed at streamlining trade procedures. The adoption of a Single Electronic Window (Janela Unica) system is probably the most important decision taken in this framework. The new system seeks to tie together entire stakeholder and client trading communities both nationally and internationally. The implementation of the SEW begun in September 2011. So far, only parts of the five modules of the SEW are operational, but not fully implemented. In April 2012 the SEW become mandatory and SPEED received feedback a number of private sector sources voicing concerns subsequent to its roll-out in ever more parts of the country. ASIC, a prominent business association, asked for SPEED's support in reviewing the experience with the Janela Unica to date.

This quarter. SPEED conducted an assessment of the SEW looking at: (i) what has occurred since the beginning of the partial roll-out of the SEW; (ii) the impacts, (iii) "teething" problems and systemic problems. The aim was to contribute to a better implementation of the SEW and thus to the trade facilitation in Mozambique. The review found that the system can (and will) deliver adequate SEW services consistent with international standards and commitments as it is built on internationally tested platforms. Up until the time the SEW became mandatory, relatively few primary importers and exporters engaged with the system, took advantage of available training and information sessions or focused on the potential costs of using the system. However, a number of technical, practical and cost-related concerns have been raised subsequent to roll-out of the system across the country: (i) lack of information to importers and exporters meant that they were not fully prepared for the implementation of the system; (ii) requirement of scanned documents as well as of physical stamps/signatures as source of time wasted; (iii) poorly trained and corrupt Customs officers seem to be the cause of most delays (mainly at the second verification and inspection levels) following the implementation of the import-export SEW modules.

Recommendations based on the findings above are under consideration by Customs and the implementing agency.

Results. The analysis was completed, and if Customs agrees to the various recommendations, a more smooth rollout of the remaining modules could be expected, as well as efficiencies in trade across borders.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q1
36	Single Electronic Window procedures	Admin Procedures	1. Analyzed

Next steps: Discuss the draft report with ACIS and TA as soon as it is available and come up with joint a report; present it for consultation in a workshop early in March.

Streamlining the construction license process in Maputo

Context. The process for issuing construction permits has been identified by the private sector as an important obstacle impeding the easing of doing of business in Mozambique. [According to the Doing Business report](#), it currently takes the average business person 380 days to obtain a construction permit. Currently, Mozambique ranks 126th in obtaining a construction permit among 183 economies. There is evidence that relatively simple improvements in streamlining construction permits processes could improve the country's ranking to the 72nd position. SPEED

began working with the Municipality of Maputo (CMM) on simplifying the process of obtaining construction permits in October 2011. This earlier work identified a series of recommendations divided into two categories: short-term (low-hanging fruit) and long-term. The short-term reforms have already been implemented and the longer term recommendations await a few more inputs (technical support and information technology).

The work from last year resulted in the implementation of an initial round of reforms that shaved 128 days off the time it takes to obtain a construction permit. SPEED estimates show that a total cost savings to the private sector could equal around \$4.5million and increase investment by \$25 million annually (see table below). These reforms would also create around 6,600 jobs per year. In FY 2012, SPEED-recommended reforms have saved an estimated \$1.1 million for the private sector and created around 1,800 construction jobs. Even more time and cost savings can be expected with further automation of processes.

Description	Value	
	FY 2012 Q4	FY2013
Cost savings for private sector	\$ 1,133,320.64	\$ 4,533,282.56
Private investment	-	\$ 25,280,000.00
Taxes	\$ 533,327.36	\$ 2,133,09.44
Jobs	1,817	6,636

This quarter. In this quarter, SPEED coordinated with the Municipality of Maputo (CMM) to initiate the process of hiring consulting services for the computerization of the Department of Urbanization and Construction (DUC). SPEED also hired consulting services to perform an impact analysis on the implementation process of short-term reforms to validate SPEED’s own analysis and provide a baseline for further reforms.

Results. SPEED estimates that significant results have already been achieved by the project (see above). The pending consulting assignment will validate those results. Even more time and cost savings can be expected with further automation of processes.

Next steps. Over the next quarter, SPEED will provide IT support and equipment required to push the reforms to the next level and will support the Municipality to assess the true impact of the reforms made so far, as well as provide a baseline for measuring future impact.

Diagnosis of construction license process in Quelimane

Context. Following on SPEED’s success with the Municipality of Maputo, the Municipality of Quelimane requested that SPEED conduct a [preliminary assessment](#) of its construction permits process. The Quelimane mayor wants to improve the delivery of this service to the local community and its entrepreneurial base. Last fiscal year, SPEED conducted a review of the Quelimane municipality’s construction permit process.

This quarter. The preliminary report was translated into Portuguese to allow for more extensive review within the Quelimane municipality.

Results. The analysis is complete and submitted to the mayor for approval, but no actual reforms have been approved or implemented. The mayor will likely ask for support to implement some of the recommendations over the coming months.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q1
28	Construction permits procedures in Quelimane	Admin Procedures	3. Presented for legislation

Next steps. The project is awaiting feedback from the Quelimane Mayor and will consider opportunities to implement the recommended reforms.

Making it easier to pay taxes

Context. Paying taxes was one of the indicators showing no progress in the *Doing Business 2012* report. In fact, the country experienced no progress over the previous three years. According to this report, on average firms make 37 tax payments per year, spend 230 hours a year filing, preparing and paying taxes and pay a total tax rate as a percent of profit of 34.3%. While taxes are essential to fund public services and infrastructure (among other expenses), if it is difficult and costly to pay taxes, a great share of economic activity ends up in the informal sector which pays no taxes at all. This could be the case in Mozambique. At the same time, CTA identified simplifying and reducing the number of tax payments as one of its priorities in its Policy Matrix for 2012.

This quarter: In order to streamline the tax payment system in Mozambique, SPEED carried out a comprehensive study looking at: (i) the time and cost for companies to comply with tax obligations, (ii) tax payments that can be combined to reducing the number of payments over the course of a year, and (iii) possible impacts of such streamlining. The report is currently being finalized by the consultant.

Results. None yet.

Next steps: Discuss the draft report with TA as soon as it is available and come up with a joint report; present for consultation in a workshop.

Business environment annual strategy – EMAN II

Context. In 2008, the GoM approved the Business Enabling Environment Strategy (EMAN), which sets forth its commitment to improving the overall enabling environment for private sector growth. Since then, Mozambique has made some improvements to the business environment resulting from legislative and administrative changes that streamlined processes. Nevertheless, the overall pace and depth of reform are still slow. Mozambique's business environment remains restrictive for private sector enterprises. In SADC region, the country remains as one of the worst ranked countries (for instance, by *Doing Business*), notwithstanding the GoM's ambitious target of turning the country into the best ranked country in the region by 2015.

GoM has reaffirmed its commitment of quickly adopting and implementing greater reforms, both in depth and in number. These reforms would comprise the new business enabling environment strategy (EMAN II). It is expected that EMAN II will enable a better business environment and move the country up in the global competitiveness rankings. The GoM has identified and contracted a high-level Mozambican consultant to spearhead the effort to develop the EMAN II.

Simultaneous to working on the EMAN II strategy, the country needs to find short and medium term reforms that could be quickly implemented and have a close to immediate impact in the country's business environment. These reforms, called Quick Wins, would be expected to affect and be reflected in the next Doing Business rankings.

This quarter. The GoM has requested SPEED to provide technical assistance to ensure that the new strategy follows international standards in terms of methodology, structure/form, content and effectiveness. An international consultant with long and successful experience in setting up business environment reforms has been identified by SPEED and will shortly come to Mozambique.

SPEED has drafted a Quick-Wins matrix that should be used as the basis of short to medium term reforms to be incorporated into EMAN II. The matrix is comprised by policy reforms in six areas (opening a business, registering property, getting credit, paying taxes, trading across borders, and insolvency law), that should be implemented over 2013. The draft matrix was then submitted to MIC for discussion.

Results. None yet.

Next steps. Finalize the contracting and travel of the international consultant who will coordinate the drafting of EMAN II together with the Mozambican consultant and provide inputs to the main consultant to ensure international standards to EMAN II. SPEED will work closely with the international consultant and comment on the resulting EMAN II document. There will also be discussion and dissemination events as agreed and proposed by the involved parties.

Review quick wins paper with MIC in early 2013 and incorporate into EMAN II, along with an implementation roadmap.

SME linkages to extractives sector

Context. Mozambique's economy is poised to undergo a fundamental transformation that will feature increased investments in extractive industries. Experience has shown the extractive industry can have significant economic, social, physical and environmental impacts in host countries, however, how such mining operations are regulated can determine whether their impacts are positive or negative. Globally, there is increasing demand, especially from stakeholders such as donors and local business communities, for multinational corporations in this sector to deliver positive impacts. Similarly, expectations about the impact of the mega projects on Mozambique in terms of growth, development and poverty reduction have been very high.

This quarter. SPEED embarked on two initiatives to explore the potential linkages between Mozambican SMEs and the extractives sector. First, together with CTA, SPEED organized two workshops with DAI experts in Beira and Maputo. In addition, SPEED conducted a review of linkages programs in Mozambique. The presentations from the workshops and the review can be found [here](#).

Results. The workshops and review helped to raise consciousness about the challenges of local content and local procurement as a means to support linkages between extractives and local SMEs. The review's key conclusions include:

- Commitment of corporations’ senior management - there was a higher level of commitment shown by Mozal’s management during the SMEELP and Mozlink I projects, however, there was a notable decline in the commitment during Mozlink II when multiple partners joined the program. Corporate commitment is the number one success factor for linkages programs to work.
- The selection of SMEs by corporations was not always considered to be transparent – sometimes ‘weak’ SMEs were selected.
- The government should continue implementing reforms aimed at improving the country’s investment climate; however, priority should be given to the development of policies and regulations (procurement) which primarily focus on small investors and local SMEs.
- Coordination of linkages programs should be encouraged in order to reduce duplication of efforts and promote leveraging of resources and sharing of experiences, resulting in maximization of the impact of the programs

Next steps: Promote public debates on the SME Linkages and discuss with President at CASP, consider conducting further reviews of best practice policies in this domain.

Quality of service for mobile operators

Context. Mozambique suffers from uneven and often poor quality service among mobile operators. The failure of voice calls and SMS inter-networking and intra-networks create inconvenience to business users and more acute difficulties in places with low population density. The National Telecommunication Institute of Mozambique (INCM) is responsible for regulating, supervising, and representing the communications sector. The INCM contacted SPEED to help them improve the business environment and encourage innovation (for instance, mobile money), as well as create jobs and incomes for business users. SPEED and INCM jointly contracted a study to validate and test existing quality of service standards and determine the best methodology to monitor adherence to those quality standards. The study was meant to build on decree n.6/2006, which deals with Quality of Services as it applies to the Telecom and Information and Communications.

This quarter. The consultant completed the study, which included a very practical “how to” manual to guide quality of service measurement and monitoring among operators and for the INCM directly.

Results. This work is expected to greatly enhance the quality of service throughout the country, thus increasing user confidence in the cellular network and spurring access to key value added services like mobile money and mobile education/health.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q1
33	Mobile operators administrative procedures	Admin Procedures	2. Presented for consultation
			3. Presented for legislation
			4. Passed

Next Steps. No further work is envisioned.

Institutional support to CTA

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

This quarter. The previous Executive Director resigned and a new one was appointed (Marcelo Mosse) in November 2012. The Extended Consultation Council (CAC) with the Prime Minister was held in December 2012, where CTA discussed the private sector’s reform agenda with the PM and his cabinet.

Results. The CAC highlighted the importance of moving quickly toward implementation of key reforms and helped to educate the incoming Prime Minister on key issues related to the business environment.

Next steps. CTA management intends to implement the following initiatives over the next quarter: a) conduct an in-depth evaluation of the internal organization and external relations through the realization of team building and executive retreats with the executive team, the Board and the provincial teams, with a view to reorganization and strengthening of organizational/ institutional capacity; b) strengthen the process of dialogue between the CTA and Government to ensure concrete results before the Annual Conference of the Private Sector (scheduled for February 2013); and c) realize visits to provinces and organize the electoral process for the Business Provincial Councils (CEP’s).

On the program side, CTA proposes to complete SOWs and undertake the following initiatives in collaboration with SPEED: non- fiscal barriers to agriculture study, making it easier to pay taxes, and several reforms relative to international trade. Also, the Senior Advisor will identify other priorities within the CTA policy matrix that require further analysis and support.

Support to Tiri Pamodzi

Context. Tiri Pamodzi is a new foundation targeting private sector development, women’s empowerment in business, youth entrepreneurship and the impact of HIV/AIDS on business. SPEED’s support to Tiri Pamodzi has two components. The first component entails technical assistance aimed at helping Tiri Pamodzi prepare its business plan and accompanying resource mobilization plan. The second component comprises a SPEED grant to acquire basic office equipment, thus enabling the foundation to implement its business plan and objectives, as well assist Tiri Pamodzi develop its training center.

This quarter: SPEED conducted a final review with Tiri Pamodzi of its business plan. SPEED received a proposal for the second component, the training center at the end of the quarter. SPEED has agreed in principle to support Tiri Pamodzi up to a ceiling amount.

Results: Tiri Pamodzi's improved business plan should enable it to intensify its impact and better fulfill its mission. It also enabled Tiri Pamodzi to develop detailed plans for its training facility which SPEED may co-finance.

Next steps: SPEED will evaluate the project proposal submitted by Tiri Pamodzi and together with USAID will make a decision if the proposal should be awarded to Tiri Pamodzi.

CACM Grant to introduce informal arbitration

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

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

This quarter. This quarter SPEED continued to support CACM in their arbitration activities. SPEED disbursed \$1,159.05 during this quarter, for a total of \$ 93,990.47 out of the \$100,000 grant.

Results. Across the country, alternative methods of conflict resolution in areas such as employment negotiations were made available for the first time. The number of reported cases increased, and two new processes with applications for arbitration ended with agreements between the parties. These included a screening process for arbitrators and a screening process for the two parties as well.

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

Business registration computers

Context. Since 1995, the business sector has raised the issue about the need to introduce in Mozambique a simple and practical legal framework that responds to the concerns of the business sector. The Commercial Code was initially identified as the main bottleneck to the establishment and development of the business sector as it dated from 1888 and did not track developments in the commercial domain over the last hundred years.

The government recognized the need to simplify procedures inherent to the constitution and registration of commercial companies, approving the creation of a single record in the country for legal entities, as well as principle of one stop shop as an immediate solution to encourage and stimulate private sector development and attracting investment. This act of registration is done

by the Registrar of Registration of Legal Entities, an institution under the Ministry of Justice which has the overall aim to practical and effective realization of the process of streamlining and simplification of administrative procedures. For this purpose, it was necessary to create a central system for data collecting and recording, an effort that is still ongoing.

This quarter. SPEED began the process of designing a grant to acquire computers for the business registration agency to accelerate the registration process as part of the Government's strategy for improving the country's Doing Business ranking.

Results. None yet.

Next steps. Once SPEED receives a formal request and technical specifications, it will proceed with the equipment grant.

Support to MIC participation in SADC meeting

Context/this quarter. SADC and the European Union have entered into a number of agreements around trade, investment, taxes, certificates, access to EU markets, etc. SPEED supported the participation of three senior MIC staff at a meeting to follow up on these agreements.

Results/next steps. The legal draft of agreements reached at the meeting will be submitted in February 2013 and presented at the next meeting in March 2013.

Agriculture

With $\frac{3}{4}$ of the population dependent on agriculture for their livelihoods, there is a consensus both globally and within the country that the private sector needs to play a leading role in developing agriculture. SPEED's activities to support the competitiveness of agriculture in Mozambique center upon direct support to the Ministry of Agriculture's **Senior Economic Advisor** to the Minister, whose primary responsibility is to develop the Agriculture Investment Plan. The Senior Economic Advisor is also a key player in raising Mozambique's profile, together with the Minister of Agriculture, in such important initiatives as the **G8 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 is the work on the impact of various taxes on the sector.

Recommendations on taxes in agriculture

Context. Mozambique's agricultural production reaches about one-quarter of GDP, while it incorporates three-quarters of the population. Yields are low and stagnated for over 30 years. Poverty reduction has also stagnated since 2002-03, despite overall economic growth averaging per year about 7 percent in the last 15 years. The country is determined to overcome this situation. To achieve this desire the Government has approved several incentives for the agriculture sector including livestock and forestry which include VAT exemption for the first transactions, 80% reduction on the Corporate Income Tax, 50% reduction on the excise tax paid on fuel, duties and VAT exemptions on the imports of equipment, and spare parts for this sector, VAT exemption on several inputs among other incentives. However, discussions with the private sector and other stakeholders have revealed a sense that these tax benefits do not protect domestic production and could even be hurting it.

SPEED worked with CTA to deliver two papers in 2012 that examined the impact of the [VAT regime](#) and [other taxes](#) on agriculture. These studies identified a number of key policy recommendations.

This quarter. Over the quarter discussions between CTA, the Tax Authority, and other stakeholders continued, including a workshop for 65 people.

Results. A few of the key recommendations from the studies were incorporated into the Government's policy commitments under the New Alliance for Food Security and Nutrition. These include

- enabling companies to purchase agriculture produce from smallholders who cannot issue receipts.
- Shifting from the simplified VAT to the ISPC (simplified personal taxes) for smallholders

Next steps. The Tax Authority is developing a plan for how to implement the key recommendations contained in the New Alliance policy matrix, and SPEED will likely provide support to that effort.

Non-Fiscal Barriers to Agriculture

Context. During the course of the two tax-related assessments (see above), SPEED interviewers reported many other problems facing the agriculture sector beyond tax issues. To delve further into this issue, SPEED was requested by CTA to identify those other problems and come out with key recommendations to overcome them.

This quarter. A first draft of the paper was submitted and a joint SPEED/CTA team worked to improve the findings and recommendations. The next version should focus more on triangulating the perspectives of more sources, including the CTA working group on agriculture, improving sections on domestic trade, gasoline taxes, transport taxes, quantify the potential impact of key recommendations, etc.

Results. None yet.

Next steps. Consultation and validation workshops will be held in Maputo, Nampula, Manica and Zambezia, together with other USAID-funded projects, the Ministry of Agriculture, and the Tax Authority.

Development of agriculture investment plan

Context. In May 2011 the GOM approved the Strategic Policy for Agriculture Sector Development (PEDSA). Subsequently, in December 2011 the government, with development partners, signed the CAADP Compact. To operationalize the above initiatives, 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. Under the senior economic advisor's coordination and with FAO's methodological guidance a technical team started working in February 2012.

This Quarter: The Investment Plan was presented to the Council of Ministers and it was approved on December 4, 2013 and submitted for the peer Technical Independent Review by the

NEPAD Secretariat. The Technical Review was conducted by independent consultants hired by NEPAD and AU. The Review Team field work took place from December 7 to December 13 and it was facilitated by the Senior Economic Advisor. The Technical Review comprised meetings with the PNISA Technical Team, the AgRed Group, Ministries that are part of the Plan and other stakeholders drawn from the private sector and civil society.

The NEPAD and AU Technical Review Report is expected to be sent to the Government of Mozambique next quarter.

Results. Under the investment plan, Mozambique expects to mobilize around three billion US-dollars for a period of five years. The investment plan is an important instrument that will set priorities and guide public and private investments over the next five years.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q1
25	Agriculture Investment Plan	Policy	3. Presented for legislation
			4. Passed

Next steps. The next steps will be: a) Incorporate into the PNISA the NEPAD and African Union (AU) recommendations from the independent technical review; and b) to organize a business meeting for resource mobilization which has been postponed from December to next quarter (Jan-March 2013).

Through the senior economic advisor, SPEED will continue playing a critical role in resource mobilization and facilitating communication between MINAG and PNISA donors and private investors.

Grow Africa / New Alliance for Food Security in Africa

Context. Following on the CAADP Compact’s efforts, in 2010 the African Union, NEPAD and the World Economic Forum launched the “New Vision for African Agriculture”– also known as “Grow Africa” – aimed at boosting private investment to develop and transform African agriculture and fight against food insecurity and poverty on the continent. The group of the world’s eight most industrialized countries (G8) also launched the New Alliance for Food Security and Nutrition in Africa in May 2012.

Mozambique and seven other African countries are pilot countries to be supported under Grow Africa. Beneficiary countries prepared and presented concrete business and investment opportunities that were showcased at the Grow Africa investment conference in Addis Ababa, Ethiopia in May 2012. Beneficiary countries are also required to set up a follow up mechanism with companies that have shown interest in investing in these countries.

With regard to the G8 New Alliance for Food Security and Nutrition, Mozambique and six other African countries are considered “vanguard countries” to benefit from this initiative.

This initiative requires countries to commit themselves to improving the business environment through implementation of an agreed set of policy reforms (including some SPEED-promoted reforms). The G8 countries undertake to provide financial support and to mobilize international

private investment. The private sector is expected to make investment commitments in the agriculture sector in partner African countries. USAID and JICA are the coordinating partners for Mozambique in this process.

This quarter. Through the senior economic advisor, SPEED provided the necessary support to the Minister of Agriculture in steering this process ahead, working closely with USAID and JICA country offices as the coordinating/lead donors. He participated in the Launch of the Second Wave of beneficiary countries in New York, in October 2012, where Mozambique and three other African countries were officially welcomed as New Alliance members.

Subsequently, the senior economic advisor facilitated the hosting in Maputo of the L’Aquila G8 Food Security and Nutrition Working Group, following the request by the US Department of State as the 2012 Chair of the G8 Group. The senior economic advisor was asked to play the role of co-chair of the working session, on behalf of the Ministry of Agriculture.

The senior economic advisor was also appointed the focal point for the New Alliance for Food Security, together with the heads of CEPAGRI and Zambezi Valley Development Authority. His responsibilities included negotiating the policy matrix and facilitating dialogue between the Ministry and G8 partners for the development of the Framework Cooperation Agreement which was adopted in September 2012 in New York.

A Steering Committee comprising representatives from Ministry of Agriculture, Rio Tinto, AgDevco, and PB has been set for the initiative. The SPEED-sponsored senior economic advisor has been appointed as member of the Steering Committee in representation of MoA. The first meeting of the Committee was held early in the quarter to kick start the activities of the Initiative.

Results. Mozambique expects to mobilize over one billion dollars for the agriculture sector from the New Alliance for Food Security initiative. The private sector is contributing significantly. So far seven companies have issued letters of intent and four have registered as legal entities in Mozambique with investment and corporate social responsibility initiatives in the agriculture sector. For example, Cargill has opened a representation office in Mozambique and has named a Country Operations Director. Along with this decision, the company has allocated \$1.35 million budget for corporate social responsibility projects to support smallholder farmers. In addition, Rio Tinto pledged to sign a Memorandum of Understanding with international partners and the GOM to support agricultural development in the Tete Province and surrounding areas, and to promote procurement of locally produced agricultural products for the mining companies. An initial budget of GBP 250,000 has been pledged.

It is worth noting that under the Cooperation Framework, Mozambique was able to mobilize USD 333 million from the G8 countries and over USD 500 million in pledges from 16 national and multinational companies.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q1
41	Agriculture policy commitments under the New Alliance	Policy	3. Presented for legislation 4. Passed

Next steps. Several working groups and a steering committee have been put in place, and the SPEED-sponsored senior economic advisor plays an important role as a member of the working groups and the steering committee, ensuring linkages between the Minister, the groups and the steering committee. After the adoption of the Cooperation framework over the next few months, it will be critical to closely follow-up how partners are delivering on their promises. The MOA, together with other ministries and stakeholders, have to agree on implementation mechanisms and a monitoring and evaluation plan for the New Alliance. In this regard, a New Alliance conference on Mozambique is scheduled to take place days before the PNISA business meeting during the first Quarter of CY 2013.

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. One of the main contributions of Luis Siteo, the SPEED sponsored senior economic advisor to the Minister of Agriculture has been the completion of the investment plan as well as the improvement of the MoA-donor relations, in particular the relationship with USAID. On the other hand the economic advisor was critical in the Grow Africa/ New Alliance process for Mozambique. He provided the necessary link between the Ministry and the G8 coordinating countries (USA and Japan) and with the corporations participating in the New Alliance.

Following the request of the United States Department of States for the Government of Mozambique to co-host the G8 second meeting of the Agriculture and Food Security Initiative (AFSI), the senior economic advisor facilitated the hosting of the meeting and co-chaired its open sessions. The session in Maputo was an opportunity for partner governments of the G8, multilateral organizations, private sector and civil society to examine and debate progress made to date under the initiative

Results. Mozambique has made great progress in several international initiatives thanks to the contribution of the SPEED Senior Advisor. In addition, feedback from the Minister indicates that Mr. Siteo has become a highly trusted advisor, who has accompanied him to several high-profile international events.

Next Steps. It is expected that in the first Quarter of 2013 two important events leading to the implementation of the CAADP/PEDSA Investment Plan and of the G8 New Alliance Cooperation Framework will take place. The CAADP/PEDSA business meeting and the G8 Conference will both require attention in the preparation a close follow up by the MoA. SPEED will continue supporting these activities through the senior economic advisor.

Tourism and Biodiversity

SPEED's work in tourism and biodiversity focuses on helping Mozambique to realize its potential competitiveness in the sector. Tourism is widely seen as one of the most effective ways

of preserving biodiversity, as market forces all pull in the same direction – consumers and providers all have an interest in preserving the natural environment and ensuring sustainable use of natural resources. In addition, tourism tends to be labor-intensive, thus providing opportunities for broad-based economic growth as well as biodiversity. The majority of SPEED’s effort helps ensure a private-sector friendly **legal and regulatory regime**. An example of legal and regulatory work includes an examination of competition in aviation (Open Skies initiative). In addition to these policy-related activities, SPEED actively promotes innovative **public-private partnerships** to address key constraints to tourism development. The Arco Norte Tourism Development Corporation project presents an example.

Open Skies initiative

Context. There is a worldwide trend for countries to reduce government interference and regulation in commercial air services and open the sector to competition. Mozambique is moving towards liberalizing this market, but progress has been slow. CTA wishes to better understand the impediments that may be causing this slow liberalization. Although a few attempts exist to look into the impact of liberalization on the air-transport market and synergies for development of tourism and other sectors, these studies remain too “high-level” and difficult to implement. CTA seeks concrete, specific recommendations to accelerate liberalization, highlighting the potential impact for growth in other sectors.

This quarter: SPEED continued to supervise the work of the three consultants contracted for this assignment. The main stakeholders have been involved in reviewing the findings and preliminary recommendations during two main events. In October the team presented a very first draft of findings and recommendations. At the end November the team by request of SPEED prepared a matrix of existing issues, support information and policy recommendations for each issue.

Results. None yet.

Next steps: A highly consultative process should result in a policy paper on air transport liberalization by the end of January 2013 for discussions between CTA and the President scheduled for February 2013. After that, next steps may include issuing or amending legislation, training of staff and capacity building activities, among others still to be determined.

Arco Norte Tourism Development Corporation

Context. The purpose of this project is to create a public-private partnership that will enable comprehensive and integrated tourism development in the Arco Norte region of Mozambique. At the request of Instituto Nacional do Turismo (INATUR), which has been designated by the Ministry of Tourism (MITUR) as its implementing arm for the Arco Norte Project, the completion of Phase 1 of the technical assistance program was extended from July to September 2012. Unfortunately, the extension was adversely impacted by preparations for the 10th Frelimo Congress. It was practically impossible to get the attention of key officials of the Promoter Group institutions, needed to make necessary decisions to progress with the objective of operationalizing the ANTDC. Consequently, the September deadline for completion of Phase 1 activities expired without the final deliverable of securing a shareholders’ agreement to incorporate the ANTDC. The post congress Cabinet reshuffle also meant the investiture of a new Minister who needed to go on a learning curve and time to settle into the saddle.

This quarter. Even though the technical assistance was formally suspended, throughout the quarter SPEED has continued to support selective elements such as staff salaries, completion of renovation works to the Project Office (donated by the Municipal Council of Pemba), and air travel by the Team Leader to and from Pemba for meetings relating to the project.

The continuing but reduced TA activities are important for a number of key reasons. Firstly it enables the Team Leader to continue engaging with and prodding the key stakeholders i.e. the Ministry, INATUR and the Municipality of Pemba into action. It also allows for engaging with the new Minister and providing information and advice on options for moving the stalled technical assistance process forward. Finally, it assures the wider project public that USAID/SPEED have not abandoned the project and thus engendering continued investor interest and hope that the right measures will be put in place to assure a planned and sustainable business environment for tourism development.

The following specific activities were carried out during the quarter under review. An inception meeting was held with His Excellency Carvalho Muaria (Minister of Tourism). The meeting covered the following: (i) strategic overview of Mozambique's tourism sector; (ii) detailed briefing on the Arco Norte Project Concept and status of the current technical assistance program and challenges facing the program; (iii) recommendations on "low hanging fruits" and "quick wins" that will demonstrate visible impacts of the integrated resort system approach to developing and positioning Mozambique as a competitive and emerging world class destination. Meetings were also held with 7 (seven) newly elected Councillors (Vereadores) of the Pemba Municipal Council including those with specific responsibilities for tourism, health and sanitation, infrastructure and education. Meetings and formal memos to the Director General of INATUR and Head of Investment Departments on completing outstanding activities and bringing Phase 1 to closure were also undertaken.

Results. The key results is that the Minister and the new Councillors in Pemba are better and well informed on the project, the TA, the challenges and solutions that must be implemented. There is palpable evidence that the Minister is demanding performance by his team and has begun the process of making the necessary personnel changes to assure a winning team. A second result is that there is growing interest on the part of the Councillors to have the city develop in an orderly manner and pressure from the Municipality of Pemba to have the Pemba Masterplan.

Next steps. The Ministry to set up a Project Management Team to take over role of INATUR and complete TA delivery activities; completion of Phase 1 Report; and revision and development of a Phase 2 Scope of Works for project implementation.

Democracy and Governance

Democracy and Governance. SPEED's work on democracy and governance this quarter has focused on improving **transparency** around such issues as the impending resource boom, increasing the voice of the private sector in policy, and improving corporate ethics. Specifically, this quarter SPEED has raised the quality and level of dialogue around the country's **resource boom**, especially around government absorptive capacity. This agenda item will continue to grow in importance from the democracy and governance perspective. Other key areas of work include the development of a legal framework that would formalize public participation in the policy process and support to the Mozambique Institute of Directors (IOD) to develop a corporate code of ethics.

Impact of the resource boom on the economy

Context. Mozambique is rapidly transforming into a mineral resource-rich economy. Coal is already being exported from the Northern Province of Tete. Forecasts indicate that coal exports could well reach 150 million ton per year if basic transport and port infrastructure is put in place. In addition, Mozambique continues to see its natural gas potential expand every year as new reserves are found, evaluated and confirmed. Mozambique during the decades of the 2020s and 2030s could well be among the top 10 major world exporters of natural gas, mobilizing enormous flows of foreign exchange and budget revenues from the extractives sector.

This resource boom is a tremendous opportunity for the Mozambican economy if this wealth is converted into jobs, improved human capital and institutional capacities, and development of basic infrastructure and utilities. The critical development issue for Mozambique is to sustain accelerated growth while also diversifying its economy to mitigate the possible negative impacts like the resource curse and Dutch disease. Key risks include accelerated corruption, the gradual disappearance of tradable sectors, high inflation and eventually political turmoil. Over the past few years, SPEED has been driving research and thinking in the country about the resource curse, Dutch disease, absorption capacity, exchange rate and business environment.

This quarter. SPEED prepared a concept note – [Extractive Industries in Mozambique](#). The Note discusses the challenges ahead and proposes areas where USAID/SPEED could assist through research and policy recommendations. The Note did sets the groundwork for initiatives to be developed and drive a discussion on USAID/SPEED’s assistance to the reform process in Mozambique. This discussion takes into account the current work by the Extractive Industries (EI) taskforce constituted by the development partners and others. The Note aims at complementing and leveraging the work done by other stakeholders rather than duplicate it.

SPEED also prepared a note on [absorption capacity](#), which expands on one of the key themes in the concept note. A key ingredient for success in the struggle against the resource curse is the institutional capacities to absorb and transform resources into broad-based growth. The Note shows that Mozambique is already facing serious institutional absorption capacities. Increasing the availability of financial resources to be used by vital sectors is likely to generate increased inefficiencies and not proportionality more and better services. The Note recommends the creation of a taskforce constituted by the most skilled Mozambican that can pursue reforms and modernization of institutions to significantly augment their capacities to absorb more resources efficiently. Increased institutional capacities are the way forward to avoid the resource curse, a serious issue existing in many of countries that are “blessed” by sudden resources exploitation.

Results. The Concept Note allowed for a policy discussion within SPEED and with USAID to help concentrate and prioritize SPEED resources relating to the EI agenda. It also sets the framework for future SPEED work on the EI impact and policy-design to enhance the impact of the EI on the economy and contain as much as possible the potential effects of resource curse and Dutch disease. The Concept Note was also part of USAID’s discussions around their CDCS-Country Development Cooperation Strategy.

The Absorption Note alerts policymakers about the possibility of a resource curse. It shows that enhancing institutional capacities should be at the core of policymaking in Mozambique.

Corporate Code of Ethics

Context: SPEED supported the IOD (Institute of Directors) of Mozambique, a non-profit focused on improving Mozambique’s corporate governance, by financing the preparation and implementation of a Code of Corporate Governance in Mozambique. The code was passed at end of 2011 in a ceremony with the President of Mozambique. SPEED currently supports the drafting and announcement of its Code of Ethics proposal through a grant. The Code of Ethics was finalized and launched in December 2012 in an event with the President of Mozambique. The South African Institute of Corporate Ethics (EthicsSA) was the institution supporting the drafting; they previously drafted South Africa Code of Ethics and are also assisting many African Countries to prepare corporate code of ethics.

This quarter: This quarter IOD held a few workshops to obtain feedback from key stakeholders and finalized it, as well as it launched publically in December 2012.

Results: A Code of Governance and a Code of Ethics were drafted and launched setting a unique framework for transparency and individual and corporate accountability in Mozambique. SPEED is extremely happy to assist Mozambique and the IOD to set such highly regarded and exemplary codes – this experience is still quite embryonic in most of Africa and Mozambique’s experience is highly looked forward by other countries.

Next steps: No new assistance to IOD has been identified at this stage in addition to the Corporate and Ethics Codes.

Quelimane Municipal Audit

Context. The Mayor of Quelimane City, Manuel de Araujo, requested SPEED’s support to carry out an audit of the Municipal accounts. The overall objective is to obtain a professional opinion of an independent auditor on financial and operational reporting, evaluate the internal control system and understand the use of municipal resources, in accordance with the government’s rules on public finance management. Last fiscal year, SPEED conducted a transparent procurement process that selected KPMG to undertake the audit.

This quarter. In December 2012, KPMG finalized the audit and a draft report which states that they found it impossible to issue an opinion. The Management Letter stating a “no opinion” was submitted to the mayor.

Results. The completed audit underlines the message that the current mayor inherited a financial situation that is in complete shambles.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q1
39	Quelimane audit	Admin Procedures	1. Analyzed 2. Presented for consultation

Next steps. Once KPMG receives feedback from the mayor of Quelimane, they will submit a final report. Implementation of recommendations will likely commence in the next quarter, as well as a strategy for communicating the results of the audit.

Formalizing public participation in the policy process

Context. Currently, the process for incorporating the public's view in the policymaking process is largely ad hoc and unsatisfactory for the private sector and civil society. SPEED is working with CTA and the law firm SAL & Caldeira to create a more transparent and participatory system for policy development and improve the formulation of laws and regulations affecting the business environment. This one-year activity involves forming a stakeholder group, analyzing the policy process, conducting consultations and drafting legislation.

This quarter. S&C presented a draft law for discussion in October 2012, with the expectation that CTA would send it, along with a letter to UTREL and the government, triggering a series of consultations on the law itself. Given that the law affects more than just the private sector and incorporates all of Mozambican society into the policy process, CTA has decided to partner with other civil society organizations to present the law jointly to the government, which will take more time.

Results. Once approved, this legislation will greatly enhance the private sector's ability to influence public policy.

Next steps. CTA will convene other organizations to present the law to the government, and then S&C will launch a consultative process with the private sector, civil society and government to discuss the law.

Support to publish book on Public Probity Law

Context. In 2011, SPEED supported an [analysis of the anti-corruption package](#) under consideration by the Mozambican legislature. Three out of five elements of the package have been passed by parliament, including the Ethics Code, which is now renamed the Lei da Probidade Publica (Public Probity Law). This law, which was passed in May 2012, contains conflict of interest and declaration of assets provisions that are important for fighting corruption.

This quarter. This quarter SPEED began supporting UTREL (Legal Reform Technical Unit - a public institution subordinated to the Commission for Public Sector Reform and overseen by the Minister of Justice) to publish a book on Public Probity Law with annotations and commentary. An announcement in newspaper for expressions of interest was launched and a service provider has been selected.

Results. None yet, but 50,000 books will be produced and disseminated across the country.

Next steps. Upon finalizing contractual arrangements, production of the book should be finalized next quarter.

Support to Attorney General's office

Context. Following the passage of the Public Probity Law in May 2012, donors shifted their efforts toward helping the government implement the law. The Attorney General's office requested the support of a short-term consultant to assist in identifying and/or updating the financial gaps in the strategic plans for the Attorney General's office (PGR) and the Central Office for Combating Corruption (GCCC).

This quarter. SPEED funded a short-term consultant to help the Attorney General's Office develop its strategic and operational plan. The consultant completed a map of pledged/committed external funding, and drafting a consolidated operational plan. The consultant produced a results tree that will guide the implementation of the PGR and GCCC strategic plans, including new anti-corruption legislation.

Results. This work will eventually enable the disbursement of over \$6 million in external funding by USAID and others; assisting the PGR in setting up the new bodies in the legislation requires more effectively preventing and prosecuting corruption.

Next steps. The next step will be to provide support to advance the implementation of the PGR/GCCC strategic plans and anti-corruption legislation, specifically preparation of documentation to complete related assistance agreements with external development partners, creation of a dynamic results tree to be used by the PGR and partners throughout implementation, and a half-day validation workshop for stakeholders.

MANAGEMENT AND ADMINISTRATION

Staff movements

In October 2012, Tomas Manhican joined the SPEED team as a Business Environment Project Manager, and has taken over all SPEED's work on real sector competitiveness issues (primarily agriculture and tourism). Tomas will also lead SPEED's work on communications, including the C4PC initiative. Together with CTA, SPEED in November 2012 also recruited Marcelo Mosse as the Executive Director for CTA (See section on [Institutional Support to CTA](#) above for more details).

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: rehabilitation and equipping of CORE in Quelimane, establishment of SME portal, preparation of feasibility studies of CTCs for Chokwe and Boane, and marketing plan for IPEME.

Results. Service providers for establishment of SME portal, elaboration of marketing plan and feasibility of CTCs from Chokwe and Boane were selected and the winners were ITS, Leadership and Ernst and Young, respectively.

Next steps. SPEED will continue work with IPEME to implement the current workplan assuring the timely and quality deliverables and also to design the work plan for 2013.

USAID CDCS support

Context. The USAID Mission in Maputo is in the process of designing its five-year country strategy. The strategy process is quite comprehensive, covering several sectors. The Mission asked SPEED to prepare and execute scopes of work for assessments in two areas: land and extractive industries. SPEED's role was relatively minimal on the land assessment, limited to contracting key local consultants. On the extractive industries assessment, which cuts across several sectors (ATB, health, education, governance, etc.).

This quarter. SPEED supported the land assessment and recruited a lead consultant to flesh out the scope of work for the extractive industries assessment. The latter assessment focuses on the extractive industries and how USAID might engage over the next five years, especially in the areas of governance, transparency, community development and human capital development (education, health and water and sanitation). Upon approval by USAID of the SOW, SPEED drove the process to prepare detailed SOWs and contract the team of 6 consultants needed to prepare the study. During the quarter, all 6 consultants were hired but one (deputy team leader) only began working in January 2013.

Results: In a short timeframe SPEED managed to help define the study, identify and hire the consultant and launch the research. The team has been working hard despite the Holidays which normally cause disruptions.

Next steps: The team will present the final document to USAID during the quarter after a series of intermediate meetings and workshops to keep USAID informed and involved and to enable USAID to provide timely guidance to the consultants.

SPEED strategy retreat

Context. Given Mozambique’s fast-moving environment, it is critical for SPEED to check in periodically with USAID colleagues and other key stakeholders.

This quarter. The one-day retreat had three key objectives: 1) continue to build the SPEED team both core and extended; 2) set goals for 2013 and immediate priorities for the next six months; 3) assess the impact of SPEED’s activities in 2012; and 4) begin to flesh out the details of SPEED’s communications for policy change (C4PC) strategy. Objectives 1) – 3) were addressed by the SPEED core team (SPEED and USAID colleagues), where the communications workshop incorporated the inputs of the broader community of SPEED stakeholders (MIC, IPEME, Agrifuturo, ACIS, World Bank, FAN, MITUR).

Results. The retreat pointed toward some key priorities for the first six months of CY 2013, as per the table below. In addition, the retreat enabled SPEED to make significant progress advancing the thinking on key messages, audiences, and communications channels and help jumpstart the C2PC initiative.

Impact Area	Priority Activities for the next 6 months
Business Environment	Support implementation and track Doing business quick wins: insolvency law, construction licenses/permits, private credit bureau, combo of proceedings to start a business, trade facilitation, streamlining tax payments, mobile service operators
Tourism	Open Skies: deliver argument to MITUR and have the regulation drafted
Agriculture	Taxation in Agriculture (Combine VAT Simplified + ISPC, introduce receipts

Next steps. Over the next quarter, SPEED will work toward implementing programs in the priority areas identified at the retreat.

Communications for Policy Change (C4PC) initiative

Context. Over the years, USAID and others have conducted extensive analysis of the policy environment for business. Hundreds, if not thousands of policy reforms have been proposed. However, most of those recommendations remain unimplemented. Finding the right messages and influencing model that will spur policymakers to change their mindsets, behaviors and policies will be critical for the success of SPEED over the coming years. The Communications for Policy Change or C4PC initiative is a critical tool to maximize SPEED’s impact through influencing current and future policymakers to make the kinds of decisions today that will place Mozambique on a sustainable and equitable development path going forward. The goal is to codify and improve upon current USAID practice to develop a more purposeful and strategic approach to communications around policy to ensure appropriate action is taken.

The principal objective of C4CP is to assure a continuous flow of policy information between SPEED Mozambique, opinion leaders such as key Government institutions, private sector, and the investors. Another important objective of this approach to dissemination is to keep all policymakers fully informed of activities and proposed policy and regulatory reforms in a format that enables them to take concrete action This initiative will develop specific messages for priority audiences: 1) President, Prime Minister, policy makers, primarily reformers within the

relevant Ministries with an desire for change; and 2) young Mozambicans potential leaders or decision makers of tomorrow's (skilled and entrepreneurs).

This quarter. SPEED developed a concept note and SOW to launch a new initiative to maximize the impact of policy initiatives via effective communication techniques. During the SPEED retreat, the strategy was discussed and further elaborated by key stakeholders working on issues relevant for the business environment.

Results. None yet.

Next steps. Over the next quarter, SPEED will hire consultants to help identify the key messages, audiences, and communication channels including a policy influence plan (attitudes, perceptions, and believes), messages, channels (direct or indirect), stakeholders names (influencers/champions/ drivers of change, target institutions and people), implementation schedule (timing, activities and frequency), resources and tools, monitoring and influence impact indicators.

Website upgrade

Context. SPEED's previous website was originally designed several years ago. It has served the program well but needed a redesign. The overall objective of the [new website](#) is to restructure a wealth of information in a way that helps quickly guide visitors to the content they seek. The site also has a new blogging feature that SPEED hopes to utilize as an important tool for disseminate information about its work.

This quarter. SPEED finalized the new user-friendly website and launched a couple of [blogs](#). The site was launched (soft) in late October 2012.

Next steps. SPEED will engage in a more high-profile launch in mid-February, in the weeks leading up to the annual CTA meeting with the President of the Republic (CASP).

ANNEX 1: CAPACITY-BUILDING ACTIVITIES AND OUTREACH

	Date	Activity	Client			Participants		
			Venue	Institution	Category	M	F	Subtotal
FY 2013 Q1	24-Oct-12	SME linkages to extractive industries through local procurement	Beira	CTA	PS, CSO	48	8	56
	25-Oct-12	SME linkages to extractive industries through local procurement	Maputo	CTA	PS, CSO	54	17	71
	19-Nov-12	Land Tenure, Property Rights, and Conflict Assessment	Maputo	Centro Terra Viva	PS, CSO	11	8	19
	28-Nov-12	Tributacao no Sector Agricola	Maputo	CTA/ TA	PS, CSO	53	12	65
	12-Dec-12	SPEED Retreat	Catembe	SPEED	PS, CSO	23	6	29
		Subtotal				189	51	240
		Subtotal (cumulative)				189	51	240

ANNEX 2: LIST OF DOCUMENTS PUBLISHED IN Q1 2013

SPEED Publications: Studies and Reports				
Date of Publication	Title	Author(s)	File link Portuguese/English	
22-Nov-12	2012 SPEED Report 013: Mozambique Business linkages	Peter Mwanza	Portuguese	English
15-Nov-12	2012 SPEED Report 012: The Quality of the Mobile services (voice and sms) in Mozambique	Gomes Zita	Portuguese	English
30-Oct-12	2012 SPEED Report 011: Nacala Exportations Special Terminal	Rosario Marapusse	Portuguese	n/a

SPEED Publications: Notes, Briefs and blogs				
Date of Publication	Title	Author(s)	File link Portuguese/English	
16-Dec-12	2012 SPEED Note 006: Extractive Industries in Mozambique	Antonio Franco	n/a	English
8-Nov-12	2012 SPEED Note 005: Impact Assessment of construction permit reforms	Rosario Marapusse	Portuguese	n/a
1-Dec-12	2012 SPEED Note 004: CTA Review of Credit Bureau Regulations	Cornelio Pimentel	Portuguese	n/a
6-Dec-12	2012 SPEED Note 003: Absorption Capacity	Antonio Franco	Portuguese	English
6-Dec-12	2012 SPEED Blog 004: Taxation in Agriculture an incentive to Increase the family wealth	Horacio Morgado	Portuguese	n/a
8-Nov-12	2012 SPEED Blog 003: When linkages work	Leida Shuman & John James	Portuguese	n/a
25-Oct-12	2012 SPEED Blog 002 : Doing Business Comments 2013	Rosario Marapusse	Portuguese	n/a
23-Oct-12	2012 SPEED Blog 001: Natural Resources How to transform it in Wealth	Antonio Franco	Portuguese	n/a

SPEED Publications: Presentations and Proceedings

Date of Publication	Title	Author(s)	File link Portuguese/English	
23-Oct-12	2012 SPEED Presentation 004: Business Environment Mozambique	Rosario Marapusse	n/a	English
8-Nov-13	2012 SPEED Presentation 005: When linkages work	Leida Shuman & John James	Portuguese	English

SPEED Publications: Quarterly Reports

Date of Publication	Title	Author(s)	File link Portuguese/English	
Dec-12	SPEED QR: October - December 2011		n/a	English

ANNEX 3: SUMMARY PMP TABLE

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q1
15	Anti-corruption legislation	Policy	5. Implementation begun
21	EIT Policy	Policy	4. Passed
25	Agriculture Investment Plan	Policy	3. Presented for legislation
			4. Passed
28	Construction permits procedures in Quelimane	Admin Procedures	3. Presented for legislation
33	Mobile operators administrative procedures	Admin Procedures	2. Presented for consultation
			3. Presented for legislation
			4. Passed
35	International trade website	Admin Procedures	1. Analyzed
36	Single Electronic Window procedures	Admin Procedures	1. Analyzed
39	Quelimane audit	Admin Procedures	1. Analyzed
			2. Presented for consultation
41	Agriculture policy commitments under the New Alliance	Policy	3. Presented for legislation
			4. Passed